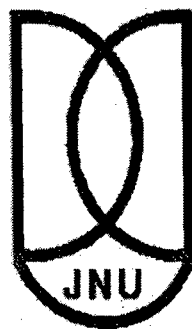


**GEOPOLITICS OF AID: A COMPARATIVE ANALYSIS
OF U.S. AND USSR ECONOMIC ASSISTANCE TO
AFGHANISTAN,
1919-1964**

*Dissertation submitted to Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the degree of*

MASTER OF PHILOSOPHY

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2013



Date:- 26.07.13

DECLARATION

I declare that the dissertation entitled “*Geopolitics of Aid: A Comparative Analysis of U.S. and USSR Economic Assistance to Afghanistan, 1919-1964*” submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other University.

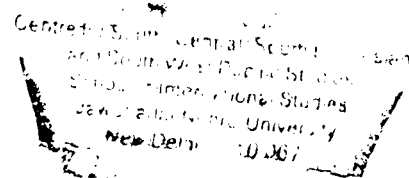
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CERTIFICATE

We recommend that the dissertation be placed before the examiners for evaluation.

Prof. G.V.C. Naidu
 (Chairperson, CSCSEASWPS)

Dr. Ambrish Dhaka
 (Supervisor)



This work is dedicated to

Mother & Father

With

Uncles

Preface

Throughout the nineteenth and twentieth centuries, Afghanistan formed the imperial chessboard as a buffer between the two European countries in Asia. After independence of Afghanistan, it was influenced by the USSR and Britain. Both countries started their strategic interest and started economic assistance to Afghanistan for over all development. After Second World War, the United States took interest in Afghanistan in pursuit for new markets and containment of Communism ideology. In this period Cold War started between these super-powers.

Before we had questions in mind how much these countries affected Afghanistan and how much these countries got interested from it. Besides it, one thing is very important that how geopolitics of aid play a vital role for Afghanistan as well as Britain, the Soviet Union and the United States. We analyse how shifting patterns of strategic cooperation altered the flow of economic assistance into the region, as the Great Powers in the turn consolidated Afghanistan as a weak buffer state. Here, we have done the comparative relation between the Soviet Union and the United States for finding out the result of economic assistance and military assistance to Afghanistan. How much these aid becomes fruitful for Afghanistan and how much these affects in negative aspects?

In this dissertation, it has been searched all these questions through both the primary and secondary sources. Lastly, we would like to say that it will be a matter of great personal happiness if this dissertation helps lift the veil of darkness that Western and European countries have put around Afghanistan.

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ABBREVIATION

ADB	Asian Development Bank
AIDS	Acquired Immunodeficiency Syndrome
AIT	Afghan Institute of Technology
AP	Associated Press
ARA	Americans Relief Administration
BA	Bonn Agreement
CENTO	Central Eastern Treaty Organisation
CIA	Central Intelligence Agency
DAC	Development Assistance Committee
DM	Deutsch Mark
EPTA	Expanded Program of Technical Assistance
FAO	Food and Agriculture Organisation
GDP	Gross Domestic Product
GoA	Government of Afghanistan
HIV	Human Immunodeficiency Virus Infection
HVA	Helmond River Valley Authority
IBIDA	International Business Intelligence Development Aid
ICAO	International Civil Aviation Organisation
IFIs	International Finance Institutions
ILO	International Labour Organisation
LDCs	Least Developing Countries
MKC	Marrison-Knudsen Company
MoF	Ministry of Finance
NATO	North Atlantic Treaty Organisation
NEP	New Economic Policy
NGOs	Non Governmental Organisations
NIE	National Intelligence Estimate
NWFPs	North West Frontier Provinces
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PDPA	People's Democratic Party of Afghanistan

PIIA	Pakistan Institute for International Affairs
SEATO	South East Asia Treaty Organisation
TASS	Telegrafone Agentsvo Sovietskogo Soyuz
UN	United Nations
UNECE	United Nations Economic Commission for Europe
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNTA	United Nation Technical Assistance
UPI	United Press International
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USDOS	United States Department of State
USIS	United States Information Services
USSR	Union of Soviet Socialist Republics
WHO	World Health Organisation

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Chapter-1

Introduction

Foreign aid is an essential element of foreign policy for many countries. Since World War I, the richest states in the world have used transfers of goods, services, and funds as a means of interacting with other countries. Over time large numbers of states have given increasing amounts of resources to other states. Aid has arrived in the form of both loans, often at reduced interest rates, and outright grants of resources. The latter form has become increasingly important for newly independent countries. The concept of aid has acquired a much bigger form especially after the World War II- countries have employed aid to address a variety of different policy goals: some in the form of military assistance, some as humanitarian and disaster relief and some are geared towards economic development and long term change. Because aid resources are often fungible, it is hard to pinpoint as to what are the exact goals that aid actually achieves. But geopolitical ramifications have always been attached to this idea of aid. Foreign aid as it is understood today has its origins in the Cold War. It is largely a product of the ideological confrontation between the United States and the Soviet Union which dominated international politics for nearly forty-five years between 1945 and 1990 (Griffin 1991: 645).

Apart from the ideological confrontation, there were also roles played not so much in initiating the aid programmes as in sustaining them once on the general principle. Moreover, commercial advantages soon became an important motive, such as, securing markets, encouraging exports, creating a favourable climate for private foreign investment and humanitarian relief. Foreign aid tended to perpetuate the status quo. Foreign aid consists of transfers from one or multiple governments to another for the purposes of economic, social, and political development. Recipient need is one of the primary factors that donors consider when they give aid, but aid flows are influenced by many other concerns, such as donor economic conditions, the strategic importance of the recipient, and interstate rivalries such as those that dominated the Cold War (Alesina and Dollar, 2000; Berthelemy, 2006; Neumayer, 2003).

Geopolitics of aid has been the story for the larger part of the 20th century. Afghanistan received a substantial amount of aid from foreign countries. The U.S. and former USSR played a very important role in the field. In the Cold War period,

international development has been used as a tool for attaining and safeguarding geopolitical interests of donor countries. While the United States has been quite clear in using its foreign aid in meeting its foreign policy objectives. Other countries have been more subtle but nonetheless active in employing geopolitical priorities in international development. Whereas countries still claim the supremacy of morality as the imperative for foreign policy and in international development, some still do pursue strategic, economic, political and military self interest and use international development as a tool for achieving these ends (Kevin Sudi, 2009). In Cold War era, Geopolitics was understood in terms of super-power confrontations. A new branch of critical geopolitics is spearheaded by Dalby and Tuathail. The writer (Dalby and Tuathail, 1996) jointly refer to geopolitics as a 'convenient fiction', a suggestive name for varying fusions of geography and politics, yet also an inconvenient fiction, an overloaded sign weighed down by the many different significations. This may suggest a change from super power involvement to more diverse actors, like multinational agencies and corporations in a complex web of relations. interests and objectives. In the similar way, Alesina and Dollar (2000) mentioned big donors like U.S., Japan and France. These countries' aid allocations may be very effective at promoting strategic interests, but the result is that bilateral aid has only a weak association with poverty, democracy, and good policy. The western countries have been generous in providing development assistance to the developing countries of Asia and have used the fund transfers as a means for influencing the developing countries, power struggles and self interest.

Afghanistan's geopolitics was influenced by its physical location, its politics and religion were influenced by ethno-linguistic divisions and religious ideology respectively, and its society is influenced by tribal groups. Policy makers in the U.S. failed to understand Afghanistan's geopolitical importance. political and religious construct, and the social fabric. The policy makers in Washington have not learned from their past experiences and their foreign policy towards Afghanistan still seems to be mired in ambiguity and tension. These ambiguities and tensions are caused by the execution of policies in Afghanistan without recognising the religious, cultural, and social norms of the country.

Afghanistan is a landlocked country located in southern Asia and is located to the east of Iran and borders the northern and western parts of Pakistan. Other countries

which make up its border include Turkmenistan, Uzbekistan, and Tajikistan. On the eastern sector of the country, Afghanistan also shares a small section of the border with China. Afghanistan has a total land area of roughly 250,000 square miles (652,000 square kilometers) which is slightly smaller than the state of Texas. The topography of Afghanistan is divided primarily into three regions: the pastoral farmland in the north, the central highlands in the middle (including the majority of the Hindu Kush Mountains), and the mostly barren and windswept desert of the southern plateau (Runion 2007: 2).

The history of Afghanistan's wars and conflicts display that the turn of each century brought new trouble and conflicts for the country. At the end of the nineteenth century and beginning of the twenty century, Afghanistan became the centre of attention and the focus of major power competition. regional rivalries, strategic and military balancing, and oil and gas politics. The geostrategic location of Afghanistan has served as a buffer zone and as a field of super-power competition between the players of the great game like Imperial Russian and Great Britain. During the end of the nineteenth century and beginning of the twentieth century. former USSR (present day Russia) wanted to extend her influence into Afghanistan. On the other hand Britain also wanted to penetrate deep into the region. The goal of imperial Russia was to reach the "warm waters" of the Indian Ocean via Afghanistan. Great Britain had its own objectives of dominating the region. She was making Russian advance into Afghanistan and into the region impossible. Great Britain encouraged and supported the opposition against Russia in Central Asia. As a result both Russia and Great Britain carved out pieces from Afghanistan and took over it as their own territories. The Russian forcefully occupied Panjdeh; a town located in northern Afghanistan, on March 25, 1885 and annexed it to their land (Mohammad 2007: 2).

In the "Great Game," the British and Russians vied for influence and backed rival individuals and groups in political and military struggles in Afghanistan. At first, British aimed for direct, military control of the Hindu Kush and its eastern and southern flanks. This forward policy was subsequently abandoned in the face of stubborn resistance and a series of military blunders. Instead, the British turned to a policy of masterly inactivity and non-intervention, a policy aimed at creating an Afghan buffer state within internationally guaranteed frontiers (Lieberman 1980: 272). During the 19th century, the confrontation between the expanding British and Russian

empires for territory in Central Asia drastically impacted Afghanistan. Primarily, the British were concerned with the growing number of Russian forces encroaching into the Central Asian countries, most notably into India and Persia. This increasing aggression and escalating concern resulted in a series of three separate wars in Afghanistan, and this period in history is affectionately referred to as “The Great Game” (Runion 2007: 67).

In spite of battling these other European powers, France also derived plans for the strategic purpose of establishing colonies in these regimes. Napoleon Bonaparte of France was intrigued with Persia and so launched an attack on the British India, even though his efforts to do the same in Egypt had failed. In 1800 and with the aid of Russia and Tsar Paul, Napoleon Bonaparte planned to invade India through Afghanistan. British forces became aware of the potential threat in the form of France. Russian invasion would have resulted in a disaster for the British. This strategic enlightenment was enough to alarm the British to limit any further land threats into India and this would be achieved through a call for holy war (or Jihad), to protect the Islamic foundation in Afghanistan from these Christian infidels. As such, the Islamic call to a Jihad would be launched against Christian forces of the European powers of Russia and Britain (Runion 2007: 72-73).

1.1 Afghanistan faces major challenges before 1919

The war had deepened some powerful centrifugal forces within Afghan society even as it had discredited and destroyed the country’s governmental institutions. Nonetheless, so long as the Soviets supported the communist regime in Kabul, even if from a distance, it would be impossible for the fractious mujahedeen to win. The seeds of Afghanistan’s state failure had been well planted by then- the deepening of ethnic tensions, the rising of Islamist ideology, and the entrenching of a narcotics economy were all becoming the defining characteristics of the country (Goodson 2001: ix).

Zaman Shah faced many difficult challenges during his tenure as Shah which included the implementation of one monarch to rule all the Pashtun tribes amidst a severe lack of funding and tax revenue. In addition, he struggled with applying the Pashtun’s desire to rule without intervention and permission of the Pashtun tribal leaders. However, these ambitions were never achieved because of constant strife with

the Sikhs who were continuously rebelling against the Pashtuns, in an effort to finally gain control over them (Runion 2007: 73).

Shuja Shah was the predecessor of Zaman Shah. In his period, the severe disorder and civil strife in Afghanistan and also during the continuous battle between the European Powers most notably at the end of his reign, he signed a political and commercial treaty with the Britain in an effort to stop Persian aggression against the British and their territories. Britain desired to control the foreign policies of the country and constantly strove to maintain Afghanistan as a buffer state to halt aggression from France and Russia into India. British concerns still lingered in relation to Afghanistan's foreign policy. The British wanted to secure their interests by confirming with the Afghan ruler that Afghanistan would remain a barrier country from any European aggression. (Runion 2007: 75)

In retaliation for the humiliation endured in the First Anglo-Afghan war, the British attacked Afghanistan again, but this time the force which carried out the onslaught included a large Indian force. After several battles, new British forces relieved the previous Jalalabad garrison and then advanced into Kabul, destroying the central bazaar and the large citadel. By 1854, the British were ready to recommence association with Afghanistan. British opened up diplomatic relation with Afghanistan in Treaty of Peshawar. The Treaty recognized the authority of each country and additionally acknowledges each country's territorial boundaries. The coalition of the Afghan with the British commence in both forces declaring war on Persian in 1857. Two years later in 1857, the treaty was amended so that while the British were fighting with the Iranians, Afghanistan Parliament would allow the British military to maintain a presence at Kandahar. The Iranian had previously attacked Herat in 1856, and as such Dost Mohammad was eager to accept the terms in the addendum (Runion 2007: 78-79).

The British had invaded much of the country when Sher Ali's son Yaqub Khan succeeded him. Yaqub signed the Treaty of Gandamak in May, 1879 to prevent the British from conquering the remaining province of Afghanistan. Perhaps in fear of the first Afghan War, Yaqub agreed to the outlandish demands of the British which in essence gave them control over Afghanistan. The treaty also included multiple stipulation such as that British authority would be physically represented in Kabul and other cities, British would control the Khyber Pass and also the Michni Pass, and

Afghanistan must release certain frontier lands to the British. Once the Afghan people realized the magnitude of the agreement which included releasing all control in the foreign affairs of Afghanistan to the British, the strong willed Afghan population rebelled against their ruler. British forces marched into central Afghanistan and simultaneously defeated the Afghan army in October and then restored Yaqub to the throne. The British realized that controlling Afghanistan as a buffer state would require controlling the dissenting Afghan people, and that defeating them did not mean they had overpowered their strong willed spirits. From the disastrous experience of the First Anglo-Afghan War, finally the British realized they could not control Afghanistan. The British implemented the removal of Yaqub Khan and the induction of Amir Abdur Rehman to the throne of Afghanistan, with British retaining control of Kabul's foreign policies and interventions. During Amir Abdur's 20 years reign (1880 to 1901), the British and the Russians established the official boundaries and territorial lines of present day Afghanistan. (Runion 2007: 81)

The Durand line issue began in 1893 and would take more than four years to negotiate because of the constant difficulties in the delineation and the feeling of resentment the Durand Line created. Abdur Rahman had little choice after four years in the signing of the treaty, and in spite of his hand being forced by the British, the citizens of Afghanistan would never forgive the 'Iron Amir' for signing such an agreement. However, he is widely renowned as a popular figure for creating a unified kingdom that was circumscribed of tribal authority. His reputation was hindered by his resolution of the Durand Line issue, his encouragement of brutal torture and execution methods to force rebellious tribes to submit to the law, and his lack of implementing social and economic reforms. Throughout his reign, Abdur Rehman's goal was to break down tribal alliances and institute one nation under one rule, and during his reign, he endured and crushed more than forty tribal revolts. By the time of his death, he had successfully subdued tribal revolts so that he could control the country, and he additionally developed a spy and informant network to assist his monitoring of tribal actions and any planned insurgency. He was against technological advancement such as the telephone and the rail road, as he believed these advancements would be a way for the British to move troops into Afghanistan (Runion 2007: 82 & 83).

Habibollah abolished the spy system developed by his father's. Furthermore, Habibollah Khan is regarded as a progressive thinker who sought to establish a

modern land with advancements in technology, education, and medicine. Overall, the country of Afghanistan remained neutral during First World War despite the encouragement of the Germans to persuade the Afghans into anti-British sentiment and action. Regardless of the Germans efforts to create a British rebellion in Afghanistan, most notably along the borders of British India, it was the sovereign choice of the king of Afghanistan to remain non-aligned in the war even with the main sentiment towards the British rule (Runion 2007: 83). As a result of his penchant for impartiality and a non-aligned status, the country endured a widespread belief that by his actions to remain neutral he was not supporting Afghanistan's ideology of Islamic beliefs. Habibollah Khan failed to conciliate not only the war party but also the religious, political and tribal leaders. Habibollah Khan was assassinated in 1919, presumably by family members who were resistant to British influence and control. Not much was achieved during his reign, as he was affected by severely limited financial capital, but he at least was able to begin the movement of social and economic reforms that would be further implemented and blossom under the hands of his successor, Amahullah Khan (Runion 2007: 84). According to the above description, we saw that the British foreign strategy influenced all the rulers in the terms of self interest for promoting markets, political and financial investment along with financial assistance to Afghanistan.

Afghanistan represents a challenging case for the study and application of peace conditionality for two reasons. Firstly, the Bonn Agreement (BA) was not a grand bargain for peace, it sealed a victors peace by legitimatising a change of regime that involved handing over power to factional leaders that were on the 'right side' of the war on terror. Secondly, it was only a partial peace since the 'losers' retained the capacity to military challenge the new political dispensation. International engagement in Afghanistan has been Janus-headed and has involved simultaneously waging war, whilst attempting to build peace. There has been an ongoing tension between these two 'faces' throughout the implementation of the Bonn process- the one prioritizing the war on terror and short-term stability and the other durable peace through state-building (Goodhand and Mark Sedra 2006: 9).

Afghanistan brings into focus many of the challenges and dilemmas facing the international community in the present world order. Policy makers, diplomats and aid workers have struggled to develop appropriate responses in a context characterised by

state breakdown, competing military structures, a growing black economy and widespread destruction and humanitarian distress. The war has mutated over time, starting as a Cold War proxy conflict and then undergoing several phases until it now partially combines both the characteristics of regional proxy war and civil war. The military situation backed by Pakistan controlling roughly ninety percent of the territory and the Northern Alliance supported by Iran, neighbouring Central Asian states, Russia and India occupying the remaining ten percent in parts of the central highlands and the North East. Although the Taliban control the capital Kabul, they are not recognised by the international community and the previous government, which is now part of the Northern Alliance, occupies Afghanistan's seat at the United Nations. (Goodhand and Phillippa Atkinson 2001: 15)

Economic agenda have become increasingly important during the course of the conflict. The collapse of the state has created a power vacuum that has been filled by non-state military structures. With the end of the Cold War and the decline of Great Power patronage, local actors had to increasingly generate resources locally. The early 1990s have seen the expansion and deepening of a regional war economy based upon opium production and cross-border smuggling. From being a buffer state with closed borders, Afghanistan has become a transmission zone for radical Islamic groups, drugs and illicit smuggling. Few of the actors who profit from this regional war economy have any interest in reforming the state (Goodhand and Phillippa Atkinson 2001: 15)

1.2 Afghanistan and Politics of Aid (1919 to 1964)

Afghanistan is one of the Least Developed Countries (hereafter LDCs) where majority of its population has been living under the poverty line. More than three decades of war and strife in Afghanistan have further destroyed both the already poor physical and human capital it had and have further led the state to fragility and instability. In order to run the state, since long time the Government of Afghanistan (GoA) has been dependent both technically and financially on international development assistance (Totakhail 2011: 13). Foreign assistance has played an important role in Afghanistan's history. Afghanistan was receiving its first monetary assistance from the East India Company during the British rule in South Asia. Although the financial assistance did not necessarily put Afghanistan in the category of aid dependent nations, the country has rarely achieved fiscal sustainability even after it gained *de jure* and *de facto* status

of state. The degree of its aid dependency changed from time to time, with changes in economic and political situations in the country (Ministry of Finance, 2010).

The domestic revenues were not enough to finance the needs of the country. From which, it made the economy run a fiscal deficit. In order to fill the deficit, the then Government sought foreign assistance from major donor countries of the time. The major sectors receiving support during this period were infrastructure and education. Foreign Assistance used in the construction of schools. The most ancient ones (Malalai and Estiqlal) were built with the help of the French Government, Germany constructed Amani and the United States built Habibia High School. Due to a lack of information, it is difficult to track the exact volumes of foreign assistance, their type and the resultant effects. Even before 1960s, the economy was heavily influenced by factors associated with the Cold War. In order for the country to survive the pressures of the superpowers during the Cold War period, the then Prime Minister, Mohammad Daud Khan, sought foreign assistance from both U.S. and the Soviet Union. (MoF 2010: 6)

Based on a report published by the MoF of Afghanistan, it is said between 1950s and 1970s, Afghanistan received around 50% of the foreign aid from the USSR, and almost 30% was from the United States of America. The development assistance from U.S. also includes the loan commitments of about USD 160 million. Afghanistan also sought assistance from multilateral organizations like the ADB and World Bank. "Foreign assistance mainly focused on infrastructure and agricultural sectors. The major output of it was the Salang Tunnel and 1200 km of paved roads. It played an active role in economic growth." (MoF 2010: 7).

Afghanistan was not a visible player on either the regional or world stage until the 1950s. Iran has had a long history with Afghanistan and until the mid-nineteenth century controlled large areas in the countries far west. Afghanistan's legendary status over two centuries as a pawn in the Great Game between the region's imperial giants prevented the country from having an independent foreign policy. King Amanullah tried to open the country to modernization through contacts with Europe in the late 1920s. But with the monarchy's overthrow in 1929 by reactionary elements these policies abruptly ended. Within a year the royal line was restored with British assistance, as was the traditionally ascendant Pashtun ethnic group. Afghanistan resumed its relative isolation under a conservative ruler Nadir Shah. In the late 1930s,

British efforts to prevent Nazi Germany's efforts to gain an economic and political foothold in Afghanistan drew the country into international politics. Iran's strategic location prompted the Allies to remove its distrusted king (Reza Shah) in 1941 and to occupy the country. But neutrality sufficed for Afghanistan, a backwater in the global conflict (Weinbaum 2006: 3).

In post-war international order, the Afghan royal family sought to avail Afghanistan of security and development assistance. However, the country did not occupy a priority position on anyone's strategic agenda. Even with the Cold War under way, the Soviet Union was at mostly occupied with institutionalizing aid relationships with other newly minted Communist countries. Communist doctrine through the early 1950s generally ruled out aid to non-aligned, less developed countries like Afghanistan. Afghanistan was economically and socially backward. Afghanistan was of lesser interest for a United States engaged in trying to prevent European countries from falling within the Soviet orbit. The death of Stalin and a containment policy of regional alliances forged by John Foster Dulles brought a major reorientation. Soviet strategy now called for mobilizing non-ideological support through assistance to countries by which most of these less developed states could be weaned away from Western influences. Moscow tested its new policies on regimes in the just-emerging Third World Movement and countries like Afghanistan (Weinbaum 2006: 3).

By the mid-1950s, Soviet leaders were offering substantial development and military assistance. The United States responded with its own aid programs designed to keep countries from tilting entirely in the Soviet direction. In the case of Afghanistan, however, Washington was willing to yield most of the development and the defence sectors to Russia as the price for pleasing the more valued Pakistan. Pakistan had already been enlisted as an American military ally in the Baghdad Pact in 1954 and its relations with Afghanistan were poor, mostly because of the Afghan government's advocacy of a Pashtun ethnic state to be carved out of Pakistan. Afghan governments remained formally non-aligned until the Communist coup in 1978. Moreover, to a remarkable degree, despite the pre-eminence of Soviet involvement, the country's leaders showed themselves adept at playing off the Soviet Union and the United States in order to extract more aid from each. In fact, for more than twenty years Afghanistan saw a degree of accommodation between the super-powers found in

no other country during the Cold War. The Soviet Union as a regional state was understood to be the senior aid partner as well as the Afghan leadership maintained stronger cultural ties with Europe and the United States. In the Cold War, the World was divided into two parts: South and West. The numbers of Afghans went to the West and for study they went to India. They tended to avoid the Soviet Union. When King Zahir Shah decided to open the political system with a new constitution, he named Western-oriented officials to undertake the drafting. They produced a document in 1964 that aimed at establishing Western-like institutions and democratic values, defying not just local communist sympathizers but political Islamists in the country. But if the constitution opened opportunities for popular participation in a liberal government, it also offered the country's Marxists and Maoists greater opportunities to organize and, significantly, to infiltrate the military ranks (Weinbaum 2006: 4).

1.2.1 Aid and Foreign Policy under British Rule

Civil wars were one major factor which encouraged the external invasions. The simple geographical location of Afghanistan made it important for the control of the Indian subcontinent defensively as well as offensively (Dupree 1980: 343). Dost Mohammad Khan, trouble by tribal revolts and the resistance of his brothers to his rule, sought British assistance to recover Peshawar from the Sikhs. In 1836, Dost Mohammad's army led by his soldier's son, Mohammad Akhtar Khan, defeated the Sikh general, Hari Singh. A cautious Dost Mohammad neglected to follow up the victory with the occupation of Peshawar. Instead, he sought British acceptance of the deed, believing he could only be safe from renewed Sikh attacks with British assurance (Md. Ali 1954: 14). Therefore, Dost Mohammad Khan sent a congratulatory letter to the new Governor. General of India, Lord Auckland (1836-42) and asked for assistance in settling Afghan-Sikh differences with particular reference to Peshawar. Auckland replied that the British government followed a consistent policy of non-interference in the affairs of independent nations. Subsequently history made this declaration one of the more laughable events in a series of unlaughable blunders. (Dupree 1980: 369)

Lord Mayo was personally a friend of Sher Ali. That time he was Viceroy of India. The Afghan Amir had faith in him to face assurances of British friendship and non-aggression. Even Lord Northbrook, after Lord Mayo's assassination in 1872,

remained sympathetic to Sher Ali's plight. With Russian armies steadily approaching his borders, Sher Ali in 1873, asked for a definite British commitment to aid Afghanistan if it had to fight the Russians. In July, an Afghan delegation led by Sayyid Nur Mohammad Shah met with British representative at Simla. The British advised the Afghans to relax, because the Russians had agreed to donor the Amu Darya as the northern Afghan boundary, and all the areas to south (including Balkh, Andkhui, Maimana, and Herat) would remain outside the Russian sphere of influence. Such hedging did not encourage Sher Ali, and the events immediately following complementary overwhelmed him. From the Shimla conference on Anglo-Afghan relations became strained (Dupree, 1980: 406).

The first generation of aid programming in Afghanistan consisted primarily of humanitarian relief, much of it in the form of food aid. While aid mitigated humanitarian distress it also inadvertently followed the political, economic and social fault lines of the conflict. Politically motivated opposing flows of aid accentuated the bifurcation of Afghan society and strengthened unaccountable elites. Western aid was part of a conscious strategy to undermine the communist government (Goodhand 2002: 842). The aid provided the capital which subsequently led to the expansion of smuggling and other businesses. Humanitarian assistance led to a 'culture of dependency' in both urban and rural populations as food production in Afghanistan fell by half to two-thirds (Goodhand and Mark Sedra 2006: 843).

Afghanistan has relied to varying degrees on external financing to run its state and for public investments. The sources of such financing changed over time. In the second half of the eighteenth century, frequent military campaigns in the Indian subcontinent and associated plunder and tribute were the main source of funding, used primarily to support a large army of an estimated 120,000 at peak. Over time, this approach became increasingly unviable given weaker Afghan rulers and the rise of the Sikh confederation-empire cantered in the Punjab. By the end of the eighteenth century, it no longer worked at all, and the country progressively lost much of the territory outside present-day Afghanistan that Ahmad Shah Durrani had conquered. In the nineteenth century, external financing came in the form of subsidies from British India. These were intended to prevent unrest and uprisings fomented in Afghanistan from becoming a danger to nearby parts of the subcontinent, to enable the British to exert a modicum of influence over Afghanistan particularly with respect to its foreign

engagements, and more generally to support Afghanistan as a buffer state against the expanding Russian Empire to the north (Byrd 2012: 4).

As the British subsidy program to Afghanistan is considered to be the start of external vaccination to influence and maintain the internal political stability in Afghanistan. But later in the twentieth century the major finance feature for the Afghan state was the competitive interest and support between the United States and Soviet Union. Afghanistan became a rentier state with external finance playing an increasing role in funding domestic expenditure. It is said that by the 1960s foreign aid accounted for more than forty percent of the state budget. Aid enabled a fractious dynasty to maintain its precarious rule. But it also contributed to the creation of new elites who emerged from aid funded schools and the bureaucracy. This meant that the ruling people of the time were in power never struggled for a stable economy and revenue generation, nor were they forced to domestic accountability. The state led modernisation programmes. Modernisation programmes was funded by foreign aid. Foreign aid contributed to a bifurcation of the Afghan economy and society which Rubin (1995) characterises as society split between a rural, largely subsistence economy and an urban economy dependent on a state. It drew most of its income from links to the international state system and market (Goodhand 2002: 841).

The welfare functions of the state which were funded through the 'unearned' income of foreign aid played an important role in regime legitimating and maintenance strategies. Aid was used to support neo-patrimonial redistributive structures. Foreign assistance projects favoured particular groups and regions, with most irrigation projects benefiting Eastern Pashtuns, for example. It also undermines the economies of neighbouring countries cross border smuggling, for instance, circumvents Pakistan's customs duty and sales tax with its consequent impacts on revenue collection and the undercutting of local producers (Pain and Goodhand 2002: 28).

The aid regime developed mostly during the Cold War years (1945-89) and has been undergoing significant changes recently. The first large-scale use of aid for foreign policy purposes was the U.S. Marshall Plan, implemented at the end of World War II to rebuild Western Europe's national economies. During the Cold War, the Western countries developed an aid program under the auspices of the OECD to help contain communism and promote Western values such as democracy and market

economies. In response, the Soviet Union and its allies developed their own aid programs to foster the extension of communism. The end of the Cold War changed this duelling aid system dramatically. The Western countries became the main source of aid around the globe and they developed a code of conduct for giving aid, codified by the OECD.

The end of the Cold War has changed the way aid is allocated. As a number of formerly impoverished countries developed economically in the past two decades. New donors have emerged in the era of globalisation and they have entered the aid business. They started giving aid in different forms to the countries. The OECD led aid regime of the Western countries might be replaced with a new donors countries and more competitive regime that might practise very different goals. In addition, the terrorist attacks on the U.S. in 2001 prompted a new gratitude for the value of aid and the war on terror is often claimed to have significantly changed aid policies (Moss et al., 2005). These changes show in international politics to some extent and assess their significance for the aid system.

1.2.2 Challenges of Nation-building and role of foreign aid

Afghanistan was born as a state in the mid-eighteenth century as a dynastic. Dynasty expanded Pashtun-led power under Ahmad Shah Durrani (1747–72) who conquered Delhi and took over parts of the Indian subcontinent. The country was moulded into its present territorial boundaries during a century-long process of wars and diplomacy. That was known as the Great Game—a geopolitical rivalry between British interests in India to the East and South and Russia expanding from the North. Besides it, Iran expanded to the West. Three Anglo-Afghan wars were rewarded during that time: from 1839 to 1842, 1878 to 1880, and briefly in 1919. The period also saw many other violent incidents and brief skirmishes with outside powers. Besides it, many internecine revolts and succession struggles, and internal invasions was done by Amir Abdur Rahman Khan (1880–1901) to unify the country. Afghanistan became a buffer state between the British and Russian empires. This process was both buffeted and strengthened.

From 1880 until the end of 1979, no foreign troops occupied Kabul or other Afghan cities. For several decades following the third Anglo-Afghan war in 1919, when restrictions on Afghan foreign policy that the British Empire had imposed were

removed, Afghanistan was left somewhat alone. The country went through a major but aborted reform process under King Amanullah (1919–29) and then maintained its neutrality during World War II. Afghanistan's geopolitical role again became important during the Cold War, when it benefited from major Soviet and U.S. assistance programs. The 1950s, 1960s, and 1970s saw gradual modernization. After enjoying its longest period of relative peace and stability under King Zahir Shah (1933–73), Afghanistan saw increasing instability leading to a bloodless coup by the king's cousin Mohammad Daoud in 1973, which instituted a republic, then a bloody communist coup and takeover in 1978, and finally the Soviet occupation starting at the end of 1979, which led to more than two decades of debilitating conflict (Byrd 2012: 3).

Foreign aid serves as a foreign policy instrument. At the beginning, foreign aid used as more than a technique for economic development. It was always linked with political goals such as winning the loyalty or obtaining favourable behaviour from the recipient country. In world politics, national security is always a concern and the transfer of resources from one country to another. So, there is a reason for the donor to worry that the aid could be diverted to other purposes, even purposes that might ultimately threaten the donor. There is the traditional Samaritan's dilemma¹: aid might weaken the recipient government by making it more dependent, necessitating more aid and failing to help the donor in its quest for greater security. On that time, states should choose the appropriate types of aid based on the specific circumstances of the situation. The type of aid become matters because different types of aid are better suited to achieve different goals. Morgenthau, for example, categorized foreign aid into different types according to the form of foreign policy it served: humanitarian, subsistence, prestige, military, bribery, and aid for economic development. According to goals, donor countries should used different policy instruments for providing aid to countries.

From 1948 to 1979 indicate that the United States and the Soviet Union used foreign aid to stimulate international political support from the receivers of aid and that aid receivers allocated their political support to stimulate aid from these donors. With foreign policy ambitions, aid should be given to the countries with low GDP levels. While if altruistic considerations determine aid, countries with low levels of GDP per capita should be the beneficiaries. Since foreign aid to some extent was the

¹ It refers to a dilemma in the act of charity.

result of Cold War rivalry. Its impacts affected for the changes in international relations occurred the fall of the Soviet Union. (Lundberg 1998: 127) The role of foreign aid in the economic growth and development of LDCs is of obvious importance. Many scholars' efforts have been made to identify empirically the impact of such aid on LDC growth on the basis of intra country and cross-country data. Hansen and Tarp (2000: 393) concluded the 'The positive aid-growth link is a robust result from all three generations of work' (Ram 2004: 201).

Historical perspective helps in understanding Afghanistan. First, it makes some sense of the Afghan past. Despite its relative lack of colonial experience, Afghanistan has never simply experienced a political vacuum. It has experienced a series of contests over the locus of power, the distributional structure of violence, sources of political legitimacy, and state-building enterprises. Second, the framework reveals some of the risks of not backing fully a centralized state. These include continuously divisive violence within the country and a society in which most people remain trapped in chronic poverty, or at best draw unsafe benefits from being bound in exploitative and coercive relationships with local warlords-cum-Mafiosi. Third, the framework developed here reveals a major threat to any state-building exercise in Afghanistan. Afghanistan does not exist in a regional vacuum. Other states are also trying to develop their power and legitimacy; they may choose to build on violence against Afghanistan. Most obviously, Pakistan's state in recent years has based its own power and legitimacy on mobilizing military capacity, threatening war against its neighbours and flourishing on violence inside Afghanistan. Iran is another regional state with a direct interest in violence in Afghanistan. This is the implication for state formation of acknowledging the significance of 'regional conflict complexes' (Wallensteen and Sollenberg, 1998). Of course, the international role in Afghan state formation goes beyond the immediate region: most notably, in the last forty years the USA and the Soviet Union both managed to frustrate particular state-building episodes. (Cramer and Jonathan Goodhand 2002: 891-892).

1.2.3 International players in Afghanistan (1919-1964)

In the 1960s Afghanistan depended for nearly half of its budget on foreign aid, primarily from the Soviet Union and the United States. Aid conditionality during this period were therefore shaped by the hard security concerns of contending super-

powers. Following an age old pattern, Afghan leader sought to maximize external funding whilst minimizing external interference in domestic concerns. In essence Afghanistan was able to generate rents, trading on its position as a strategic buffer. Because of their ability to play off one power bloc against another, Afghan leaders were able to retain some bargaining power or room for manoeuvre. Aid funding was used for regime consolidation and maintenance. For instance the Helmond River Valley Authority (HVA), a massive dame-building/irrigation project in the south west of the country was funded by the US from the 1950s. To royal government officials, the project was a means of dealing with a floating population of Pashtun nomads, whilst for the US it was part of their strategy of creating a strategic buffer to the Soviet Union (Cullather, 2002). Aid enabled a fractious dynasty to maintain its precarious rule, but it also contributed to the creation of new elites who emerged from aid-funded schools and the bureaucracy (Rubin 1996: 142), many of whom subsequently joined the Islamic and Marxist movements. In 1979 the IFIs stopped lending to Afghanistan. For the next twenty-three years the country was ineligible for such assistance. Therefore, international involvement in Afghanistan during this period was shaped by the 'war conditionality' of competing superpowers. Once the division had been made between friend and foe, funding and support tended to be unconditional. It involved pumping huge amounts of money and arms into a poor, under-developed country, with devastating political, military and social effects (Goodhand and Mark Sedra 2006:28).

Afghanistan is located in a volatile neighbourhood which includes neighbours like Pakistan. Responsibility for much of the political instability and misery of its people can be traced to external powers seeking to realize their own strategic, ideological, and economic interests in the country. The close and more distant neighbours of Afghanistan have regularly intervened in its political and economic affairs. Foreigners have sometimes acted on behalf of domestic clients and have organized and armed them to dominate large portions of the country. Although renowned for resisting foreign intruders, Afghans cannot be absolved of responsibility for much of the fratricide and destruction that has occurred in recent decades. Still, the annoying role of outside states, near and far, has also made civil conflicts more sustained and deadly (Weinbaum 2006: 5). Regional competition between Pakistan and Iran also carries over into Afghanistan. While the interventions of other countries have arrived and left with time, these two neighbours have remained permanent meddlers in Afghanistan's internal affairs. Many of Afghanistan's challenges are also

regional in character, which needs to be necessarily addressed with regional strategies and cooperation. Policies that have sometimes been used to insulate the country against interfering neighbours, have denied Afghanistan the advantages of joining with neighbours to face common threats and realize new opportunities. Prospects for limiting the transit of arms and smuggling activities rest on regional approaches. The economic interdependencies that emerge in a regional open market system are thought likely to give its neighbours a greater stake in Afghanistan's stability and prosperity (Weinbaum 2006: 6).

External investment in the country hinges on addressing the requirement of expanded water supplies and hydro power as a regional project. Water issues focus on the sharing of the Amu Darya-Panj River system in the north, the Helmand River in the south-west, and the Kabul River in the east. Each of these is critical to agricultural development across borders with nearly all of Afghanistan's neighbours. Improved security and a strengthened legal system in the country could attract increased private capital from within the region and elsewhere. It's also impacts on Afghanistan growth. While its neighbours are encouraged more pragmatic forces that will be strengthened at the expense of radical Islamic forces. (Weinbaum 2006:7)

The German-Afghan political relations started with the defeat of British army in the third Anglo-Afghan War of 1919, which brought about the independence of Afghanistan from the British Empire. This was the time when Russia was preparing to test new ways of integrating Asian colonies. Afghanistan had to find developed countries with which it could maintain economic and technical cooperation in order to carry on with its modernization agenda. Afghanistan could neither benefit from Russia nor from England in this regard. However, Germany proved to be an important European partner in pursuit of its modernization goals. In 1926, the Afghan-German Friendship Treaty was signed between the parties. The German experts were actively involved in the areas such as road construction, establishment of radio and telephone systems, and electricity. At that time the former Soviet Union was the primary threat to the stability of Afghanistan during 1930s. So in order to defend itself from the potential threat of former Soviet Union, Germany was considered an important strategic ally for Afghanistan (Hamed, 1999).

At the end of World War II, the world politics transformed from traditional military cooperation to economic and technical cooperation among the states.

Fortunately Afghanistan remained on the same track of relations with the newly founded Federal Republic of Germany as it was before with the German Reich. Although Kabul sought German assistance in part because Berlin offered such favourable terms, the Afghan government also saw Germany as a useful and unthreatening counter-weight to its Soviet and British neighbours (Stone 1999).

In 1958 an agreement was signed between the Afghanistan and Federal Republic of Germany on Economic and Technical Cooperation that was later amended on several occasions, but basically served as a principal framework for cooperation between the two countries. Germany's developmental cooperation with Afghanistan including both grants and loans amounted to 400 million Deutsch Mark up to the year 1979. The Federal Republic of Germany was the third largest donor country after the former Soviet Union and the United States. However, in terms of conditionality, Germany's assistance was tied with softer terms and longer maturity periods as compared to the Soviet Union's and the United States' assistance. The German assistance was targeted towards projects such as educational enhancement, provision of health care facilities, trade enhancement, agriculture, geological surveys etc. In the 60s and 70s, Afghanistan was a key aspect of West German development aid. Aid efforts are still fondly remembered today, as is evident from the technical centres (Technikum) in Paktia and Kandahar. (Nachtwei, 2011)

The modernization process of Afghanistan though remained intact, but only limited to urban areas under the control of the government after Soviet Union's backed communist coup of 1978 and a subsequent invasion of Soviet Union in December of 1979. Such geopolitical situations could not allow the traditional Afghan-German cooperation to continue thereafter, as it was envisaged.

Based on a report published by the MoF of Afghanistan, it is said between 1950s and 1970s, Afghanistan received around fifty percent of the foreign aid from the USSR, and almost thirty percent was from the United States of America. The development assistance from the United States also included the loan commitments of about USD 160 million. Afghanistan also sought assistance from multilateral organizations like the ADB and World Bank. Foreign assistance mainly focused on infrastructure and agricultural sectors. The major outputs were the Salang Tunnel and 1200 km of paved roads, which played an active role in economic growth (Ministry of Finance 2010: 7)

During the Cold War the struggle over building post-colonial states largely took the form of competing foreign aid projects among the alliance systems led by the USA and USSR. Afghanistan received aid from both camps. The end of US- Soviet de facto co-operation tore the country apart. After the end of the Cold War regional competition continued the process of state destruction. The same global change freed the UN Security Council to undertake multilateral state-building efforts, especially in the aftermath of conflict, but the failure to undertake any such effort in Afghanistan showed that, while the end of zero-sum strategic competition made co-operation possible, it also lowered the stakes for major powers, who were content to allow some problems to fester (Rubin 2006: 177). In 1970s, Afghanistan confronted severe droughts, shortage of food due to low agricultural production, and a hampered private sector investment due to the centralized economy. This period was marked as the severe economic downturn in the country, because during this period the westerners have also reduced their development aid to Afghanistan. Despite this, the Soviet Union continued and increased its financial support, provided subsidies and other resources to Afghanistan which then led the country rely on USSR aid. The inflow of former USSR assistance to the country got further momentum which helped to develop infrastructure and boost trade opportunities. In the decade of 1970s, the amount of loan Afghanistan received from the USSR stood at USD 11 billion. Because of the fiscal deficit was covered by the huge amount of aid. It was provided by the USSR. After the invasion of Afghanistan by the former Soviet Union, Western donors have abandoned their assistance to the government of the time and switched to humanitarian and military support to the Mujahedin insurgency after 1978-79 (Ministry of Finance, 2010). The delivery of humanitarian aid mirrored to a great extent the system of brokerage that developed around the arms pipeline to resistance groups. In the 1980s refugee and cross-border programs were seen by many as the non-lethal component of aid to Afghan resistance (Goodhand 2002: 842). From this time there emerged hundreds of non-profit organizations (NGOs) which turned to be the main recipients of aid assistance for Afghanistan. Since it was an era of emergency almost all NGOs were involved in emergency response interventions outside Afghanistan in refugee camps in Pakistan and Iran as well as inside Afghanistan. There was not a focus on development activities.

It is understood that after the collapse of the regime of Dr. Najeebullah in 1992, the official inflow of foreign aid to Afghanistan also stopped. This is also

marked the end of the Cold War. Based on some sources it is estimated that between the years 1978 and 1992, the government of USA transferred USD 6 billion, which some indicates the figure as high as USD 20 billion worth of arms, training and funds to prop up the Mujahedin factions. Other Western governments as well as oil-rich Saudi Arabia kicked in as much again. According to another source, around USD forty to sixty billion was disbursed over the years by the CIA (Central Intelligence Agency) of USA and Saudi Arabia during the war against Soviet Union in Afghanistan. When Taliban took over in the year 1996, this placed a new obstacle for the international community to continue its assistance in Afghanistan. However, small scale humanitarian assistance from a few countries via NGOs and UN agencies continued between 1992 and 2000 (Ministry of Finance, 2010, p. 8). According to the OECD statistics, USD 1696.52 million was provided during the period 1992 and 2000 by various donors, NGOs and foundations. Of this amount USD 831.77 million was provided during the civil war time (1992-1996), and the remaining 864.75 million was provided during the Taliban regime of (1996-2000) (Statistics OECD, 2011). While the primary actors within the aid system were the official aid donors, United Nations agencies, the International Red Cross/Red Crescent Movement and NGOs (Totakhail 2011).

In analysing the United States, Britain and the Soviet Union foreign policy orientation towards Afghanistan, a variety of primary and secondary sources have been examined. These sources help explain the historical process Britain, the Soviet Union and U.S. policy making. There is a large body of research on Afghanistan which also included the foreign affairs of Afghanistan, the United States and European Union towards Afghanistan. The challenges of this study are to present a perspective that analyses Britain, Russia and the United States foreign policy orientation and multilateral or bilateral between Afghanistan and Britain, Afghanistan-the Soviet Russia and Afghanistan – the U.S.A in the Cold War Period. The proposed research is intended to fill the vacuum by analyzing the comparative study of USA and USSR involvement in third world countries for developing and reconstruction the basic infrastructure by giving the foreign aid in fragile regions through a case study on Afghanistan. It will help us to understand theories and practice of how foreign assistance determines the course of state-building in a restive country like Afghanistan. The main purpose of the proposed research study is to analyze the USA and the USSR engagement in reconstruction and development in Afghanistan along

with to analysis the comparative study both the former Soviet Union and U.S. economic assistance in these fields.

My objectives in this study is to offer a conceptual and historical analysis of Britain, the former Soviet Union and U.S. policies making towards Afghanistan from its independence in 1919 until the period 1964 of Daoud. The proposed work looks at foreign aid that forms part of the tools available to consolidate state influence over other states. The state herein is not simply the geographical location, but also the political, cultural and social entities that location is representative of. The USSR and U.S. are the largest donors of development assistance in the world as well as major global actors in international politics. Therefore, they have to play very crucial role in maintaining peace and stability in one of the most volatile countries of the world, such as Afghanistan. The two super-powers that influence global geopolitics in present times were also engaged in Afghanistan. Their roles and engagements is also a matter of great research interest. The study would focus on foreign aid as foreign policy the United States and the USSR towards Afghanistan in the Cold War period. It would also examine how Afghanistan acquired the state of neutrality and Prime Minister Daoud bargained both the super-power for getting aid in the period of Cold War. While analyzing the importance of Afghanistan in the contemporary the US and the USSR foreign aid as foreign policy, the main focus would be to study the role of the two above mentioned super-power's security, building, reconstruction, and development in Afghanistan along with the third world countries and to assess the impact of these super-power's projects in Afghanistan.

The research problem will be dealt with by studying the discourses and their interpretations in historical-analytical perspectives. The foremost reason for grounding the study in a historical genealogical perspective is to analyse the United States and USSR involvement with regard to foreign aid in Afghanistan and its positive understanding as a product of historical circumstances. In this research primary sources of data will consist of government documents, records, reports and interviews with concern authorities. The secondary sources consist of books, articles, periodical, newspapers etc. In such a conceptual framework, the proposed study will adopt qualitative and qualitative method in order to formulate an understanding of development assistance and its impact on institute building, governance reform, reconstruction and development in Afghanistan during the Cold War period.

As we know that many third world countries were newly independent countries and they were struggling for making state building process as they don't had too much economy capacity for the development of the country. In this regard foreign aid has played a great role in making a country more stable. It has played many effective roles in making environment peaceful and fruitful. Since World War I, the developed countries in the world have used transfers of goods, services, and funds as a means of interacting with other countries. Over time, increasing numbers of states have given substantial amounts of resources to other states. Aid has acquired the form of loans, often at reduced interest rates, and also outright grants of resources.

Chapter-2

Meaning and Scope of Foreign Aid to Third World

2.1 Introduction

The origins of large scale aid transfers date as far back as the nineteenth century-when even in 1896 the United States provided overseas assistance in the form of food aid. Under Colonial Development Act of 1929², the British government administered grants for infrastructure projects across poorer countries. Aid transfers in these early periods were as much about political control over the colonial domain, and only later, in the 1940s British colonial Development and Welfare Act, was the programme expanded to allow funding of social sector activities (Moyo 2009: 10). Since the nineteenth century it has been a common practice for imperial government to transfer money on concessional terms to the government of their colonies under the label of grant in aid, budgetary subsidy or some such terms. The government of Britain, France, Germany and the United States gave this type of assistance before 1914. However, this transfer of resources was on temporary basis and without the slightest connotation of moral obligation or aid for development. During the World War period the world economy experienced a great economic depression. Economically weak countries increasingly felt the need for foreign aid and for the first time foreign aid for development entered political discussion (Mosley 1987: 3).

External funding to maintain internal political stability and influence came initially through a British subsidy but as the twentieth century evolved competitive support between Soviet and the United States interests came to be a key feature of Afghan state finances. Afghanistan became a 'rentier' state with external finance playing an increasing role in funding domestic expenditure. This meant that the ruling elite (ruling class) was never forced to develop domestic accountability through internally derived revenue. By the 1960s foreign aid accounted for more than 40% of the state budget. Aid enabled a difficult dynasty to maintain its unstable rule. But, it has also contributed to the creation of new elites who emerged from aid-funded schools and the bureaucracy. State-led modernisation programmes were funded by foreign aid. It contributed to a bifurcation of the Afghan economy and society which

² It means to provide small amounts of British government money could be used for colonial economic development.

Rubin (1995) characterises as society split between a rural, largely subsistence economy and an urban economy dependent on a state that in turn drew most of its income from links to the international state system and market (Goodhand 2002: 5). The word 'aid' generally “refers to the nominal value of the direct and indirect flow of financial and other resources from governments of rich countries to those of poor countries; in other words, foreign aid is the expression most frequently used to describe the flow of financial and technical resources from the developed world to the less developed world” (Totakhail 2011: 21). Since the 1960s, such expenditures have been recorded in statistics collected by the Development Assistant Committee (DAC) of the organisation for Economic Cooperation and Development (OECD). The DAC has used many definitions of “official aid”. In its recent reports, the DAC's strategy Official Development Assistant (ODA) has included only grants and loans with a certain degree of concessionality of reduction in interest rates and lengthening of repayment periods.(Hayter 1990: 22-23)

Foreign aid consists of the transfer of all resources by donors to recipients regardless of its purpose or of the status and need of the recipient and thus could include assistance provided for political, military and strategic purposes and that given to recipients who are neither poor nor needy. However, by convention, discourse about aid has tended to focus primarily and principally on assistance from richer to poorer countries whose purpose is to address and promote the welfare and development of the latter. Although, there are many different terms that deployed in the discussion of aid or foreign aid: development aid, development assistance, emergency aid, humanitarian aid, official aid, voluntary aid and official development assistance. Sometimes these terms are used generally, sometimes they are used more technically to denote particular types of aid, around which a precise definition has been agreed (Kremer et. al. 2009: 48). Aid is channelled through the external budget, bypassing the government system, reduces the state control over both resources and development activities. This, in turn, hinders the ability of the state to fully develop mechanisms to improve upon monitoring and accountability- both crucial components of gaining legitimacy and credibility (Kelegama 2012: 144).

Foreign Aid constitutes a particular aspect of international politics. Aid constitutes fundamental, enduring dimensions of the North- South Relations. It is also a critical case for the Realist, Liberal and Neo-Marxist perspectives. Apparently

objectives of foreign aid are to promote economic growth and development of fewer developing countries like Afghanistan. This shows the Liberal approach. Liberal scholars are of the view that internal stagnation on account of inefficiency is the cause of under development of fewer developing countries. The cure is in the foreign aid from the developed countries. Indeed, the objectives of all the aid programmes are over all development of nations. According to US foreign aid main purpose of USAID is economic as well as humanitarian development of the recipient countries. Additional, it also provides for own security. The Soviet Union support the legitimate aspirations and requirement of development of the Third World countries (IBIDA, 1988). Realists view aid as ' internal behaviour', the Neo-Marxists as rooted in class relations and imperialism and the Liberal as a form of humanitarianism. While there is some truth in each of these approaches, it is important to bear in mind, that while developed countries dedicate twenty five percent of their GNP to their own social programmes, they collectively allocate no more than 0.35% development assistance to the South. Whether they concern domestic welfare or foreign aid, conceptions of justice stand at the core of political debates and conflicts, and they also provide a key mechanism to make various institutions and policies, relatively coherent. Between the domestic and International arenas however, the commitment to redistribute remain very different (Noel and Therien 1995: 523-554).

Many developing countries have been passive in terms of the ODA receipts and lack a clear policy on foreign assistance, in terms of prioritizing the sectors where foreign assistance is essential and weighing the benefits and costs of foreign assistance compared to other sources of finance (domestic mobilization, commercial borrowing and private donors). Aid is often perceived as a transfer (repayments are usually well beyond the life span of individual governments) and, thus, insufficient emphasis is placed on evaluating the necessity of aid (Kelegama 2012: 4).

A common argument is that with the end of Cold War political conditionality has taken a back-seat, but this view has been challenged by the argument that even in the post Cold War period, strategic interests continue to be influential in the allocation of aid. In particular, the initial wave of aid giving to the former Soviet Union and Eastern Europe was influenced crucially by perceived strategic and political interests of certain particular donors. While the maintenance of large amount of U.S. and Japanese aid, going respectively, to the Middle East and Asian countries, continues to

reflect the United States and Japanese perception of their own interests. In addition, there remain at least three distinct and influential spheres of influence distinguishable from those of Western donors: China, Cuba and the Republic of Korea and emerging Islamic States (Ridell 1997: 9).

Aid has been often described as 'commercial subsidy'³. The question it raises is that can a fine line be drawn between charitable contribution to a poor country's development and self interested subsidy of a donor's own exporters (Hayter 1989: 23). Foreign assistance is a fundamental component of the international affairs budget and it is viewed by many as an instrument of U.S. foreign policy. Since the end of the cold war, many have proposed significant changes in the size, composition, and purpose of the programme and several of which have been adopted. The focus of U.S. foreign aid policy has also been transformed since the terrorist attacks of September 11, 2001. There are five major categories of foreign assistance: bilateral development aid, economic assistance supporting U.S. political and security goals, humanitarian aid, multilateral economic contributions, and military aid. Due to largely to the recent implementation two new foreign aid initiatives the Millennium challenges Corporation and the Global AIDS initiative, bilateral development assistance has become the largest category of U.S. (Tarnoff and Nowels 2004: 2)

2.2 Meaning of the concept of Foreign Aid

The meaning of foreign aid may change over time, because the development process in the developing countries is neither identical nor static. Foreign aid had/has got an international importance today, as Thomas Balogh says that:

From being a voluntary contribution by sovereign nations, is becoming slowly (as it is already within communities organized as states) a civic or human duty to contribute in proportion, or more than in proportion to wealth to the progress of the less privileged populations. Foreign aid will then become a conscious weapon controlled instinctively to combat poverty and inequality in an international framework (Totakhail 2011: 20).

³ Financial assistance was given by donor to recipient countries in term of prices for recipient's consumer below international market.

The Britannica Encyclopaedia defines the foreign aid as “the international transfer of capital, goods, or services from a country or international organisation for the benefit of the recipient country or its population. Aid can be economic, military, or emergency humanitarian” (Victoria Williams 2011). Paul Mosley defines foreign aid as money transferred on concessional terms by the government of rich countries to the government of poor countries. The “most common type of foreign aid is ODA, which is assistance given to promote development and to combat poverty” (Victoria Williams 2011). The mostly agreed definition of aid is presented by the Organisation for Economic Cooperation and Development (OECD). OECD defines ODA as:

Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objectives, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount) (George 2009).

Hattori (2001) mentioned ‘what is aid?’ in term of international theories. According to political realism, it is policy tool that originated in Cold War to influence political judgements of the recipient countries in a bipolar struggle (Morgenthau 1962). According to idealist scholar, it is a set of programmatic measures designed to enhance the socio-economic and political development of recipient countries (Riddell 1996). The scholar of world system theory (Wood 1986), interpret it as means of constraining the development path of recipient countries, promoting the unequal accumulation of capital in the world. Given the extensive use of foreign aid as a policy tool, this emphasis on effects is understandable. However, it also tends to reduce the understanding of foreign aid to the instrumental concerns of donors, discouraging.

According to Hoogvelt (2001), mercantilism inspired realist perceives that the world is an anarchic arena with nation-states competing for power through economic, political, even moral-clad means. The author mentions that foreign aid forms part of the tools available to consolidate state influence over other states. The state herein is not simply the geographical location, but also the political, cultural and social entities that that location is representative of (Sudi 2009). In the similar way Headey (2008) argues bilateral aid had no significant effect on growth during the Cold War, but had a

significant and sizeable effect thereafter. In contrast, multilateral aid seems to have had sizeable and significant effects throughout.

2.3 Domestic Origins of Foreign Aid

A natural starting point for an investigation into the politics of aid is to consider the domestic determinants of foreign aid. Foreign aid policies are, like domestic and foreign policies, formulated in consideration of domestic political realities and the contextual international circumstances. This means that as domestic political situations and the international context changes, foreign aid policies are reformulated to adapt to the new set of conditions. There are a number of factors within domestic political contexts that can influence the ways in which foreign aid policies are formulated and reformulated. She (Lancaster 2007a: 18) calls these the domestic political forces which she defines as falling into four categories:

1. **Ideas:** Lancaster argues that the most fundamental “ideas” shaping aid are “worldviews”, the values shared by a given society based on their culture, religion and/or ideology. These worldviews are the origins of the norms and principled beliefs of a society.
2. **Political Institutions:** According to Lancaster these form the “rules of the political games”. She analyzes the electoral rules, role of legislatures, role of local governments and semi-public entities, the political system (parliamentary and presidential) and the effects these have on shaping the purposes of foreign aid.
3. **Interests:** These, she argues, broadly fall into three different groups. namely: (1) commercial interest groups, (2) NGOs and public interest groups, (3) as well as groups that have religious, ethnic or otherwise associations with specific foreign countries.
4. **Organization of Aid** refers to the way that aid is managed within the government structure, particularly whether there is a dedicated development ministry, or whether it is a department within another ministry or ministries. She argues that the organization of aid has a strong influence on the purposes of aid.

Lancaster argues that as the international situation changes, and the domestic political forces react, purposes of aid change as well. She states that the traditional purposes of foreign aid include: diplomatic, developmental, commercial, cultural, and aid for humanitarian relief. She adds that more recent purposes of foreign aid include: promoting economic and social transitions, promoting democracy, addressing global issues (such as the environment and HIV/AIDS), and mitigating and managing post-conflict transitions (Lancaster 2007a: 18).

2.4 Foreign Aid: Aims and Objectives of the donors

Foreign aid as it is understood today has its origins in the Cold War. It is largely a product of the ideological confrontation between the United States and the Soviet Union which dominated international politics for nearly forty-five years between 1945 and 1990. During the Cold War period Foreign aid scaled the division of the World into First, Second and Third Worlds, and served as an instrument of hostility between the two super-powers. If it was not for the Cold War, there would have not been foreign aid programmes worthy of naming. Without the Cold War, it would have been impossible to generate the domestic political support in the donor countries necessary to sustain foreign assistance *for more than four decades* (emphasis added). Apart from the ideological confrontation, other motives also played a role not so much in initiating the aid programmes as in sustaining them once the general principle had been accepted. And commercial advantages soon became a prominent motive, such as, securing markets, promoting exports, creating a favourable climate for private foreign investment and humanitarian relief. Foreign aid tended to perpetuate the status quo. Foreign aid consists of transfers from one or multiple governments to another for the purposes of overall development of poor nations. Recipient need is one of the primary factors that donors consider when they give aid, but aid flows are influenced by many other concerns, such as donor economic conditions, the strategic importance of the recipient, and interstate rivalries such as those that dominated the Cold War (Alesina and Dollar 2000; Berthelemy 2006; Neumayer 2003).

Military component has been a vital ingredient of foreign aid. Military assistance provides equipment, military supplies, and advisor for the armed forces, economic assistance is used to equip, train and advise paramilitary forces such as the police and border patrols. In some less stable countries the support through U.S.

military assistance of an adequate military force may be essential to the achievement of reasonable political stability as well as defence against external aggression. Apart from it, foreign aid was strengthening weak countries and providing an additional deterrent to survive a limited and full scale war. Military assistance is also used in aid of other foreign policy objectives, one interestingly being forestalling Soviet expansion. The Soviet Union provided military assistance without asking for what purpose they might be used. Nor did they try to reward their friends and punish those who refuse to exclude the enemies of the Soviet Union from their friendship (Nelson 1968: 20-21).

Apparently, it is not the economic criterion for allocation of resources among developing countries which alone plays a role. Economic criteria may obviously play some role but other factors do necessarily enter into the picture. Even the development of poor countries has strategic economic interests. Economic development in poor countries would help donors to achieve their trade and investment interest. Though economically developed countries are better markets for goods but the economically under-developed ones are better sources of raw materials. The United States aid to India, Japanese aid to the South-East Asian countries and Indian aid to its neighbouring countries have such strategic economic interest. As a committee of House of Commons once reported Britain is an aid donor not only because of her concern for the welfare of the people of the developing world. But also for reason of mutual advantage (Jayawardhana 1991: 10).

One of the strategic factors of foreign aid is security interests of donor countries. It became necessary and appropriate for any donor country to self-protection in the term of aid. Security interests of the donors in less developed countries are two-fold: first they seek to maintain peace among poor countries so that they will not be drawn into a third world war; and second, they seek to contain the influence of enemy powers or hostile ideologies by maintaining powers of allies in poor countries (Wall 1973: 45).

2.5 Domestic Policies of Third World Countries and the role of Foreign Aid

Some scholars claim that the most important function of foreign aid is to generate policy reforms in the recipient countries. Using foreign aid as a strategic instrument donors do not hesitate to express their views on the suitability of various policies

enacted by national governments; the quality of the administration and the integrity of the political leadership. This attitude develops in the belief that the size and importance of contribution made by donors to the poor countries gives the former a right to impose how it should manage its development affairs (Kueger, 1981; Nelson, 1968; Neill, 1981). Available evidence show that over the years increased attention has been paid by donors to domestic policy factors. For example a sizeable USAID loan for road construction in Afghanistan was conditioned on the government establishing staffing and budgeting for a national highway maintenance department. Every donor has certain interest in certain countries at a certain period. These interests may be economic (support of capitalist oriented governments), military (securing bases) or psychological (demonstrating sympathy). In the 1980's, Israel, Egypt and Pakistan were the largest recipient of the United States aid programme. While USAID to the first two countries continued in 1971, there was a major cut in aid to Pakistan. This was a clear reflection of Pakistan's reduced importance in America's post Cold War strategic equations. If a country like India who was separated by the United States in its aid budget wants to attract more aid on concessional terms it will have to bring radical changes in its economic policies as demanded by the western donors (Jayawardhana 1991: 13, 14, 22-23).

Donor may not only express concern with the details of the project at the planning stage but also maintain a continuing interest in its implementation. This may involve visiting mission or a permanent presence in the form of advisors provided under technical assistance with the project. However, the degree of intervention depends very much upon the donor; some may virtually disappear from the scene once the funds have been handed over, while some stay till the end of the project. As usual, a project is divided into two or more stages and further financing will depend on the satisfying completion of each, or there may be quarterly or annual disbursement of funds subject to the donor's satisfaction with the way in which the project is being carried out (Jayawardhana 1991: 24)

2.6 Relationship between Foreign Aid and foreign Policy of Recipients countries

The nature of domestic policy as well as foreign policy of recipient's countries has been changed by the donors through aid mechanism. Essentially, foreign aid has been used to exert influence on four aspects of a recipient foreign policy:

1. Its bilateral relation with the donor countries
2. It's Cold War attributes and roles
3. Its behaviour towards neighbours
4. Its behaviour is international organisation

Primary objective of bilateral foreign aid is to keep friendly relations with recipient's countries. Recipient's countries are expected not to jeopardize economics, trade and security interest of donors (Jayawardhana 1991: 25-26). Aid has been used over the years to influence the Cold War attitude and roles of recipient countries. Through foreign aid, the two power blocks were trying to win newly independent nations. A classic example can be traced in Guinea. In 1958, when France withdraw its aid programme, Guinea turned to the Soviet Union which responded with substantial technical assistance and with loans to be repaid over a number of years of Guinean exports to the Soviet Union. The excessive reliance of Guinea on the Soviet Union was a matter of concern for the United States. The Washington administration also began to give substantial technical, commodity and project assistance to Guinea and the pressure was exerted to de-link with the Soviet Union. After a few months of the beginning of massive USAID, Guinea expelled the Soviet Ambassador (Nelson 1968:114).

Through aid western nations tried to contain the spread of communism and promote capitalism (Fatouros and Kelson 1964: 24). The United State Foreign Assistance Act of 1963 prohibited giving economic or military aid to countries whose ships or plans carry strategic goods to communist Cuba (US Foreign Assistance Act, 1963, sec 301(c) (1)). Military aid to Spain was frozen in February, 1964 because Spanish ships and aircraft continued to trade with Cuba, a former colony of Spain. The 1966 legislation revising and extending the food for peace programme introduced a similar restriction on food aid to countries which trade with Cuba and North Vietnam (Food for Peace Act of 1966, sec 103(d) (3)). In many occasions West Germany had threatened cancellation of diplomatic relations with a country recognizing communist East Germany meaning a simultaneous withdrawal of economic aid. (Jayawardhana 1991: 27)

In a few occasions foreign aid have been used to control the behaviour of recipients towards their neighbour. For example, in an effort to dissuade Indonesia from her confrontation policy towards Malaysia, the United States drastically curtailed

its aid between 1963 and 1965 (Nelson 1968: 117). In the period of Nasser, the United States started to open and repeat its food aid to restrict Egyptian involvement in regional affairs- the Arab-Israeli dispute, military intervention in Yemen, political pressure on Jordan and Saudi Arabia and Cairo, aid to the Congolese rebels. The aid tactics of the United States proved to be successful and Egypt stopped its assistance to the Congolese rebels and tempered its tough statements on the Arab Israeli dispute. It has been seen in many cases that foreign aid have been used to win the domestic and diplomatic support of the recipient country in regional and international organisation respectively. Probably, the clear example was a \$5million aid to Haiti to be used in constructing an international airport, in return for Haiti. Supporting vote for the charter of punta de Este establishing the alliance for progress. The charter vote was expected to be closed and Haiti's vote therefore appeared important. Once Haiti received the promised aid from the United States it voted for the charter. French aid to former African colonies used to be provided on the explicit understanding that France would be consulted before these countries vote at the United Nations on major issues (Jayawardhana 1991: 32). Similarly, Japan as the largest donor of Indonesia was reported to have exerted pressure on many domestic and foreign policy areas (Rix 1980: 229).

When we study and find out the answer the question whether foreign aid is motivated by self-interest or humanitarian concerns (Hook 1995; Schraeder, Taylor et al. 1998). Pratt (1989) calls this opposition “international realism” versus “humane internationalism”. In an international political realist perspective, states are primarily driven by the desire for military and economic power. This provides little room for control over foreign policy by domestic powers (Zimmerman 2007: 5).

In the neo-realist framework, foreign policy is not the result of internal power struggle and policy formulation, but a reaction to systemic features of the external state system (Waltz 2001 [1959]). For Morgenthau (1962) for example, much of foreign aid “is in the nature of bribes”. Morgenthau considers this a highly inefficient form of buying political influence, since a pervasive system of 'make believe' is required to feign the goal of economic development. In a pure realist perspective, there is no possibility of people in power striving for the ideal of economic development of underdeveloped states. In contrast, the liberal idealist or Wilsonian position claims that states can (or even should) make their internal philosophy the goal

of their foreign policy. This is deemed utopian by early realist thinkers, who denote attempts in this domain as a misunderstanding of the underlying conflicts of interest (Carr 2001 [1939]). The liberal position sees internal forces as the main origins of foreign policy (Zimmerman 2007: 6).

2.7 Aid funded to the Third World countries by U.S. and USSR

The concept of Third World Country can be traced under the scenario of economic and politically emerging countries. After the Second World War a series of newly independent countries came to existence. These countries were ruled by imperialist ambition now became the field of ideological experiment. The world was divided in two poles. On the one hand U.S. and European countries are trying to impose capitalist modal of development and other hand USSR and their allies wanted to impose socialist mode of development. The United States and the USSR release lots of aid to the third world countries. Foreign aid came into existence as an important instrument for foreign policy.

The United States and the Soviet Union have recognized the importance of a select group of developing countries. Nowhere this is manifested more clearly than in their distribution of substantial amounts of economic assistance to the fewer developing countries. The emergence of economic aid is as an important instrument in the overall foreign policies. Great powers made both the countries which is evident by the magnitude of cumulative aid commitments, and by the number and diversity of less developed countries which have been aid recipients the length of time over which both countries have conducted aid programmes. More generally, economic assistance has become a primary means by which the United States and the Soviet Union have sought to establish ties and wield influence in the third world (Walters 1970: 3).

The reason for the importance attached to economic aid as an instrument of foreign policy lies mostly in the Third World countries themselves. Most of these nations were once subjects of colonial rule. They emerged from colonialism and remain today at what they consider to be an unbearable level of economic development. The difference gross national product between the less developed countries and United States in economic productiveness has been firmly grasped by the leadership of the third world. It has provided the foundation for its increasingly

vocal political demand for the extraction of economic aid from the United States, the Soviet Union, and other advanced countries (Walters 1970: 4).

The positive demands for economic aid emanating from the third world, the political and military eliminate of the international arena since World War Second has made economic assistance and instruments by the United States and the USSR. It is based in part upon the fear of the consequences of competition on the military plane in a nuclear age. The emergence of a wall jointed opposition to colonialism more on trade, aid and other more impalpable means of influence with less developed countries. It is the manner in which one of these economic instruments as aid has been used and the anticipations associated with the distribution of aid by the United States and the USSR which we desire to examine here. Due to the vehemence on economic aid in Soviet and American relations with the least developing countries, it seems appropriate (Walters 1970: 4-5). There are different reasons for initiating and continuing aid donations. It is undisputable that a common characteristic of all aid programs of communist and non-communist states alike is their roles as an instrument of foreign policy. Thus, Taiwan may give aid to Africa to seek assist for its position on the China question in the United Nations. France may supply aid to her former colonies and others third world countries to maintain cultural influence in the third World. Yugoslavia and West Germany may give aid to promote and secure their positions in commercial markets. The United States may give aid to secure political and economic influence in less developed countries (Walters 1970: 6).

2.7.1 U.S. Policy towards the Third World

At the end of Second World War the United States adopted to a policy of condemnation of colonialism and of favouring independence for colonial peoples. The United States played its most active role through bilateral and multilateral relationship. It means helping to bring to an end the Dutch-Indonesian hostilities and supporting the Indonesian demand for independence. In spite of American supported for independence movements among the colonies United States policy from 1945 to 1949. It was characterised by the recognitions of the European metro poles as primary agents in colonial states. The United States was given priority of Europe during the immediate in the substantial commitment of U.S. Economic and military resources

through the creation of the Marshall Plan⁴ and the North Atlantic Treaty Organisation (NATO)⁵. However, several factors combined to shift American interest toward the less developed countries in Asia. In Asia, many countries were faced with armed communist rebellion after 1948, China had fallen into the hands of Mao Tung during 1949, and in 1950 the invasion of South Korea by North Korea had locked those two countries in a war (Walters 1970: 8).

Economic and military assistance became the primary mechanism through which the United States executed this policy shift and counterfeited direct relations with most of the less developed countries. During the period between 1951 and 1956 the dominating circumstance determining the nature of American aid to the less developed countries was the communist threat. The amounts of economic assistance were distributed through a funding category. The purpose of which was to help less developed countries in the maintenance of a large military establishment than could be locally provided. The immortality and irresponsibility of neutralism as a foreign policy for third world countries and the policy of constructing an alliance system including less developed countries to ring the Communist World serve to demonstrate the primary interest of the United States in bring the third world countries into commitment with the Western Camp. It was not until 1957 at which time, by the way economic development replaced anti-Communism as the dominant theme in American aid presentations that the United States came to accept neutralism as a legitimate policy not fundamentally at odds with American interests in Third World (Walters 1970: 10).

The United States policy towards neutralism and economic aid for development was facilitated and subsequently accelerated by a gradual change in the Soviet- American confrontation from hostility to what has been called in the 1960s a "mixed-adversity" relationship. By the late 1950 the relational thaw in the Cold War enabled the United States to liberate itself from an almost exclusive preoccupation with anti-communism and to seek a new, more durable approach to relations with the less developed countries on grounds of mutual interest rather than of Western defence. Economic assistance is used in different ways depending on the reason for which it is extended

⁴ Marshall Plan was the American program to aid Europe in which the United States gave economic support to help rebuild European economic after the end of World War II in order to prevent the spread of Soviet communism.

⁵ NATO is an intergovernmental military alliance based on the North Atlantic Treaty.

2.7.1.1 Short-term Political influence

1. Several expectations of short-term political nature are readily observable in U.S. Aid rhetoric and behaviour one such expectation is that the United States can demonstrate its good intentions towards the less developed countries through the distribution of economic assistance.
2. Second short-term political use of economic aid is prompted by the desire to gain greater access to decision makers in the less developed countries
3. American economic assistance has been used in an attempt to influence the foreign policies of less developed countries. In its most salient form this has involved making aid extension conditional upon the recipient's adoption of the American position on a specific food shipments to India under Food for Peace Act affords a good example of this use of aid.
4. Economic aid has also been utilized in the less developed countries. The evidence suggests there is little real understanding in any quarter of the political development process, much less a systematic method for guiding, by means of aid, political development of the less developed countries in a manner consistent with U.S. Interest. These interests would include the promotion of a pluralistic society, strong local government institution and democracy. Regardless of the efficiency of U.S. Aid in influencing domestic political development of the less developed countries, the desire to use aid for this purpose is a motivating factor in the American aid effort (Walters 1970: 13-14).

2.7.1.2 Anti-communism and Western security

Due to the advent of the Cold War following World War II, it is not surprising that anti-communism and more specifically security vis-a-vis the communist camp have played a dominant role among the motivations underlying the U.S. economic assistance program. As an instrument directed against communism, economic assistance has been used in various ways. It has been used as a carrot to lure less developed countries into or to reward them for joining the Western camp. Aid has also been used in conjunction with other means to shore up unstable regimes in less developed countries against an actual or perceived communist challenge during periods of economic and

political crisis. Anti-communism as a motivation for American economic assistance is also manifested in the use of aid as a counter weight or alternative to communist aid programs in certain less developed countries where it is felt that communist aid may result in excessive dependence on the communist states or where this aid is felt to conflict with vital U.S. Interests (Walters 1970: 15).

The military security of the less developed countries and of the United States a factor closely related to anticommunism has also prompted economic assistance. From 1951 to 1958 U.S. Economic aid was viewed primarily in terms of supplementing the military assistance program. Military aid in the form of equipment, training, and advice was to provide security in the less developed countries from the external threat of communist aggression as well as from the internal threat of communist led arm insurrection. Economic aid in form of capital equipment, technical assistance and budgetary support was given for the purpose of maintaining domestic stability by subsidizing the military burden and providing the stimulus for at least modest economic progress (Walters 1970: 16).

2.7.1.3 Economic Benefits for the United States

The use of economic assistance to secure economic advantages for the United States has been also considered a motivation underlying the American aid program. It is argued that through aid which promotes economic development in less developed countries the United States can ensure adequate supplies of strategic raw materials, promote a favourable climate for private foreign investment in the LDCs, and create a larger demand for U.S. Exports as a result of increased prosperity in these nations (Walters 1970: 17).

2.7.1.4 Humanitarianism

Humanitarianism must be considered an element motivating U.S. economic assistance. Humanitarianism is expressed into two distinct. But it related forms in this context as a manifestation of Christian moral traditions and as an emergent secular commitment to international social welfare. The welfare state concept is extended to the international plane; economic assistance to the less developed countries becomes a

mechanism through which wealth is transferred from the developed countries to third world countries (Walters 1970: 18).

2.7.1.5 Cultural Influence and System Maintenance

Cultural influence and System maintenance provide a convenient rubric under which to discuss the long term indirect motivations and expectations underlying United States economic assistance. By culture we mean simply the general attitudes and behaviour (social, economic and political) of the community. System maintenance is used in a loose sense to mean the preservation of the basic international order now existing for which the United States feels responsible and provides leadership. The nature of the cultural influence desired includes such things as acceptance private enterprise and private foreign investment as legislative and desired aspects for economic growth in the third world countries. In addition, the United States seeks to promote the acceptance of basic Western values as to the structure of society and the legitimate forms of government (Walters 1970: 20).

At least two specific expectations from economic assistance rise from the general belief among U.S. Decision makers that economic development is directly related to reduced violence. The first expectation is that, in preventing the frustration generated by lack of progress, economic assistance which results in economic development can be a crucial factor in preventing Communist, or Right-wing takes over of the less developed countries. By its contribution to the internal stability of less developed countries, economic assistance is expected to prevent the occurrence of conditions which could lead to revolution from within or subversion from outside. Gunnar Myrdal calls this the “insurance theory of aid”. A second expectation is that economic assistance can help prevent the occurrence of a power vacuum in less developed countries which seem to result inevitably as an arena for conflict among the large powers of the world (Walters 1970: 22).

2.7.2 Soviet Policy towards Third World countries

The striking feature of Soviet policy towards the third world countries after World War Second was the shift from hostility to the embracing of national bourgeois leaders of newly independent states. In the immediate post war period through the early fifties

the USSR viewed the emerging nations with suspicion and hostility because of the conviction that such states and their leader were still controlled by the West. The USSR was imprisoned by the Stalinist 'two camp'⁶ interpretation of the world which allowed no possibility for the existence of neutral states between the Capitalist West and Communist countries under the leadership of Soviet Union. During the period of Soviet military, roughly from 1948 to 1953, Soviet commercial policy viewed the former colonies as convenient sources of various raw materials to be utilized when the Soviet Union faced temporary shortage of those items (Walters 1970: 27).

From 1953 to 1956 several factors contributed to a significant alteration of Soviet policy toward the newly independent countries. Most important was the almost universal failure of internal rebellion and external aggression to yield gains for the communists in the less developed countries. Stalin's death in early 1953 was also a factor for the policy shift. Peaceful coexistence was the new policy adopted which would allow the USSR to exert influence in the third world which minimizing violence and its potential danger to the USSR. The essence of peaceful coexistence is the shift of East- West competition to non-military spheres (such as cultural, political and economic diplomacy) while still maintaining the legitimacy of wars of "national liberation" and end of the self defence. The "zone of peace"⁷ is the Soviet expression for what it views as common positions of the USSR and non-aligned less developed countries on matters such as peace, development, anti-colonialism, imperialism and disarmament (Walters 1970: 28-29).

The Soviet Union began participation in the provision of technical assistance for the less developed countries by contributing the rouble equivalent of one million dollars to the United Nations Expanded Program of Technical Assistance (EPTA). Within six months of this announcement the USSR had concluded trade agreements with Argentina and India and had announced a bilateral economic aid agreement with Afghanistan for the construction of grain silos, a bakery and a flour mill. Soviet policy in the less developed countries is necessary for any understanding of Soviet economic assistance as it has emerged and developed in the fifties and sixties. Before 1953 the basic orientation of the USSR towards the newly independent countries precluded even a desire to establish an aid program (Walters 1970: 30).

⁶ Post World War saw a new political alignment i.e 'two camps' like the West represented the imperialist and anti-democratic camp and the Soviet Union represented the other camp which was characterised as anti-imperialist and democratic.

⁷ Zone of Peace means with the separate peace among democracies progressively developed throughout the last two hundred years.

2.7.2.1 Short-term Political Influence

There are several sources forms of short-term political influence which constitute important factors in the extension of Soviet aid to the less developed countries. Among these is the use of aid, combined with trade, as a means of political entry to countries which previously have had no formal contacts with the USSR. On various occasions the USSR and other Communist countries have accompanied the establishment of diplomatic relations with trade and aid agreements. Trade and aid have proved to be well adapted for establishing a Soviet presence in areas where its influence previously had been marginal or non-existence (Walters 1970: 31).

The USSR had used economic assistance as a means of demonstrating arguments contrary to the Western world. Its intentions in relation with the newly independent country were honourable. Its technology and equipment were sophisticated and its agreements were advantageous to the third world countries. The primary aim of Soviet aid has been to present the image of the USSR as a first rate power rivalling the United States economically, technologically, politically and militarily. Aid has a trust building function enabling the Soviet Union to extend itself and to become accepted as a legitimate major power in world affairs. Another aspects of direct political influence as a motivation for Soviet economic assistance is the desire to effect foreign policy positions of the less developed countries. The use of aid for this purpose is most clearly manifested in unreasoned Soviet support of newly independent countries espousals of neutralism, anti-colonialism, and anti-West. The Soviet aid program made neutralism pay as a foreign policy stance for less developed countries. Through economic aid to neutralist states the USSR provided an alternative source of capital and technical assistance which served to strengthen third world country bargaining power with the west. The Soviet Union has used offers of economic assistance in an attempt to induce the adoption of a neutralist stance by less developed countries. In December 1959, when the USSR announced an agreement to provide Afghanistan with economic credits of \$ 100 million, the neutrality and non-aggressive pact between these countries was extended (Walters, 1970: 32).

The desire for direct short-term influence in the domestic politics of less developed countries provides still another motivation for Soviet economic assistance. As is true of the United States, the Soviet Union attempts to influence the domestic political and economic development of its aid recipient's by giving aid in forms which

the donor feels will precipitate a desirable path of development for third world countries. For example, Soviet aid is concentrated in the state sector to strengthen the role of the government in national economic and political development and to local interests which might successfully challenge the priority of the state sector in the development process.

2.7.2.2 Anti-West notion and Soviet Security

The notion of anti-West plays a role in Soviet economic assistance very similar to the one anti-communism plays in the American programme. Soviet behaviour was in connection with trade and aid agreements as well as anti-western rhetoric which dominate all Soviet discussions of economic assistance. It conclusively demonstrates that this is a basic motivation and use of Soviet aid. Soviet aid agreement is an attempt to portray USAID exploitative in its terms (high interest rates), anti-development in its focus (non industrial projects) and dangerous to the recipient. The USSR has characteristically extended credits closely following western abandonment particularly of an aid package important to less developed countries. This has occurred with specific projects and the Aswan dam in Egypt, which are both being financed by the USSR after the United States considered and rejected their support and with entire country program. The USSR stepped into relieve serious problems faced by certain less developed countries when their primary products were unsalable in western markets due either to boycott by principal buyers or to a surplus in the world market. (Walters 1970: 34)

The timing of Soviet purchases from less developed countries the adoption of major aid projects following their rejection by the United States or the West. Soviet concern for its military security provides another impetus to the economic assistance programme. The Soviet Union supports for neutralism in the third world. One reason for USSR interest in neutralism is that such a policy tends to prevent the formation of an alliance between on third world countries and the west. Through aid to neutralist states combined with other forms of support (military, diplomatic, economic, and cultural), the USSR seeks to prevent more less developed countries from joining the western alliance system. A more direct use of Soviet economic assistance for security reason is the recent practice of distributing substantial aid to U.S. Allies bordering the communist world. The purpose of such aid offers is to penetrate and weaken the

western alliance system with the aim of enticing its third world country members to adopt a neutralist policy (ibid. 35).

2.7.2.3 Humanitarianism goal for Economic Assistance

Humanitarianism meanings can be found in connection with Soviet aid to third world countries. The USSR manifests what it generally calls the international duty of a Socialist country to help third world countries which have suffered at the hand of colonialism. Soviet humanitarianism was linked quite directly to anti-colonialism. But it still constitutes a form of humanitarianism. In giving aid the Soviet Union was not base itself primarily on consideration of commercial advantages guided by the principles of proletarian internationalism. The Soviet Union considered such aid important and necessary both from the standpoint of humanity and the solidarity of all mankind and form the struggle for peace and peaceful coexistence between countries with differing social and political system (Walters 1970: 36).

2.7.2.4 Economic Benefit for the USSR

The desire for economic benefit was another factor often mentioned as a motivation for Soviet trade and aid in the third world. Due to structure of Soviet economic instrument and development it is argued that the relative cost of production in the USSR today is higher in the non-industrial sectors then it is in the industrial particularly in heavy industry. The terms of trade between capital goods which the USSR exports and the primary goods which the USSR imports have not turned so as to affect the relative cost situation. These two factors combined suggest that the Soviet Union can enlarge its total product by exporting increasing quantities of capital goods and importing greater quantities of raw materials and agricultural products. The structure of Soviet trade with the third world countries arising out of the economic offensive is indeed coexistence with these economic agreements: the USSR generally exports industrial goods in return for agricultural products, raw materials and semi-manufactures. An additional economic motivation for trade and aid is the fact that Soviet industrial products do not sell well in the highly industrial and competition markets of the west while they are acceptable to and desired by many less developed countries. The USSR reinforces this explanation of its trade and aid by maintaining that Soviet economic relations with less developed countries are based on “mutual

advantage". Through aid repayable in traditional exports of the recipient, the USSR obtains goods necessary for its own economy such as cotton, wool, natural rubber, and hides and cocoa. (Walters 1970: 37-38)

2.7.2.5 Cultural Influence and System Conversion

The Soviet Union also searches to promote through economic assistance long term, indirect aims for cultural influences and system conversion. The nature of cultural influence and system maintenance was explained. There seems to be two relatively distinct phases associated with this motivation for Soviet aid: the neutralizing of U.S. and Western influence in the third world and the ultimate commitment of the less developed countries to the communist camp (Walters 1970: 40).

Through the economic offensive, the USSR hopes to neutralize western military influence and political control in the third world. By this process, the neutralisation of western influence would take place. It was a gradual change of state of Soviet presence in the less developed countries through economic assistance and trade. The USSR hopes that once regularized contacts with the third world countries are established, they can be used to provide cultural, economic, social and institutional alternative to western influences which have been dominated hitherto. More generally, the USSR can use aid and the contacts aid programs provide to promote the state sector in relation with private enterprise. It also promote socialism as an economic and political system superior to capitalism and to spread Marxist Leninist thought as a conceptual means of dealing with all social problems (Walters 1970: 40).

A demonstration of aid for such purpose is the concentration of Soviet credits for use in state sector projects and the encouragement given to less developed countries to nationalize foreign private investment. The second phase of the long-term motivation for Soviet economic assistance involves a desire to elicit the commitment of the less developed countries to the communist camp and to complete the establishment of a new world order in which the role of capitalism and the west is severely restricted. Trade and aid is the instrument by which the Soviet Union expected to familiarize the third world countries with the decisive advantages of the socialist mode of production. Through there mechanism Soviet goods, technology, ideology and social, economic, and political structures cab be gradually introduced to and hopefully accepted by the third world (Walters 1970: 41-42).

The United States aid programs emphatically played some role in the Soviet decision to initiate its own programme and it constitutes a factor promoting the USSR to continue its efforts. In addition, the USSR recognized that point for technical assistance and U.S. Contributions to the United Nations aid programs were generating enthusiasm on the part of the third world countries for economic development assistance. The United States until 1953 continually called attention to the fact that the USSR had no bilateral aid program and did not contribute 'One Red rouble' to the UN Expanded Program of Technical Assistance. The American aid programs influence and popularity in the third world certainly contribution to the initiation of Soviet bilateral and multilateral economic assistance (Walters 1970: 44).

2.8 Summary

U.S. and the USSR economic aid programmes differ in their primary aims. The USSR thought that through aid and other means of sources to create a world which is predominantly pro-communist, pro-USSR, and anti-western, behaviour, and organisation while U.S. seeks exactly the reverse. This is the fundamental difference in the ultimate scope of the two programmes. The difference observed in the operation of U.S. And the USSR assistance programs have led most analysts to conclude. They are entirely alien in character. When focusing the nature of aim of programs, the conclusion that they are essentially different and it is quite justifiable. U.S. Programme is so visible in all its positive and negative aspects whereas in comparison the Soviet program is shrouded in secrecy. The outcome is often an oversimplification of Soviet aims and an over-valuation of Soviet capabilities when compared to the very familiar complexities, limitations, and thwarts experienced in U.S. aid efforts. When we examine the motivations and uses Soviet economic assistance, we found that struck by a multiplicity of purposes rivalling in complexity and number those of American aid. In addition, it is commonly used to evaluate U.S. Programme. Thus it is most unlikely that complexity, ambiguity of specific purpose, and an overall lack of precise design are problems specific to American economic assistance. The Soviet aid program is more discriminating and practical than is generally presumed. By instead of putting a clear design behind it, the USSR may simply be attempting to establish a foothold in the third world. The good will or influence which is becomes fruitful for achieving their goal in the third world country. The process can be used to Soviet

advantage in connection with whatever concrete developments unfold in the future. The United States and the USSR hope that economic aid will condition the international environment by making it causative to their respective concepts of desirable social, political, and economic progress. Aid as an instrument in the attainment of background goals requires neither a complete compatibility of interests between donor and recipient nor a relationship of dependence. As long as the donor is convinced that economic assistance will ultimately result in the betterment of the international environment, the requirement of support from aid recipients on a wide arrangement of contemporary political issues need not be dominant. Thus, while the two economic assistance programs are different in their objectives, the uses of aid as an instrument of foreign policy reveal some essential similarities.

Chapter-3

Geo-economics of Aid

3.1 Introduction

Afghanistan's geo-politics was influenced by its physical locations, its politics and religion. It was influenced by ethno-linguistic division and religious ideology. Its society was influenced by tribal groups. Due to it, the nature of Afghanistan was always conflicting with neighbour's countries like Iran and Pakistan. Both these countries were always interested in political activities in Afghanistan indirectly. It is because they were some threat of security. In the World War I period, Afghanistan became the centre point of between two countries like USSR and British India for in terms of security because northern side of Afghanistan touches with USSR and southern side touches boundary with British India. Meanwhile the Great Game started between these two countries. British India started its influence from nineteenth and early twenty centuries. Three Anglo-Afghan wars had happened between British India and Afghanistan up to 1919 due to rivalry of British and Russia. British India was spreading imperialism by giving some economical support to the newly independent countries. The first aid started in Afghanistan in 1908. After the World War I, the USSR started relation with Afghanistan in terms of trade and investment. When trade relation established good of it and then Russia also supported Afghanistan for its development by giving aid to this country.

Historically, Afghanistan was a strategic location at the crossroads of Asia. It has made the country the focal point of many imperialist ambitions (Harvey, 2003). Additionally, Afghanistan was also economically weak. That is why, the ruler of Afghanistan wanted to make relationship with developed countries such as European and Western countries. Meanwhile Western countries (Britain and U.S.) and European country (the USSR) made foreign link up with Afghanistan geopolitically. Through geo-politics, they made economic relation to Afghanistan for their own strategic interest. Afghanistan's ruler had also own interest for overall development. All these relations could be successful with the geo-economic aid. Britain was old ally of Afghanistan. Britain was influencing to Afghanistan in some positive and some negative aspects. In positive sense, it was providing money for in terms of assistance

to Afghanistan development. While in negative aspects, she wants to get much benefit from it through business and the natural resources. However, the USSR also interested in Afghanistan's development and reconstruction. After World War II, the United States took interest in Afghanistan. In terms of power, no one country likes to lag behind to the other countries in terms of economic power. In the Cold War period, both super powers were competing for their influence in third world countries such as Afghanistan. Moreover, they had been providing economic assistance to the least developing countries. Therefore, Afghanistan had fought three the Anglo-Afghan war up to its independence. Its infrastructure became deteriorate. Afghan ruler King Amanullah tried hard to modernise his state and for it, he extracted concentration of the super-power such as U.S. and the USSR towards his country.

However, the European countries supported with morally and economically for modernising the country. In which, the USSR provided loan and grant for Afghanistan development. Along with, Britain also supported Afghanistan economically up-to the World War II. After that the Cold War started between the United States and the USSR based upon the ideological division between the two blocs Afghanistan got most foreign aid in this period. Afghanistan became the geostrategic location between these countries as well as a newly independent country. From the perspective of the USSR, Afghanistan occupies an important geostrategic, geopolitical and geo-economic position. Afghanistan is located at the centre of Asia and its location connects important region like Central Asia and the Middle East with South and East Asia (Pawar, 2011). That is why, the United States totally concentrated on Afghanistan for future perspectives after the post World War II. It did not take any interest in Afghanistan prior to the Second World War. After World War II, the United States was ready to provide economic assistance for development of Afghanistan as well as for their geo-economic perspective also. Logic behind of this perspective was that, the USSR was spreading its Communist ideology in newly independent countries in South Asia. Afghanistan was partially influenced by communist ideology which was threat for USA. So the United States started to provide foreign assistance. Both the super powers were pumping money in terms of economic assistance to Afghanistan for its overall development and reconstruction. Afghanistan became a sort of the rentier or "allocation" state. It was deriving over 40 percent of its revenue in every year since 1957 from "revenue increasing directly from abroad" (Rubin 1992:

78). In the terms of geo-economic imperative of the super-powers, they too spread their strategic influence into various spheres like business and culture.

3.2 Nature of Geo-politics and its Applications

Geo-politics is a thought as well as a practice. It is a source of link to the establishment of states and nation-states as the dominating political and economical institutions. Particularly, geo-politics is connected of increasing competition between the most powerful states in the end of the nineteenth century. Geo-politics was initially understood as the region of interstate conflict with the assumption being that the only states being discussed were the powerful Western countries. In other words, there was a theoretical attempt to separate geo-politics from Imperialism, the dominance of powerful countries over weaker states (Flint 2006: 17). It uses parts of human geography to examine the use and implications of power. Afghanistan became the centre of a power struggle between different interests and groups. The organization of society, the formation and extent of state sovereignty is a continuing geo-political process. It is as the struggle over the control of spaces and places and focuses upon power or the ability to achieve special goals in the face of opponent or alternatives. In nineteenth and early twentieth century, its practices, power was seen as the relative power of countries in foreign affairs. For example, in the early 1900s U.S. naval strategist Alfred Thayer Mahan's categorization of power was based upon the size of a country, the racial character of its population and its economic and military capacity. In the late twentieth century, the geo-political study of power became increasingly academic; scholars produced many indices of power. That was remained focused on country-specific capabilities of industrial strength, acquisition level of the population and military power (Flint 2006: 27-28).

By using its geo-political position and its historical and culture assets, Afghanistan has been an influential international and regional actor (Ali 1999: 161). Afghanistan followed a foreign policy which focussed on both bilateral as well as multilateral. Hence, such a policy could help it establish relations with the United States and the USSR as well as some other European countries also. In the bilateral agreements, the economic aspect was even stronger with provision for a socio-economic link between Afghanistan and the USSR. Besides it, Afghanistan also made bilateral relations with the United States. However, Afghanistan was also taking

financial support from European countries like Germany, France, Poland, etc. While Asian countries like Japan and China also helped mostly technically and to a lesser degree financially, these countries dealt with Afghanistan in order to search for new markets.

Geopolitics has come to include *critical geopolitics* (O. Tuathail 1996), which is the practice of identifying the power relationships within geopolitical statements; what assumptions underlie phrases such as the spread of free markets or the spreading of democracy. What are the outcomes of such activities and representations? Who profits what and who suffers? Contemporary geopolitics identifies the sources, practices, and representations that allow for the control of territory and the extraction of resources. States still practice statesmanship. In that sense we are still offered all seeing interpretations of the world by political leaders and opinion makers. But their situated knowledge has been increasingly challenged by others in situations different from the clubs and meeting rooms of politicians and business leaders. Consequently, geopolitical knowledge is seen as part of the struggle as marginalized people in different situations aim to resist the domination of the views of the powerful. Feminist geopolitics has conjured the need for a populated geopolitics, one that identifies the complexity of the world, and the particular situations of people across the world, as opposed to the simplistic models of classic geopolitics and their simple explanations (Flint 2006: 17).

3.3 Geo-economics of Aid

Geo-economic realities seem to weigh far more than the geopolitical ingenuities propped up in Afghanistan (Dhaka 2004: 3). Geo-politics can make relation with geography and politics of any countries. This is sources through which any relation can exist in the environment. On the basis of this Afghanistan got geo-economic of aid from the superpowers. Foreign aid had started pouring in Afghanistan in 1928 from the side of the USSR. It means that foreign aid has been the reality for the larger part of 20th century. Afghanistan received lots of aid from foreign countries. The United States and the USSR have played a very important role in the field. In the Cold War period, international development has been used as a tool for attaining and safeguarding geopolitical interests of donor countries. The United States has been quite unambiguous in using its foreign aid in meeting its foreign policy objectives.

Other countries have been more intangible but nonetheless active in applying geopolitical priorities in international development. The influence of geopolitical considerations cannot be underestimated.

In Cold War era, Geo-politics understood in terms of super power confrontations, to a new branch of critical geopolitics spearheaded by Dalby and Tuathail. The writers (Dalby and Tuathail 1996) jointly refer to geo-politics as a convenient fiction, a suggestive name for varying fusions of geography and politics. Yet also an inconvenient fiction, an overloaded sign weighed down by the many different significations. This may propose a modification from super power involvement to more diverse actors like multinational agencies and corporations in a complex web of relations, interests and objectives. Alesina and Dollar (2000) has argued that big donors like US, Japan and France have promoted their strategic interests and the result of bilateral aid has only a weak association with poverty, democracy, and good policy whereas the United States is targeted to poverty, democracy, and openness. The Nordic countries have a similar pattern except that they do not have the same sharp focus on the Middle East. On the other hand French assistance has little relationship to poverty or democracy even after controlling for their strategic interests in former colonies and their UN friends.

Due to difficult geographical conditions and the independent mood of the population, Afghanistan managed to maintain most of its sovereignty and liberty throughout imperialist wars and World War II, in which, she remained neutral. Thus, the country has never been colonised. It lost territories to both British India and the Soviet Union who drew Afghanistan's boundaries. Though the Afghan people were divided ethnically and linguistically due to these artificial boundaries, yet, overtime, they have become over time nationalistic and independence-minded. In another way, there is a strong anti-colonial tradition in Afghanistan. The patriotic element was strengthened by the 'Young Afghan' movement. It was headed by King Amanullah, who reigned until January 1929. The model of this movement was Kemal Ataturk's Turkey (Vayrynen 1980: 93).

3.3.1 Geopolitical Role in Geo-economy of Aid

Geopolitics as a concept has undergone varying evolutions, from super-power ideology confrontation understood known in term Cold War era, to a new branch of

critical geopolitics spearheaded by Dalby and Tuathail.. This may suggest a change from super power involvement to various actors like multinational agencies and corporations in a complex web of relations, interests and objectives. Indeed Qyvind (1988:191) celebrated that though Rudolf Kjellen coined the term and provided its original definition that was never gained universal acceptance. Geopolitics indicates the links and causal relationships between political power and geographical space (Qyvind 1988: 192). This will refer to the strategic value placed on states and nations by others, and how this value influences the flow of Development Assistance. (Sudi 2009: 2). Since development considerations were not an important factor in receiving aid, the recipient countries had some kind of an upper hand in their bilateral relations with the donor countries. In order to receive aid they did not have to reform politically and economically (Headey 2008: 2).

According to Hoogvelt (2001), mercantilism inspired realist perspective that the world is an anarchic arena with nation-states competing for power through economic, political, even moral-clad means. The author mentioned that foreign aid forms a part of the tools available to strengthen state influence over other states. The state herein is not simply the geographical location, but also the political, cultural and social entities that that location is representative of (Sudi 2009). Headey (2008) argues that bilateral aid had no significant effect on growth during the Cold War. But, it had a significant and sizeable effect thereafter. In contrast, multilateral aid seems to have had sizeable and significant effects throughout.

We analyse that Cold War period was conflict due to newly independent countries wanted to develop their countries with the help of foreign aid but they motivated towards the developed countries. In developed countries, one was western countries and other was European countries on that time. In this time period, there was ideological confrontation between U.S. and the USSR. The world was divided into three parts: first part was Capitalist countries and second part was Communist and third was Developing. Due to it, multilateral foreign aid became more successful with compare to bilateral aid. Newly independent countries was not concentrated any particular developed countries. Their intentions always fluctuated from time to time. When the Cold War ended, the stability of newly independent became stable and then bilateral aid started mostly in the global level.

3.3.2 How Aid can inhibit Development

The contrary consequences of official aid operate exactly on the personal, social and political factors which determine economic development. Most importantly, aid increases the money, patronage and power of the recipient governments. This additionally firms their grip over the rest of society. Thus, it encourages the calamitous politicization of life in the Third World. When social and economic life is largely politicized then people's livelihood or even their economic and physical survival comes to depend on political and administrative decisions. This resultantly promotes conflict especially in the multiracial societies of almost Third World countries. This sequence perverts energy and attention from productive activity to the political arena. Besides it, the direction of people's activities is inevitably an important deciding factor of economic performance (Bauer and Basil Yamey 305-306).

Aid modifies governments to pursue policies which obviously delay growth and exasperate poverty of which there exists a long list. The policies include harassing of the most productive groups, controls on the activities of dealer and even the demolition of the trading system, restriction on the inflow of foreign capital and enterprise; forced collectivization; price policies which discourage food production. Generally, the burden of economic control which restrict external contacts and domestic mobility and so delay the spread of new ideas and methods. Aid is likely to bliss development policy towards unsuitable external models. For examples include steel and petrochemical complexes and official airlines. Moreover, in some instances the acceptance of external prototypes has gone hand in hand with attempts at more comprehensive modernization including attempted transformation of people's values and organizations. This type of policies can have unsafe, even unstable, consequences. Besides it, aid damages the international competitiveness of economic activities in the recipient countries by serving to maintain overestimation exchange rates the domestic money supply. Foreign aid also makes it simpler for government to prosecute ill-considered fiscal policies unless aid is progressively coming. These policies lead to fretful domestic inflation and to balance of payments difficulties which in turn are likely to imperil a crisis atmosphere and a flight of capital. This sequence furthers the imposition of specific results (Bauer and Basil Yamey 305-306).

3.4 Historical Backgrounds of Afghanistan and Great Games

Afghanistan became the centre of attraction and the focus of major power competition, regional rivalries, strategic and military balancing, and oil and gas politics. Afghanistan became a buffer zone between Imperial Russia and Great Britain in the nineteenth and in the beginning of the twentieth century's. The USSR wanted to extend her influence into Afghanistan and from there into the rest of countries in the region including British India. Both Russia and Great Britain carved out piece from Afghanistan and annexed it to their own territories. The Russian forces occupied Panjdeh; a town located in northern Afghanistan, on March 30, 1885 and annexed it to their land (Dupree 1973: 422). Great Britain divided Afghanistan by forcing the rulers of Afghanistan to first sign the Grandamak Treaty and later the Durand Agreement (Mohmand 2007: 1-2). The point of discussion is that the agreement did not create a border between Afghanistan and British India but it fixed the limits of the sphere of influence of Afghanistan and Great Britain.

The Soviet Union had existed in the war. But it had imposed its authority on Eastern Europe. Great Britain was a long time enemy of Afghanistan and a-one rival of the USSR. Great Britain maimed and damaged in the war. Due to it, it had come to the end of its empire in the region. The Afghans fought three wars with the British (1838-1942, 1878-1880 and 1919). Afghans welcomed the end of British colonialism in South Asia. But they knew that despite their success in resisting foreign hostilities, the Soviet ambitions towards Afghanistan had been importantly disappointed by the presence of the jealous British Empire on its borders. Their fear of the Soviet menace was bringing back. Afghan leaders noticed that Soviet troop refused to withdraw from Iranian Azerbaijan and Kurdistan. However, at the time the Afghan leadership felt that the power of Great Britain acts as a barrier against the expanding Soviet Union. It would be replaced by that of the United States. According to these leaders, the Soviet and American influences would balance and check each other. So the logical choice for Afghanistan was to follow its traditional bitarafi (non-aligned) policy without annoying its northern super-power neighbour. The departure of the British from South Asia emerged a new country like Pakistan as an independent state in 1947. It renewed conflicts regarding the Afghan boundaries and elevated the issue of "Pashtunistan". This area was cut off from Afghanistan by the British Empire in 1893. This conflict has been neglected by many political scientists. It influenced Afghanistan's future

foreign relations with the Soviet Union, Pakistan, India, and the United States more than any other political or economic issue (Payind 1989: 109-110).

In the World War period, Afghanistan was forced by the Axis and Allied countries for cooperation. But it obviated this pressure by insisting on its neutrality. After World War II, the Cold War started with an ideological competition between the two super-powers like U.S. and the Soviet Union. Due to the Cold War competition, the arms race started in this region. It had happened when military and economic assistance was provided to Pakistan and Iran by the United States. Both neighbours were hostile. Afghanistan's neutrality was tested and the country was pushed to tilt toward Moscow (Mohmand 2007: 3).

After Second World War, Afghanistan became a very important third world country for USA. However, U.S. had not given much attention to the Afghanistan. That time priorities were laid in Europe and the Far East. When Cold War moved on to Asia in the early 1950's Afghanistan tried to secure military aid and substantial economic assistance from the U.S. The United States refused to extend any military aid. It was afraid that any such aid to Afghanistan might provoke the USSR into taking hostile action against that country. Additionally, it might also contrarily affect the growing U.S.-Pakistan ties. In the fifties under Prime Minister Mohammed Daoud disappointed and turned to the Soviet Union which provided it with both economic and military aid. He gave importance to Soviet involvement in Afghanistan and he argued that "the presence of a number of large Soviet forces in Afghanistan has carried about a qualitative change in the status of that country. It has contrarily changed the political, geostrategic and psychological environment for the US and its allies and for the traditionally pro-West governments of the region" (Khan 1987).

The US diplomacy of second half of twentieth century was started for fulfilling its goal (Lancaster 2000). In the nineteenth century, the United State's interests in the political events of South and East Asia go back to the end of. The strategic interests of the United States in Afghanistan became apparent in 1953. This interest started when Afghanistan signed military agreements with the Soviet Union to modernize the Afghan armed forces. This type of changes occurred in domestic and foreign policy that took place in the United States and in Afghanistan during the 1950s and 1980s. It requires a complete understanding of the conditions under which both countries acted. In the 1950s, Afghanistan signed military and economic agreements with the Soviet

Union while the United States was determined to contain the Soviet Union at its existing borders and sphere of influence (Mohmand 2007: 3-4). He (Goodhand, 2002) is focusing on the historical and contemporary role of aid in relation to the Afghan crisis. He stresses on intentions of donor countries. He describe that the wrong kind of aid runs the danger of creating perverse incentives leading to renewed conflict. Aid donors and aid agencies must be more self-critical and aware of the potentially negative effects of aid than they have been in the past. The challenge is less about discrete peace-building programmes than building in a heightened sensitivity to all aid policies and programmes.

After getting the independence of Afghanistan, the main focus of Afghan policy-makers was the maintenance of their country's independence and national security. Afghanistan tried to achieve these through mutual recognition and non-interference in the other countries internal matters. At the same time, Afghanistan tried to modernise its civilian and military institutions, develop the economy and create a stable central government. So, the policy of development in the field of economic and military infrastructure started in 1920. It pushed ahead in the 1950s.

3.5 U.S. and the USSR Objectives in Afghanistan

Before the First World War, the United States mostly maintained an isolationist position in its foreign policy including the provision of non-military aid or resources to other countries. The mass of foreign aid was provided by private citizens and companies. It was not done by the U.S. Government. After the First World War, the first U.S. foreign aid program was begun by the U.S. President Woodrow Wilson for Europe. It was because the European was suffering and hunger entire the country. The American Relief Administration (ARA) continued to provide foodstuffs for Europe excluding Russia for the next three years and maintained operations in Russia until 1923 as a U.S. political attempt to weaken the Bolsheviks and Vladimir Lenin. However, the foreign aid support to Europe was limited in nature and duration. It set the occurrence for future financial aid to countries in need along with the new belief of providing carrot and stick support to countries that do unwillingly yield to U.S. desires or national interests (J. Carl Jr 2012: 28).

U.S. Policy has concentrated on the limited objective of raising the costs of the Soviet occupation. On the military front, the United States has carefully graduated

its weapons assistance to the Afghan resistance. It was providing just enough to keep it alive but stopping short of blasé arms that might provoke large scale Soviet retaliation in neighbouring Pakistan. In the diplomatic arena, Washington has given lip service to the goal of a negotiated settlement but has neutralized its diplomatic preludes with psychological warfare designed to maximize Soviet embarrassment (Harrison 1983: 3). When we are going to analysis of U.S. policies during the Cold War, we find that geopolitical polarisation of globe. In American history, U.S. foreign policy during the Cold War was not much different. The broad context of U.S. foreign policy during the Cold War adhered to the bottom line for protecting a favourable investment climate for private business interests (Hartman 2002: 467).

The conceptual framework to provide grants and loans to civilian populations along with food, natural resources, farming material, and other relief supplies raised the basic obligation to provide compassion and assistance to promote goodwill. Hopefully, it became a strong socio-economic relationship as a rampart against the growing communist threat. This anti-Communist position of Kennan's containment policy remained the focal point for foreign aid expenses throughout the globe until the late 1980s. It became representative of the ERP and Japanese successes for reconstruction without Communism (J Carl Jr 2012: 30).

The Soviet Union provided the economic and military assistance to Afghanistan on the basis of self security and enhancing the trade with Afghanistan. Besides it, the most important aim of the Soviet Union was curtailing the western ideology and spread the Communism in the newly independence countries. Afghanistan was as a newly independent country. That is why Afghanistan wanted to modernize own country and remove its orthodox from the society. This also supported to the Soviet Union to help it by economically-technically and military assistance to it. Soviet aid consists of massive subsidies to politically strategic population groups, such as cotton and beet farmers in the north who have been receiving steadily rising procurement prices for their crops, and urban traders and merchants,. That have also benefited from liberalized tax and credit policies (Harrison 1983: 11).

3.6 The United States and Afghanistan between the World Wars

The United States foreign policy toward Afghanistan in the period of World War. We need study and analyse the historical development of American foreign policy in this

region. Due to landlocked country and remote location, Afghanistan was of limited interest for the United States in terms of geopolitical and strategic perspectives. In geopolitical terms, Afghanistan was perceived as strategically unimportant and in economic terms. It was awarded minimal and limited importance. This feeling of unreality of an inability to focus or define American interests in this far off land has appeared as a returning them. It will explain the many inconsistencies of American diplomacy in Afghanistan. This uncertainty was caused by two major factors. First, there was a misperception about Afghanistan's geographic and strategic importance. Afghanistan was seen as unimportant. Therefore, it was not became worthy of providing U.S. military and economic assistance. Afghanistan was recognized as within the sphere of influence of Great Britain which the United States did not want to offend. Second there existed a lack of cultural understanding of Afghanistan in Washington. The American policy makers and diplomats had a narrow-minded vision and feeble understanding of the cultural values, social behaviour, and political affairs of the remote country of Afghanistan (Mohmand 2007: 48-49).

From World War I to the end of World War II, the United States pursued a policy of isolationism and showed little interest in the affairs of other countries like Afghanistan. During the period of World War I. we see the United States involvement in world affairs on the basis of Wilsonian Idealism. The United States was interested in advancing democracy at the global level. When the United States entered in World War I, President Wilson did not present the war as an American struggle to preserve American power interests either in the Atlantic or on the European mainland. He characterized it as a crusade to make the world safe for democracy. The United States policy makers affected from being involved in world affairs and advancing democracy to becoming isolationists and concentrating on improving domestic economic and social conditions. In the early 1930s, when Germany and Japan were making advances in many areas, the United States adopted an inactive policy (Mohmand 2007: 50).

In context of Afghanistan, the United States was not connected to Afghanistan by any means of political and diplomatic affairs, trade and military activities. American foreign policy makers knew very little about the hard nature of the culture of Afghanistan. Therefore, they oversaw the values of interaction of these phenomena and their connection to the political structure of the Afghan society. Leon B. Poullada argues that the indifference to Afghan preludes was a product of remoteness and the

narrow tunnel vision of American political leaders who remained blissfully unaware of the strategic importance of Afghanistan. They were unwilling to stretch American commitments to an area which seemed irrelevant to American interests. The ignorance of American diplomats about the language, culture and importance of Afghanistan were intense indifference of the policy makers. Another factor which influenced the making of American foreign policy toward Afghanistan was Euro-centricism. It preached that superior Western thought and culture could not gain or learn anything from Afghanistan, the Middle East or the Muslim world. Only the Western-style democracies represent ideals for all nations to imitate. Moreover, Americans traditionally regard their values as universal and their government's actions on the world stage as inspired by special providence (Mohmand 2007: 51).

3.6.1 Afghanistan approached for the U.S. Recognition in regime of king Amanullah Khan (1919-1929)

Amanullah was the first Afghan ruler determined at all costs to pull his nation into the twentieth century. But he lacked the shrewd political sense of his father and grandfather. His clumsy and insensitive efforts to modernize the country came to grief and ended in anarchy (Rasanayagam 2002: 17). British always pressurised the Afghanistan king from the first Anglo-Afghan war, while Russia was always cautious from Afghanistan's the history. That's why Amanullah desperately wanted to forge close ties with the USA. There are two important reasons like first, the USA was a physically distant great power and capable of helping a country like Afghanistan without acquiring the geographical leverage which had enabled British India and Tsarist Russia to intimidate it; second, the U.S. had a relatively' unblemished colonial image which protected Kabul from criticism for dealing with a 'colonial power' (Saikal 2004: 64). In the 1920s and 1930s American foreign policy and dealing with most Asian countries. The United States was not directly involved in most of Asian and Middle East countries in the field of economic and military while Afghanistan also included in it. The secretary of State. Charles E. Hughes, makes this point clear when he wrote to President Harding. Hughes states that we have so far had no relations with Afghanistan directly. Our dealing with that country was through Great Britain. The American foreign policy decision-makers were influenced by a political environment.

That propelled them to accept satisfactory alternative rather than best alternatives (Mohmand 2007: 53).

In late 1919, Mohammed Wali was ambassador of Afghanistan which had a special mission that was given by Amanullah to obtain political recognition and financial assistance for Afghanistan. In mission, he was order to visit Iran, Turkey and key European countries. He also headed a mission to the U.S. In this mission he met with the Secretary of State Charles E. Hughes on 20 July, 1921 as well as with President Harding on 26 July, 1921. He was hoping that the United States would invest in Afghanistan. That would help the development on different sectors in the country. The mission was successful in USSR, Iran, Turkey and many European countries while it was humiliated by the United States. Thus, Mohammad Wali succeeded in getting treaties and exchange of diplomatic relations with government of these countries. Additionally these countries made agreements with the Afghan which led to exchange of diplomatic representative. The belief of the Afghanistan authorities and Afghan mission was that once the diplomatic relations were made then it would become easy to access economic and military assistance to Afghanistan. Again, Mohammad Wali was visiting the United States, President Harding received him with ambiguity and denies to recognising. The United States government considered the idea of having friendly relation with Afghanistan. But it wanted to extend political recognition to that country. President Harding reply to King Amanullah Khan's letter stated that 'I am affected to conform to Your Majesty what was stated orally to G. Mohammad Wali Khan that with respect to the United States the question of the creation of a diplomatic mission and of the suitable action to that end by the Congress of the United States must be further consideration'. (Mohmand 2007: 55 & 56)

3.6.2 Afghanistan and the United States relation in regime of King Mohammad Nadir Shah (1929-1933)

Nadir Shah was proclaimed king by his tribal army. His first priority was to bring the country firmly under his authority, carrying out measures ranging from the conciliation to outright brutality, as in his handling of rebellious Tajiks in north-east (Rasanayagam 2002: 22). Even though Nadir Shah throne of Afghanistan then the Russian lost the favoured position. However, they had partly developed under Amanullah. Before the signing of a new Treaty of Neutrality and non-aggression in

June 1931, the activities of a famous Basmachi leader Ibrahim Beg, a Lakai Uzbek, threatened to disrupt peaceful relations between the two countries. While Nadir Shah and his brothers were busy in peace process in south Afghanistan. In June 1930, the displeased Soviet army crossed the Amu Darya and followed Ibrahim Beg for about forty miles, "in hot pursuit." The troops failed to capture the Basmachi leader. But troops succeeded in surprising the Afghans by this frontier violation (Dupree 1973: 460).

The military campaigns of the north impressed Nadir Shah with the necessity of an improved network of roads and communications, so he employed thousands of men in constructing a road through the Shibar Pass to Afghan Turkestan. He built a road across the high dangerous passes of the Hindu Kush that for the first time gave relatively easy access to northern Afghanistan, before the Soviet built the Salang Tunnel in 1964. He opened up the economy to private enterprise, giving great impetus to the development of a laissez-faire economy that thrived until the communist putsch in 1978. Nadir Shah secured peace along the frontiers. In respect of this, British provided 10,000 rifles, 5 million cartridge and 170,000 pound. He received only external aid. He put the aid to good use primarily road building, education, and subjugating the tribes in both north and south (Dupree 1973; Rasanayagam 2002: 22, 461).

3.6.3 Afghan-U. S. relation in regime of King Mohammad Zahir Shah (1933-1953)

The long reign of the French-educated Zahir Shah that began when he was 19 years old is aptly called 'the avuncular period' by Louis Dupree. His reign was governed by his father's brothers. The first twenty years of the Zahir Shah era were relatively peaceful on the domestic front. In the period of Second World War, it brought a challenge in the sphere of the government's foreign relations. Before the war, the Afghans had accepted economic assistance from the countries that were geographically far enough like Germany, Italy and Japan. The United States did not get economic assistance from Britain and Russia. They were not able to influence their political independence. In 1936 the German government loaned DM 27 million in return for the purchase of arms. The future aim of German advisors and technicians made relations for minerals and, with the Italians and Japanese, carried out

irrigation projects. On the eve of war the German presence was substantial (Rasanayagam 2002: 25).

In the regime of Mohammad Zahir Shah, Pashtunistan issue became the stronger issue both the Afghanistan and Pakistan. Pashtunistan issue became highlighted after the officially declared the 1893 Durand agreement, the Anglo-Afghan Pact of 1905, the treaty of Rawalpindi of 1919, the Anglo-afghan treaty of 1921. Tension continued to increase one led by the Pashtun leader Wali Khan Afridi. He crossed the Durand Line in 1950 and 1951 with the declared intention of planning "Pashtunistan" flags on the Indus River. Pakistan protested and the first "blockade" of Afghan in-transit goods happened. The Afghan Government refused any relation with the irregulars, simply stating they were "freedom fighters" trying to free their Pashtun brothers from the "imperialistic yoke" of Pakistan (Dupree 1973: 492).

Pashtunistan issue became the problem for the pacifying the border between both the countries like Afghanistan and Pakistan. In the cold war period, the ideological confrontation was also going on very rapidly between both the super-powers. Both super powers created their own influenced in south Asia with the help of economic and military assistance for balancing their own power in the World. They also wanted to increase own strengthened in the United Nation for getting support in term of vote bank. That is why United States was increasing aid to Pakistan due frustrated by the Pashtunistan disagreement. The United States shows a lack of interest in its problems. So, Afghanistan turned north and listened to Soviet overtures (Dupree 1973: 493). However, the United States provided only a small amount of economic aid in the field of agricultural development project. By dint of she discouraged any possibility of military aid from that side. A United States Joint Chiefs of Staff study (1950, 335) noticed that 'Afghanistan is of little or no strategic importance to the United States' (Gibbs 1987: 368).

The end of Second World War, Afghanistan showed an unprecedented desire for quick economic development. It sought United States and United Nations assistance. The United States has made grants of about \$ 15 million in the last five years for technical assistance. The U.S. has also granted another \$ 10 million to improve air transport. In 1950, Export-Import Bank loans to Afghanistan were beginning and have amounted to \$ 39.5 million. Afghanistan was also one of the first applicants for U.N. Technical Assistance and covering 17 projects. Since 1949,

technical assistance provided through UNTA, ILO, FAO, UNESCO, ICAO and WHO to help the economy of the country. In 1957, Afghanistan received nearly \$1 million in U.N. Technical Assistance in the field of agriculture, health and public administration (Ramazani 1958: 144-145).

Thus, U.S. Government economic assistance to Afghanistan originated in a political need to rescue a very dubious project. In other respects, the United States response to the requests and precludes of what then a very stable and strongly pro-western Afghan government was different and niggardly. During these years (1945-53), very modest U.S. aid and generous understanding could have established an Afghan future inextricably linked to the West. Strong barriers against Soviet subversion and penetration into the Middle East could have been upright at small cost (Poullada 1981: 182).

3.6.4 Afghanistan and the United States relation in regime of Daoud Khan (1953-1973)

Afghanistan started relation with the United States in the period of Amanullah because he was wanted to modernise his country along with patriarchal society. Gradually, the relation was going on with this country. Most of Afghan rulers were motivated towards the United States. But they could not make perfect relation due to agreements of SEATO and CENTO. These agreements were started by the United States. Pakistan joined both the agreements. Afghanistan adopted non-aligned countries movement. After it, Afghanistan balanced itself for following neutrality policy with both the United States and the USSR.

When Cold War shifted towards Asia in the early 1950s, Afghanistan tried again to secure military aid and substantial economic assistance from the U.S. The US again refused to extend any military aid. It was afraid that any such type of aid given to Afghanistan might provoke the Soviet Union into taking hostile action against that country. It might also adversely affect the growing US-Pakistan ties. Due to it, Prime Minister Mohammad Daoud disappointed and turned to the Soviet Union which provided it both economic and military aid (Khan 1987: 65).

The United States had been providing economic assistance in term of support for economic development of Afghanistan. But Afghanistan refused to sign the Baghdad Pact. Along with, the U.S. was not happy about Afghan neutrality in the

Cold War, U.S. refused to provide military aid to Afghanistan. Finally, on the issue of Pushtunistan the U.S. position was essentially one of minimal neutrality in the dispute between Afghanistan and Pakistan. At last the US leaning toward the latter. U.S. policy toward Afghanistan was based on limited involvement. It was rigid. At times, it appeared irreconcilable or deliberately ambiguous. While the U.S. wanted for Afghanistan to join the Baghdad Pact in 1955. She attempted to include Afghanistan in the application of the Eisenhower Doctrine in 1957 which offered protection against communist invasion for all countries in the Middle East. It turned down repeated Afghan requests for military assistance. Thus, it was limiting the choice for the Afghan government (Noorzoy 1985: 159-160).

Pakistan decided to separate itself from Afghanistan's trade route to the Indian Ocean. The USA was presented with a perplexity: while it did not want to alienate Pakistan which was providing military bases and playing an important part in the U.S. strategy of containment. The prospect of breaking both military and economic ties with Afghanistan was also troubling to U.S. officials. That was decided to take some action before it became totally dependent upon the Soviet Union. While the United States was still not interest to sell arms to the Afghans. It decided to find them an alternative transportation route and a pro-American, anti-Soviet financier. In March 1962, U.S. and Afghan officials started to talk about building a major road to Iran which the USA demanded would supply the Afghans with a sales outlet to the free world. At the same period, the USA continued its aid to the Afghans in order to guarantee them that they demand not be only dependent upon the Soviet Union. Therefore, it also decided not to take part in a bidding game (Galster 1988: 1509-1510). Due to above discussion we have found out that the government of Afghanistan tilted toward the USSR. The USSR was ready to support Afghanistan in term of economic and military aid assistance. Besides it, she also supported in technical and infrastructure development of Afghanistan.

The United States decided to extend more economic and technical assistance to Kabul. It was because to prevent Afghanistan flatter toward a Soviet satellite. From 1955 to 1965, the United States gave \$ 550 million in economic aid to Afghanistan as compared to \$ 700 million given by the Soviet Union. This was a new version of the "Great Game". U.S. aid helped Afghanistan to keep its non-aligned status. In the late sixties and during the seventies, the US generally withdrew from south Asia due to the

Vietnam War and détente with both China and the Soviet Union. As the result, the United States economic assistance to Afghanistan gradually decreased. During the decade of 1965-75, it amounted to only \$ 150 million. In July 1973, Daoud with the help of the Soviet trained army officers staged a coup and ousted his cousin King Zahir Shah, the US showed no great concern. Even Daoud's pronounced tilt toward the Soviet Union (he was the only Asian leader to endorse Breznev's Asian Security Plan) and patronage of pro-Russian elements at home evoked no sharp American criticism. U.S. kept its low profile in Afghanistan and continued the modest economic aid programme (Khan 1987: 66).

In fact, Afghanistan was less important to the United States than Khrushchev believe. During the early period of 1950s, the U.S. was primarily concerned with stabilising the pro-Western governments in Iran and Pakistan. It concluded that bringing Afghanistan into its regional alliance would be difficult. Moreover, the United States did not regard the increasingly friendly Soviet-Afghan relationship as a menace to its interests. In 1954, U.S. National Intelligence Estimate (NIE) stated that increased Soviet attention to Afghanistan is part of a general attempt to counter recent Western (particularly US) advantages in the Middle East-South Asia area. In the early 1960s, the first time U.S. showed any essential concern about the Soviet-Afghan relationship. British gave India independence which had got divided into two independent states like India and Pakistan. There were some disputed territories left by British India. That dispute territories was known as Rann of Kutch and Kashmir. That was why conflict started between Afghanistan and India. Then, Pakistan became involved in conflicts with both Afghanistan and India. The conflict with India finally turned into a war. It stemmed from a border dispute over the Rann of Kutch and Kashmir: the dispute with Afghanistan was over the old question of Pashtunistan, a border area inhabited by a major Afghan and Pakistani ethnic group, the Pashtuns (Galster 1988: 1508).

3.7 The USSR Policy towards Afghanistan

The Soviet policy in Afghanistan is based on geopolitical thought. It seems to have a kind of renaissance in international relations in unspecific. The Soviet-Afghan border is 1200 km long and south of its border an unstable and indeterminable. Muslim state was about to emerge. This created substantial anxiety in Moscow particularly among

the military elite. Fears were that Muslim nationalism might spread violence against the Soviet Union. The Soviet Union were less central in this context. Soviet thinking seems also to be based on an idea of maximum security. It was not only real but also potential threats to the security of the Soviet Union have to be removed. It was well known that Hafizullah Amin was rapidly losing support from both the people and the army. He was applying to more and more brutal means. At the same time the Muslim opposition was gaining strength partly because of the financial and military support which they received from outside the country. It is a fairly well established fact that the conservative Arab states and to varied degrees, Pakistan, China, Iran as well as the United States. They have supported Muslim rebels in Afghanistan who were also capable to operate over the Afghan-Pakistan border (Vayrynen 1980: 97).

The Soviet motive has been to defend its interests in Afghanistan against the invasion by other leading powers such as Great Britain in the past. However, it is difficult to believe that the motives of Soviet operations would have extended beyond the Afghan borders for example, the shores of the Indian Ocean or the oil fields of the Persian Gulf. The Soviet military operations in Afghanistan ostensibly aim at giving support to the Afghan troops to clear the country of opposition elements unfriendly to the Babrak regime and the Soviet Union. Since, these elements potentially jeopardized not so much alone but rather in alliance with other great-power interests the security of the Soviet Union's southern regions. Paradoxically the Soviet Union is protecting her defensive interests. The Soviet Union has interfered by means of considerable military force in the internal affairs of a neighbouring country. This is the first time since the presence of Soviet troops in northern Iran immediately after World War II that military operations of such size have been prolonged beyond the borders of the Warsaw Pact (Vayrynen 1980: 100). However, aftermath of World War II, the Soviet Union was preoccupied with internal reconstruction and Afghanistan looked to the United States for help in consolidating a centralized state that could assume responsibility for the public welfare (Cullather 2002: 520).

3.7.1 The Soviet- Afghan relation in the period of King Amanullah Khan (1919-1929)

Afghanistan became independence from the British colonial government in the leadership of King Amanullah in 1919. The primary task of Amanullah government

was to modern the state i.e. nation-state. He decided to change backward economy the post-colonial state. He launched an excess of socio-economic reforms and promulgated the constitution of Afghanistan in 1923 (Emadi 1991: 176). King Amanullah was determined to modernize the Afghan political and economic system. He also promotes Afghan nationalism. Furthermore, the new monarch intended to force Great Britain to repel the humiliating Treaty of Gandamak. In 1919, Amanullah's forces attacked the British in western India. Although, the British was weakened by World War I. British was also facing the problem situation in India due to demanding free country by the Indian. Meanwhile British forces were counter attacked by the Afghan forces and drove back. However, Britain did grant Afghanistan the right to conduct its own foreign relations.

The Soviet Union got support the Afghans during their disputes with the British. The Soviet government established close links with King Amanullah. The Soviet promised to give economic and military aid to Afghanistan in the return of some border regions that the Russians had seized in 1885. A Soviet -Afghan treaty was signed in 1921 by the middle 1920s. Meanwhile, Russia defeated the counter revolutionary forces. The counter revolutionary forces were that who was threatening against the Bolsheviks government in Russia. They re-established relations with Great Britain. The Soviet interest decreased in Afghanistan. The USSR broke on its previous agreement and failed to return border territory to Afghanistan. The Soviet Union did not fulfil its promise of returning the captured territory. Instead, it signed another treaty with Afghanistan on August 31, 1926 in which the provision of the 1921 treaty was cancelled. Afghanistan was not in the position to enforce the terms of the 1921 treaty and reluctantly signed the 1926 treaty. Afghanistan suspicions toward the Soviet Union (Gibbs 1987; Mohmand 2007: 57, 367).

Afghanistan suspicious created a strong feeling to Soviet Union to enhance its relation with Afghanistan. Besides it, they had also in afraid from the British Indian. It is because Amanullah started his approach in different country for helping his country modernize. He went Mohammad Wali in Iran, Turkey and European countries as well as the United States. Mohammad Wali demanded to establish foreign relations with his country. These countries agreed but the United States refuse to make any relation. After that, Mohammad Wali turned towards the USSR and it was accepted. So, the Soviet started affirmation and political expansionism in Afghanistan.

The new Communist government in the Soviet Union was not only trying to hold on all the empire that Czarist Russia had built. But, the Communist government was also attempting to change the economic system of that empire. Between 1917 and 1928, the New Economic Policy (NEP) was launched by the Soviet government. The Soviet Union was capable to maintaining good relations with its southern Muslim neighbouring countries of Afghanistan, Iran and Turkey. Having better relations started among these countries for different objectives. That was targeted by each country. The Russo-Afghan Treaty of February 29, 1921 was signed. It contained provisions for the return of Panjdeh, a grant of 1 million roubles per annum and free transportation for Afghan goods. Other pacts followed such as the non-aggression treaty of 1926 and the airline agreement of 1927. Some of the provisions of these treaties were not carried out in which particularly the return of Panjdeh. The yearly grant was periodically transferred. Nonetheless, the general climate was supported by the model of these treaties that created broad commercial contacts between the two countries for bilateral trade as well as transit trade for Afghan goods (Noorzoy 1985: 155-156).

Amanullah tour the European countries. Therefore, it created diplomatic treaties with the European nations. After returning from the tour, Amanullah determined to modernize his country with inspired got from the Turkey of Mustafa Kemal Ataturk. Even the USSR of Stalin inspired from him and the Soviet offered more aid. Contrary of popular belief, Soviet aid to Afghanistan did not started in 1950 but with several subsidies started in 1919. The Soviet Union sent Amanullah a gift of thirteen airplanes and pilots, mechanics, transportation specialists and telegraph operators. Before 1928, the USSR established an air route from Moscow to Kabul via Tashkent. In 1924-1925, the Russians laid telephone lines between Herat-Qandahar and Kabul-Mazar-i-Sharif (Dupree 1973: 451). The curtailment of Muslim nationalism within the USSR embarrassed Amanullah and further tense Soviet-Afghan relations. In the late 1920s, King Amanullah encountered strong internal opposition to his modernization program. In 1929, Amanullah was overthrown. The Soviet Union had made only a feeble effort to support the king against the tribal uprising (Gibbs 1987: 367).

3.7.2 The Soviet-Afghan relation in the period of King Mohammad Nadir Shah (1929-1933)

Nadir's foreign policy of 'positive neutrality' and reciprocal friendship with all states sought to achieve two immediate objectives: non-provocative, balanced relationships with both Britain and the USSR and acceptance by the Muslim states, to prevent any possibility of their aiding Amanullah and his supporters. The hectic diplomatic search for foreign assistance for development projects granted nearly to a deadlock. Under Nadir, the budget was supported entirely from domestic sources. This enabled him to exert a considerable hold over the domestic environment while remaining resistant from outside pressures. Furthermore, he tried to allay the concerns of the two regional powers by discarding all border claims and retreating support for the Basmachi and tribal insurgents in the NWFP as well as for various nationalist groupings in India and throughout the region (Saikal 2004: 102).

The USSR mostly ignored Afghanistan after Amanullah's overthrow. During the 1930s, Germany, Italy, and Japan established extensive trade relations with the Afghans. The Axis nations became the main foreign influence in the country. The Afghans welcomed this support. Since, the Axis power was both anti-British and anti-Russian. At the beginning of World War II, Afghanistan adopted a mostly pro-Axis policy. But the country remained formally neutral. However, Afghanistan expelled Axis officials in 1941 under Allied pressure. During the war, Soviet interest in Afghanistan appears to have been minor (Gibbs 1987: 367).

King Nadir Shah took over the Afghan government. He dramatic turns in the Afghan- Soviet relations. The overall relationship between the two countries was substantially scaled down. Moreover, it seemed that for the most part the borders were generally closed and traffic remained at a minimum. There was unchanged value of bilateral trade for the end of the third period in 1928-1929 and the beginning of the fourth period in 1954-1955. It was a clear indication of the state of the whole relationship between Afghanistan and the Soviet Union. It is distinct that a fundamental shift had taken place in the Afghan-Soviet relations. It brought about by the new Afghan government. There are two possible explanations for this shift in Afghan foreign policy. First, it is probably that the new Afghan government under King Nadir Shah wanted to insist its own policies. It was reflecting the view that Afghanistan's relations had been allowed to expand too far with the Soviet Union by

King Amanullah. In the period of Amanullah government, Nadir Shah was Minister of War. Second, it is evident that the Afghan government was afraid about Soviet intentions toward Afghanistan which itself was probably the basic reason for the shift in policy (Noorzoy 1985: 157).

Soviet Russia's relation to the new Afghan government was well defined. By making Nadir Shah understand the weaknesses of his position and the dangers which threatened him from India. It anticipated becoming the protector of Afghan independence. But Nadir Khan was not a timid man. It is true that the country was in a condition bordering upon anarchy along with there was serious uneasiness among the tribes. Some of which were in open conflict with the central government at Kabul. It was necessary to begin immediately the work of reconstruction, of rehabilitating the destroyed regions, and of restoring tranquillity and authority among the frontier tribes. The task was difficult but not impossible. The military and moral prestige of Nadir Shah gave promise of lasting results. But fate had something else in store. In November 1933 Nadir Shah was assassinated after four years of wise and firm government. He left his country and his throne to a son scarcely twenty years old (Castagne 1935: 703).

3.7.3 The Soviet -Afghan relation in the period of King Mohammad Zahir Shah (1933-1953)

Zahir Shah became the ruler of Afghanistan with the help of his father brother Mohammad Hashim. Indeed, Mohammad remained Prime Minister and Zahir remained a figurehead for a long time to come. Mohammad Hashim used the legitimacy provided by the figurehead King to entrench his own personal rule and pursue domestic and foreign policies that mainly continued what Nadir had initiated. While maintaining the alliance with the tribal and religious leaders, he ironed on with the strategy of gradual political centralisation and suppression of opposition, modest modernisation, and neutrality in external relations (Saikal 2004: 106).

In the sphere of foreign relations, Hashim could still tally on Soviet and British preoccupation with their domestic and colonial affairs. Stalin was busy further consolidating his personal power and the Sovietisation of Central Asia. Central Asia was not proceeding as smoothly as imagined by the planners in the Kremlin. Britain was hit hard by the Great Depression. It was having troubles coping with the

nationalist variations in India and elsewhere in the imperial realm. Hashim had all grounds to look for extended passive power parity between London and Moscow in relation to Afghanistan so long as he observed neutrality, maintained law and order. Additionally he generally did nothing to provoke suspicions of preferential treatment of one at the expense of the other. The Prime Minister proved astute and perceptive in this respect. He was deeply misanthropic of Communism and everything associated with it (Saikal 2004: 108).

During the late 1940s, the Soviet Union followed a 'carrot and stick'⁸ approach to Afghanistan. In 1946, the USSR and Afghanistan officially settled some disputed border territory. Besides, in 1947, the two countries subscribed a bilateral trade agreement. On the other way, the Soviets proved to intimidate the Afghans. During the late 1940s, Soviet agents reportedly spread pro-communists propaganda in Afghanistan. In 1949, the USSR might even annex northern Afghanistan. Similarly, the Soviet had been discouraging Western countries from providing technical assistance to the Afghans. In 1947, when there were rumours that the United States would help construct airports in northern Afghanistan, the Soviet ambassador to Kabul protested that such aid would threatened the USSR (Gibbs 1987: 368).

The Soviet Union started their trade with Afghanistan in the Zahir Shah period. Trade was gradually increase day by day higher in term of that Afghanistan is land-locked country. It traded with her neighbouring countries. It had given first the priority of the Soviet Union. The Soviet Union was also giving attention to Afghanistan due to security threat from the British India. One thing it was also seen that post World War II, the World was divided into three parts: one was third world countries and other two super-powers. In that time, the United States became stronger than British India. So, the United States replaced British India and came into Afghanistan. The United States started economic and military assistance to Afghanistan in the field of construction and overall development. India became independence in 1947. After that, Pakistan also became an independent state. In this independence. Afghanistan was facing the problem of Pashtunistan issue. British India made a boundary on the basis of Durand line that was demarcated in 1893. Pashtunistan issue became the most sources of economic and military assistance to Afghanistan. Both the United States and the USSR was focussing Afghanistan. The United State frustrated by the "Pashtunistan" stalemate and increasing aid to Pakistan. Apparently the United State was lack of

⁸ It refers to a policy of offering a combination of rewards and punishment to induce behaviour.

interest in its problems. Therefore, Afghanistan turned toward north and listened to Soviet preludes.

In July 1950, Afghanistan and the USSR signed a four year exchange agreement under which the Soviet agreed to export petroleum products, cotton, cloth, sugar, and other important commodities in return for the Afghan wool and raw cotton. The Soviets offered a much higher exchange rate than any capitalist country could afford. This agreement made the Afghan partially dependent on the Soviets for many items erstwhile imported exclusively from the West. The 1950 agreement went beyond barter. The Soviets offered to construct several large gasoline storage tanks and to take over the oil exploration of north Afghanistan from a Swedish company. The USSR also agreed to permit Afghan goods free transportation through Soviet territory. By 1952, Afghan-Soviet trade had doubled. The Russians exported enough gasoline to make rationing unnecessary. Tashkent cotton cloth competed successfully with more expensive Indian and Japanese textiles. Russian cement satisfied Afghanistan's needs. Previously it had depended upon Pakistani, Indian or European cement. Soviet technicians entered Afghanistan. Oil surveying teams increased considerably after the 1957 visit of King Mohammad Zahir Shah to Moscow. At that time the Soviets contributed another \$15 million for oil exploration in north Afghanistan. In 1952, the early bird technician primarily did surveys and some equipped the Kunduz cotton-cleaning plant. Others supervised the construction of 625 miles of improved and new telephone-telegraph lines. Between 1950 and 1955, Afghan transit trade through Pakistan actually increased annually, but trade with the Soviet Union mushroomed (Dupree 1973: 493-494).

Soviet Policy towards Afghanistan changed softly in the year 1954. Beginning in that year, the two countries formulated broad ties. The Soviet Union provided substantial economic aid, organized trade agreements and backed up Afghanistan in its rivalry with Pakistan. The USSR soon provided military supplies, training, and technical assistance (United States National Intelligence Estimate 1954; Bradsher 1985: 25, 28, 1482). The Soviet Union became Afghanistan's biggest trading partner and its biggest provider of military and economic aid. The reason behind this Soviet activity is clear: In 1954, the United States signed a Mutual Defence Assistance Agreement with Pakistan and backed up a Turkish-Pakistani military alliance (USDOS 1954a: 1474). The Soviets provided aid to Afghanistan as a reaction to the

increased American presence in the Near East. Thus, Afghanistan became a Soviet sphere of influence in 1954 (Gibbs 1987: 369).

3.7.4 The Soviet -Afghan relation in regime of Daoud Khan (1953-1973)

After the Second World War, the domestic status quo established under Nadir Shah came under increasing pressure from both internal and external sources. Domestic groups integrated many of Daoud's supporters. It proved to be critical in this respect: the western educated academician and national middle class which were numerically small. Nonetheless a growing source of pressure for reform was called for liberalisation of politics and evolution of authority. Daoud drew on the paradoxes inbuilt in Afghanistan's established political system. To advance his own power ambitions as a senior member of the orthodox royal family on the one hand and in the other hand as an extremist Pashtunist reformer to dedicated to the goal of making a strong state with an ability to determine the destiny of the Pashtuns on the Pakistani side of the border. Yet it was clear that he could not maintain his royal legitimacy. At the same time, he engage in radical modernisation and Pashtunisation without outside economic, technical and financial help as well as military assistance. He found it insistent to link his domestic initiatives to the significant changes in the system of international relations which had arisen following the collapse of the British colonial empire and the oncoming of the American-Soviet Cold War rivalry (Saikal 2004: 118).

Daoud was an autocratic approach to politics a strong sense of Pashtun male prejudice and a painful desire for centralised mode of accelerated modernisation. He favoured for three interrelated policy goals: to centralise power as comprehensively as possible under his leadership; to institute a command based process of speedy social and economic change; and to promote Pashtunisation as the foundation for an Afghan nationalism, involving a resolve to help the creation of 'Pashtunisation'. Yet he wanted to accomplish these goals without adopting his predecessors' foreign policy of neutrality. In 1961, Daoud participated in Belgrade Conference and he joined the Non-Aligned Movement (Saikal 2004: 121).

For achieving these goals, Daoud required heavy amount of foreign economic, technical and military aid. He was personally influence by the Soviet Union technical and industrial achievement. Historically, Afghan did not trust of the Soviets and

dislike of Communism. Besides it, Moscow carried little relation with Pakistan. Daoud thought and initially wanted to secure the USA as the prime source of such aid. It may be possible when he showed policy of neutrality to Moscow and of his opposition of communist ideology to U.S. In 1953-1954, he approached to the United States at least twice with request for arms and economic assistance. The United States did not take interest in this matter again (Saikal 2004: 122). After the rejection by the United States, the Soviet Union was looking all international issues along with Afghanistan. Afghanistan was hot issue for both the super-power due to influencing its own ideology and security perspectives in World arena. Besides it, there was also some problem of south-west Asian region adversaries to western. It was given proximity to the USSR and the long frontiers and cross border-Islamic ethno-linguistic groups.

The Soviet Union got a rising imperial power in the mid 1950s. They began to contend with the US in spread out its spheres of influence in Afghanistan. The political difference between the Pushtun dominated ruling class in the Afghan state apparatus and the ruling circle in Pakistan over the Durand Line and the United States assists Pakistan and is supplying arms to it. This did not delight the ruling class inside the state apparatus in Afghanistan. This led the Afghan ruling class to look upon the Soviet Union as an alternate source of economic and military support. The Soviet Union was searching such type of opportunities. They extended economic and military aid to Afghanistan for their own interests in the region. Soviet leader N. S. Khrushchev during his visit to Kabul jointed his country's policy toward and the US support of Pakistan and providing arms to it did not please the ruling class within the state apparatus in Afghanistan. This led the Afghan ruling class to look upon the Soviet Union as an alternate source of economic and military support. The Soviet Union, which was looking for just such an opportunity, extended economic and military aid to Afghanistan for its own interests in the region (Emadi 1991: 177-178).

Under the first Daoud regime closer economic and political ties developed between Afghanistan and the Soviet Union. In 1954, Nikita Khrushchev visited Afghanistan because he was interested in strengthening and spreading alliances with peripheral states against the West. While foreign policies of peripheral states were more important than their political ideologies. That is why he offered what was required and important affordable aid. In the period of 1954-1955, he provided total \$ 95 million to Afghanistan (Emadi, 2010; Vayrynen 1980: 95, 59).

The Soviet Union interested in Afghanistan with its particular objectives like the pursuit of economic and political opportunities as well as most importantly ensuring the security to its southern border. Economically, Afghanistan provided a market for Soviet and East European goods and served as a possible doorway to other markets and resources. Politically, Afghanistan could serve as a bridge between the Soviet Union and the Muslim and non-aligned countries of the Third World. The massive Soviet aid programme was launched in 1954. Afghanistan allowed the Soviet Union to display its development programmes, showing to other countries the benefits which could accumulate to them if they remained outside the USA's sphere of influence. However, the main Soviet interest in Afghanistan during this early period was its contribution to the physical security of the Soviet Union. With a common border, the Soviet Union has conventionally considered any sign of imbalance within Afghan borders as a threat to its own security (Galster 1988: 1508-1509).

However, the Soviet Union had been three economic objectives in mind to provide economic assistance to Afghanistan. First, there has been a short-run objective. This objective has been assisting in those projects that were highly visible to the Afghan public. It supported Soviet for easily acceptance and gain influence in Afghanistan. Second, the Soviet Union has got maximum economic gains from its assistance and trade with Afghanistan whenever possible. This gains could be possible on trade system between the two countries were followed on a barter system. In the barter system, price information is mostly not available. The single most important Afghan export to the Soviet Union is gas. Afghanistan has been receiving prices well below world level. Third, the long-run strategy of Soviet trade and aid to Afghanistan has been to penetrate the Afghan economy in a manner contributing to the integration of the Afghan economy with the Soviet economy. The pattern of Soviet assistance meshed to the development of those products and resources that are exportable to the Soviet Union appears to indicate the direction in which this long-run strategy has been moving (Noorzoy 1985: 1601 & 163).

The Soviet government supplied economic assistance in the form of aid to the development of both short and long run strategies for the purpose of penetrating Afghanistan. Between 1954 and 1967 Soviet aid to Afghanistan ranked third largest in Soviet aid to all the developing countries. In this period, \$570 million aid was given to Afghanistan after aid to Egypt and India. Although the Soviet policy of aid to the

developing countries had changed in 1964 from what was generally a soft approach policy of low interest rates (2%-3%) and long repayment periods to higher interest rates and shorter repayments (Noorzoy 1985: 159).

Even though, the Russians were not directly responsible for the takeover. Moreover, the modern Afghan army is almost wholly a creation of Soviet training and is furnished with Soviet arms. Between 1955 and 1972 the USSR assisted Afghanistan militarily to the tune of \$455 million. For the Afghan government, this military assistance has double meaning. First, it makes the military strong which is the strongest supporter of Daoud Khan. Secondly, it makes possible a military solution to the Pashtunistan problem. It was the military's backing of Daoud Khan that brought Daoud Khan back to power with the rallying cry of "Pashtunistan". The former King, Zahir Shah, had dropped the Pashtunistan issue in his every day dealings with Pakistan, partially in response to the request by the Shah of Iran. The Afghan military was displeased (Tahir-Kheli 1974-1975: 239).

The opposition of the fragmented Muslim groups had been fighting against the central government already during the Daoud regime. They received new impetus and some external military and economic support flowing primarily through Pakistan. The Soviet Union became more nearly involved with the Taraki government which it no doubt supported from the beginning. In December 1978, it concluded a friend-ship treaty with Afghanistan. This treaty restrained some military commitments. However, it was rather ambiguous in this respect. U.S. and Soviet foreign policies played in attempting to influence the Afghan government to their respective positions. In which the Soviet policies should receive greater weight than U.S. Since total Soviet assistance was about triple U.S. assistance by 1978. That is additive U.S. assistance stood at \$471 million as against \$1.265 billion from the Soviet government. While Afghanistan ranked third among developing countries assisted by the Soviet Union, it ranked thirteenth in developing countries assisted by the U.S. and eleventh among U.S.-assisted countries of the Middle East and South Asia (Vayrynen 1980; Noorzoy 1985: 160, 96).

On 6 September, 1961, border clashes between Afghanistan and Pakistan. After it, Pakistan closed its border for three times in eleven years. Moscow again promised an airlift of Afghanistan's biodegradable fruits and transportation privileges. Besides it, the Soviet supplied a loan totalling \$ 450 million for Afghanistan. The

Afghans got understand the implications of this bulk offer. That would cost them their independence and turned it down. In the period of Daoud (1953-1963), Afghanistan developed in education, agriculture, health, public works and military organisation. Although, a number of unfavourable consequences resulting from this progress were more serious than Daoud could imagine. Daoud's modernisation policies separated the conservative and nationalist rural people on whom Afghan independence depended. Soviet influence in the Afghan armed forces ranged a level that even Daoud himself could not resist. Again, he came back in 1973 as dictator-president but he could not change it. This growing Soviet role in Afghanistan finally cost Daoud and thousands of other Afghans including Daoud's whole family their lives. Afghanistan got its independence some twenty-five years later (Payind 1989: 113)

On 10 March, 1963, King Zahir Shah smoothly removed Daoud. He acknowledged a more outstanding role, hoping to lead Afghanistan from a dictatorship to a parliamentary monarchy and better relations with Pakistan and Iran. On 1 October, 1964, a new constitution sanctioned by the Loya Jirgah, the expansive national council, was signed by the King. It enclosed many traditional democratic rules developed in the West: separation of powers, election by secret ballot, and presumption of innocence by the court and freedom of the press. As in many other Muslim countries, the Shari'a was the supreme law in Afghanistan. The religion and state were held to be inseparable (Payind 1989: 113).

3.8 Summary

We see geopolitics play a vital role in making the relation with the newly independent country. It is a source to link to establish of states and nation-states as dominating institutions. Hence, it is particularly connected of increasing competition between most powerful states in the end of the nineteenth century. There was a theoretical attempt to separate geopolitics from imperialism, the dominance of powerful countries over weaker states. Geopolitics of aid is a story for the larger part of 20th century. Afghanistan received a lot of aid from foreign countries. The United States and the USSR played a very important role in the field. In the Cold War period, international development has been used foreign aid as a tool for attaining and safeguarding geopolitical interests of donor countries. The United States has been quite unambiguous in using its foreign aid in meeting its foreign policy objectives. Other

countries have been more intangible but nonetheless active in applying geopolitical priorities in international development. The influence of geopolitical considerations cannot be underestimated. But it is helpful to visualize this influence as a time with high influence one end and little influence on other. Before the First World War, the United States mostly maintained an isolationist position in its foreign policy including the provision of non-military aid or resources to other countries. The mass of foreign aid was provided by private citizens and companies. It was not done by the U.S. Government. After the First World War, the first U.S. foreign aid program was begun by the U.S. President Woodrow Wilson for Europe.

In the World War I period, Afghanistan was became the centre point of between two country like USSR and British India for in term of security because northern side of Afghanistan touches with USSR and southern side touches boundary with British India. Meanwhile the Great Game started between these two countries. British India started its influenced from nineteenth and early twenty centuries. The relation between Afghanistan and the United States started from the period of Amanullah Khan. Afghanistan's geopolitics was influence by its physical locations, its politics and religion. It was influenced by ethno-linguistic division and religious ideology. Its society was influenced by tribal groups. Due to it, the nature of Afghanistan was always conflicting with neighbour's countries like Iran and Pakistan. It attracted the United States. It took interest deeply after the Second World War. In the Second World War, British India became weaker due to it. Then, the United States replaced the British India and took that place in Afghanistan. The United States economic assistance was providing in South Asia for the purpose to curtail the communist ideology. That ideology was spreading by the Soviet Union in Afghanistan along with the South Asian countries. The Soviet Union provided the economic and military assistance to Afghanistan on the basis of self security and enhancing the trade with Afghanistan. Besides it, the most important aim of the Soviet Union was curtailing the western ideology and spread the communism in the newly independence countries. The contrary consequences of official aid operate exactly on the personal, social and political factors which determine economic development. It encourages the calamitous politicization of life in the Third World.

From the period 1919 to 1964, four rulers became in Afghanistan like Amanullah Khan, Nadir Shah, Zahir Shah and Daoud Khan. Most of external sources

of funding happened in this period. All external sources of economic and military assistance started in the period of Amanullah Khan. This economic and military assistance came from the most powerful countries like the U.S. and the USSR. Besides it, other countries also supported in the term of trade, loan and economic assistance. The United States started relation with Amanullah Khan but could not fruitfully take it forward. After that, Amanullah started relation with the Soviet Union. The Soviet Union supported by financially along with trade and loan also. It provided lots of aid and supported to make country modernize. In the period of Nadir Shah, the relation of Soviet Union became weaker. He started his relation with British India for balancing their government. He was not supported Amanullah Khan Policy and made new rules of political game. He was governing his country on the religious basis like Loya Jirga. Again, Zahir Shah Period was the most important period in terms of Afghanistan's development. Both the super-powers like U.S. and the USSR was providing substantial economic and military assistance to Afghanistan for over all development. This period is also known as "the avuncular period". This name was given by Luis Dupree. "Pashtunistan" issue was started in Zahir Khan Period. That is why both superpowers concentrated on this matter. He was adopting the policy of "neutrality" between both super-powers. The military aid started in the period of 1953-1955. After it, Daoud came in power and continued the policy of neutrality and bargaining both super-powers. Overall we can say that Afghanistan became the centre of concentration of international arena. All super-powers countries like Allied and Axis countries tried to influence in different perspectives. It showed be strategic or commercial purpose.

Chapter-4

Impact of Aid Politics on Social, Economic, Reconstruction and Development

4.1 Introduction

Afghanistan was a newly independent country which had faced three Anglo-Afghan wars. Due to which, it became weak economically, socially, politically and also in terms of infrastructure, and administration. After the third Anglo-Afghan war, Afghanistan became independence in 1919. King Amanullah wanted to modernize his country with the help of external assistance. He wanted to develop his country in a holistic manner. King Amanullah demanded economic support from some European and neighbouring countries as well as the United States and the Soviet Union for developing his country. His country was weak in the financial field. Therefore, economically it was only dependent on agriculture and some petty trade. That time, the natural resources were not fully explored. Afghanistan had no indigenous capacity to explore all natural resources. So, he went for an agreement with the Soviet Union in 1921. After it, the Soviet Union started trade with Afghanistan. The USSR started its trade in terms of barter system with Afghanistan. The first Russian economic assistance was provided to Afghanistan in 1928. The relationship between the Soviet Union and Afghanistan gradually became intense. Besides it, King Amanullah also made relation with the United States. However the United States did not take deep interest for forging a relationship with Afghanistan. At that time, British were taking interest in spreading its own power on Afghanistan with the policy of imperialism. Since Afghanistan was the buffer state between Britain and the Soviet Union so it was one of the prime reasons as to why the British were providing aid to Afghanistan. After World War II, the British became weak in terms of economic strength, and simultaneously India also got its independence. In the aftermath of World War II the relation between Britain and Afghanistan got strained. Now the United States replaced Britain in terms of closer relationship with Afghanistan. The ideological confrontation between the United States and the USSR was one of the reasons why the United States started its economic assistance to Afghanistan. Both wanted to provide more and more aid to Afghanistan for establishing their ideological hegemony in this country and

developing a strategic relationship with Afghanistan. Afghanistan got some benefit from this type of aid like economic, technical, and military and so on. It made Afghanistan stronger in some fields of development and weaker in some fields of infrastructure.

The Soviet Union was the first country to recognize Afghanistan's independence and sovereignty. The relationship between Afghanistan and the Soviet Union was further developed when the two countries forged diplomatic relations at the ambassador level and concluded cultural, educational, and technical treaties on 28 February, 1921. The state under the leadership of King Amanullah launched a plethora of political, social, and economic reforms. In 1923, the state publicized the first constitution of Afghanistan. He introduced a number of social reforms which included complete emancipation of women, introduction of monogamy, compulsory education for both sexes, and separation of religion from politics and state (Emadi 1990: 2-3). In the comparison of the Soviet's, the British also provided substantial financial and military assistance to King Nadir Shah. This enabled him to equip a modern standing army and maintain stability in the country (Ahmad 2002: 37).

The post-World War II era is considered to be a period of fast development and modernization in Afghanistan. The political and social variations during the pre-World War II period in the country were characterized by (a) public disillusion over slow socio-economic development and heavy administration compounded by the uncomfortable attitude of a great number of the intelligentsia of upper and middle class backgrounds within leadership positions who considered themselves inferior in comparison with developed societies and (b) the struggle and efforts by various progressive socio-political forces within the state apparatus to find solutions to resolve the country's underdevelopment.(Emadi 1990: xv)

With the passing of time however Afghanistan realised the effect of the World War II. The country at first adopted a "wait and see" attitude regarding the Allies and the Axis powers and feared possible harm to their own internal stability. World War II and its ultimate impact on Afghanistan appeared in the form of ending of financial and technical aid for their development projects. It meant that Afghanistan's modernization program was stalled. During the war, both the Soviet Union and Britain were suspicious of the Afghan-German relationship and the presence of a large number of German technical experts in that country. Then the British ironed

Afghanistan to expel all German nationals and experts from the country. Afghanistan's leader had no other option but to give to the British demand. With Germany's defeat at end of the war, its role as a major power ended in the country. The ruling class in Afghanistan then tried to strengthen the country's relationship with the United States. The United States had established its mission in Kabul on 6 June, 1942. In the immediate post-war years, the United States increased its participation in Afghanistan's development and provided economic assistance to finance the country's agricultural projects (Emadi 1990: 10).

No other country in Asia has suffered so much of physical and material destruction in the past as well as present years as Afghanistan. It is the only country which faced the attack and occupation of world's super-powers such as the Soviet Union and the United States. The discouraging task of rebuilding Afghanistan involves not only building the security structure but also rebuilding country's educational, judicial and administrative system (Dutta ed. 2009: 392). The American programmes provided technical training to the Afghans and also nourished incentive of civic responsibility, proper civil military relations, support for economic growth and the value of democracy in general. However, the whole assistance programme for Afghanistan amounted to only \$3.3 million. Almost all of which went to transportation and per diem costs. Almost all heavy equipment (all aircraft) continuing to be supplied by the Soviet Union. Moreover, those officers who trained in the United States established only a tiny fraction of the Afghan establishment. Therefore, the impact of the American programme remained limited. (Roberts 2003: 209)

Economic plan elaborated by the Afghan Ministry of Planning provided the conceptual environment for concrete development measures. It was made with considerable co-actions with Soviet specialists. These plans outlined the key areas for investment and the sector alignment of the projects. So, the main destinations of Afghanistan's first two five year plans were the state run expansion of the transport and communication infrastructure, industry, agriculture, mining, and health and education and trade and banking. The Soviet Union supplied considerable budgetary support and economic assistance and established itself as one of the most important trade partners of Afghanistan. During second five year plan, the share of Soviet Union of all subsidies cashed to Afghanistan through with external donors amounted 61

percent. However, implementation trailed behind the plan in each of the five years terms (Dorre and T. Kraudzun 2012: 428).

4.2. Impact of Aid Policies on the Afghan Society

Foreign aid is an economic policy choice which is determined through a political process. Here all participants quest for their self interest rather than through the objective of minimizing a country's overall welfare. The political process can provide outcome in foreign aid giving at least some people benefit from the country's role as a donor. When foreign aid leads to a terms of trade change, individual are affected both as consumers and recipients of factor income. Hence, some people might substantially gain from the country's giving of foreign aid. In direct democracy, the median voter's preference is decisive for the policy (Mayer and P. R-Moller 1999: 2- 3). Foreign aid helps economic integration in at least three ways. First, aid helps to accelerate knowledge sharing among countries. Second, aid helps in allowing poorer countries to participate in setting standards and in convergence of standards. In other words, aid helps to bring a sense of ownership in the developing countries by providing for an inclusive process. Third, aid helps to compensate the losers from economic integration. It helps to soothe the interest groups who resist economic integration the most (UNECE 2007: 10-11)

Since Afghanistan lacked skilled manpower and financial resources it could not modernize its backward and poor economic infrastructure. The leadership in Afghanistan was viewing the United States and the USSR as great powers. They tried to encourage its leadership to participate in her economic development projects (Emadi 1990: 52). The Soviet Union started its relation with Afghanistan for the sake of its own security, strategic and its commercial benefit. The Soviet started its trade along with aid policy with Afghanistan. Meanwhile, the United States also made relation with Afghanistan. After the World War II, the United States took quite an interest in Afghanistan and helped it with foreign aid to contain the Soviet Union aid policy and as a natural corollary its ideological influence in the region. The United States of America since the end of World War II has been a global power whose role and influence reached almost all the four corners of the world. During the lengthy Cold War between the United States and the former Soviet Union, any country that

received any kind of attention from the former Soviet Union automatically got noticed by the U.S. (Emadi 1990: 89).

International aid plays primarily the role of an occasional and flexible instrument in the international relations toolbox of the major powers. The two forces of Realpolitik and organizational economics explain much about the shape and behaviour of the international aid system. Its formal *raison d'etre* is abrupt in humanitarian and development discourse, rich in references to ethics, principles, and rights. This ethical framework seems to enjoy significant influence over the practices of the international aid system. It happened only during those times when big powers are obsessed with other matters and in those places where principles happen to coincide with the economic interests of the host organization (Stoktone 2004: 10). Relief and reconstruction efforts in Afghanistan must be conceived at least in part as an effort by international actors -the United States and USSR but also Pakistan, Iran, and others-to shape the nature of the emergent Afghan state and economy within their own conception of regional order (Stoktone 2004: 207).

The purpose of development of aid goes beyond the warm glow effect from giving to people in need. Aid also serves broader foreign policy purposes such as commercial and strategic interests. The Western and Eastern blocs backed regimes and guerrillas in the developing world on ideological grounds in the bipolar world of the Cold War. We can very clearly see how aid served as an instrument in this ideological struggle. To express the effect of the Cold War we develop a simple theoretical framework in which aid can serve purpose as an instrument for donor countries' own military security to fight poverty in the developing world. We obtain that when the security motive is dominating and donor countries give more aid in times of high security risk since political loyalty from aid recipient then becomes more important (Boschini and Anders Olofagard 2005: 2-3).

4.3. Economic assistance to Afghanistan

The process of transformation, initiated by King Amanullah, came to an end when he was dethroned and forced into exile. It was only after the World War II and especially from 1950 onwards that serious thought was given to problems of economic development. The economic development programme of Afghanistan was to a great extent dependent upon the country's foreign trade. Apart from outside assistance

foreign trade earning was the main source of income (Pakistan Institute of International Affairs 1966: 249 & 252).

Most of Afghanistan's natural resources are still untapped. Northern Afghanistan is rich in copper, iron and lead and the slopes of Hindukush are rich in coal of fine quality. Crude petroleum has been discovered in Northern Afghanistan and Herat. Traces of gold and silver are found in the neighbourhood of Kandhar and Panjsher valley respectively. Badakshan is the only area in the world to produce the famous lapis-lazuli- a beautiful azure-blue mineral. It consists of aluminium, sodium, silica and sulphur. It is used as ornament and for its medicinal value (Chopra ed. 1998: 24).

During the Cold War, the struggle over building newly independent states mostly took the form of competing foreign aid projects among the alliance systems led by the USA and USSR. Afghanistan received aid from both camps. The end of US-Soviet *de facto* co-operation tore the country apart. After the end of the Cold War regional competition continued the process of state destruction. The resultant wave of change in the world prompted the UN Security Council to make efforts for state building through multilateral engagements of states especially in the context of conflict. However such enriching and progressive effort was absent in Afghanistan despite the zero-sum strategic competition of the Cold war era came to an end. This also lowered the role of the major powers in undertaking such noble efforts as they continue to allow some problems to hover around (Rubin 2006: 177).

Under the premiership of Mohammad Daoud Khan, Afghanistan remained exposed to the growing Russian influence against the declared Afghan policy of neutrality between the super-powers. The Soviet Union signed an economic aid agreement with the Daoud government and assurance credit of \$100 million to Afghanistan. It was due in thirty years with an interest rate of 2 percent starting eight years after the issuance of the loans. This was perhaps one of the largest Soviet credits to a non-communist state up to that time (Razvi 1980: 13). From 1956 to 1978 the Soviet Union provided Afghanistan with \$1,265 million in economic aid and roughly \$ 1,250 million aid, while the United States provided \$ 533 million in economic aid (Rubin 1995: 22).

4.3.1 The Field of Agriculture

Afghanistan is effectively a mountainous desert in which river valleys and the occasional presence of oasis permit a limited degree of cultivation. The economy has always depended largely on subsistence agriculture based on wheat and livestock as well as fruit and cotton production in the more fertile areas (Marsden 2003: 91). The trend in economic planning was due to several factors. First one, Afghanistan gathered for the large-scale investment projects in the Helmand and Arghandab valleys. During the 1940s and early 1950s there was doubt about possibilities of obtaining large gains in agricultural yield. Second, Afghanistan did not move into the era of central planning in the 1950s with a well built infrastructure. Thus, the relative position of agriculture was in part determined by the necessity of assigning large shares of investment toward development of the infrastructure. During the process of economic development was confined to a general historical perception based on the experience of most industrial countries. It has been that the agricultural sector will pass from a phase of primary importance in the economy to one of relative decline in output and employment as more resources are attracted to the expanding manufacturing and service industries (Noorzoy 1983: 27).

The Soviet loaned Afghanistan \$3.5 million to assist the country's development projects and to relieve the agrarian problems in the country. The Soviet participated in organizing two big citrus fruit farms with a total area of 5,000 hectares in the Jalalabad Valley. These farms- Hadda and Ghaziabad- was the country's first mechanised agricultural enterprises built by the Soviet Union. More than 9,000 persons were formerly landed peasants. These peasants are now working on these two states farms. (Emadi 1990: 43) The end of 1960s, agriculture came to dominate spending with wheat production supported by investment in large irrigation projects.(Johanson 2004: 21)

In the first and second Five-Year Plans efforts were made to improving those raw materials that the capital lenders needed. But none was held in meeting the needs of the people. For example, no priority was given to wheat which made up the main staple food of the people. Rather, priority was given to the planting of cotton in the northern part of the country. The Soviet Union provided \$5.6 million prior to the first Five Year plan, \$126.9 million during the first Five Year Plan, \$258.3 million during the second Five Year Plan and \$126.3 million during the third Five Year Plan to

Afghanistan (see Table 1). In the agricultural sector, Soviet aid to Afghanistan was given to those branches that served the interests of the Soviet Union. Afghanistan's climate is plosive for many varieties of fruit trees and plants, fruit exports are 25 to 30 percent of total exports. Common fruits are apricot, peach, palm, almond, mulberry, apple, pear, pomegranate, and date (Emadi 1990: 56).

Table 1

US and USSR Loan and Economic Assistance, 1949-1972 (in millions of dollars)

Country	Aid	Year				Total
		Prior to last 5Y. Plan	1 st 5-Y. Plan 1957-163	2 nd 5-Y. Plan 1963-67	3 rd 5-Y Plan 1967-73	
USA	Economic	91.5	97.3	155.7	53.1	397.6
	Military	—	1.2	4.7	—	5.9
USSR	Economic	5.6	126.9	258.3	126.1	516.9
	Military	100	NA	NA	NA	100

Sources: (Emadi 1990: 57)

4.3.2 The Arena of Trade

Afghanistan suffered a resource gap and it could not meet its expenditure on planned development projects without foreign assistance. Its trade was more vulnerable than that of any other third world country. Because Afghanistan was landlocked and possessed both trouble terrain and a frail transport network (Hilali 2007: 679). Afghanistan and the Soviet Union started relation with trade. After it, the Soviet Union provided aid to Afghanistan in different field for overall development. The Soviet's foreign aid to Afghanistan dates back to 1927, when the Soviet Union supplied a cotton gin to their southern neighbour. Other cotton gins were built for Afghanistan in 1938. The Soviet Union had been one of Afghanistan's major trading partners. The first post-war projects initiated by the Russians in a non-Communist country were the grain elevator and flour mill in Kabul and the grain elevator in Pul-i-Khumri which the Russians hesitantly but proudly announced on January 27, 1954. This first loan in what was to become a major foreign aid program. It was for a modest \$3.5 million at an interest rate of 3 per cent (Goldman 1967:115).

Throughout the late 1940s and 1950s, Afghan leader repeatedly expressed desires for closer economic cooperation with the United States. However, American policies unintentionally pushed Afghanistan toward reconciliation with the USSR. By the end of the World War II, Afghanistan had collected a \$20 million foreign exchange surplus (Roberts 2003: 165). This surplus came from trade between Afghanistan and the United States. The US help in providing its market for Afghan Karakuls, wool, hide and skins earned Kabul valuable foreign exchange (Ma'arof 1987: 101). From 1942 to 1970s, New York cloak maker used up almost the entire Afghan export two and a half million skins a year. They resold as shining black coats and hats ranging in price from \$400 to \$3500. A small fraction of the retail taxation went back to Afghanistan. But the fractions added up. The government employed exchange rate manipulations to exact an effective tax rate of over 50 percent on karakul. Making it was the country's most remunerative sources of exchange and revenue. The post World War II, Afghanistan had reserves \$100 million and in the midst of the post-war "dollar gap" crisis in international fluidity. Afghanistan was favoured with a small but steady source of dollar earnings (Cullather 2002: 10-11)

The Soviet Union enhanced its export of capital to the country and allied itself with a section of the ruling class within the state apparatus which was in favour of trade with them. Many merchants benefited from trade with the Soviet Union. Merchants from the Herat Province made substantial profits from trade with the Soviets. Another merchant developed a cotton production industry in the northern part of Afghanistan. The two super-powers extended economic assistance to Afghanistan and later on increased their participation in the country's development projects with the hope of winning Afghanistan to their side (Emadi 1990: 55).

Soviet Union will use its large bargaining power and exploit its economic relationship with Afghanistan for gains. However, there is also the argument that the Soviet Union commonly provides subsidy for Communist allied (in some cases titling) states through giving more favourable terms of trade. The most important Afghan export commodity to the Soviet Union was natural gas. The prices received by Afghanistan were well below what the Soviet Union paid to Iran. It was also below the average price paid for its total imports of gas. (Noorzoy 1983: 34) Afghanistan's trade with the Soviet Union increased during the first, second, and third Five Year Plans,

⁹ Dollar gap is a situation where the supply of US dollars is not enough to satisfy the demand for them overseas buyers.

while the country's trade with U.S. declined during the same period (Emadi 1990: 58-59) (See Table 2).

Table 2

Afghanistan's Trade with U.S. and USSR, 1957-1972 (in millions of dollars)

Item	Country	Year			Total
		1 st 5Year Plan 1957-1963	2 nd 5Year Plan 1963-1967	3 rd 5 Year Plan 1963- 1972	
Exports	USA	52.9	45.5	5.6	104.0
	USSR	73.3	105.8	22.1	201.2
Imports	USA	27.4	24.3	2.3	54.0
	USSR	69.7	69.9	18.7	158.3

Source: (Emadi 1990: 59)

4.3.3 Natural Resources

Afghanistan was totally dependent on foreign supplies of oil of which petroleum, diesel and kerosene constituted the bulk. All these things were coming from Iran and the Soviet Union (Assifi 1982/83: 259). The Soviet Union credit was announced on July 30, 1957, for \$15 million. The purpose of this credit was to finance geological surveys for exploration of oil and gas. Ultimately at least fifty promising petroleum structures were found. Some of which was now being exploited. Surveys were also made in a search for other minerals (Goldman 1967: 117). By October, 1961, the Russians were already considering new projects. Ultimately two loans were signed for this purpose. One loans for \$81 million on October 16, 1961 and another for \$116 million approved shortly thereafter. Another credit was provided in May, 1962, for \$20 million, obviously to supplement the funds provided in January, 1956. Since loans announced then include a \$39 million credit sanctioned on June 25, 1964. It was for the exploitation of natural gas deposits and a small sum of about \$170,000 for the construction of an atomic reactor. The nitrate fertiliser plant is set for construction at Mazar-i-Sharif and a thermal plant to be fuelled by natural gas is also to be built (Goldman 1967: 118). The Soviet Techno-Export Company engaged in extensive minerals and oil exploration in Afghanistan. It also conducted a survey of coal and iron deposits as well as gold and lapis lazuli in 1963 and finally they themselves took over the country's hydrocarbon industry. The Soviet Union began to engage in

extensive exploration of Afghanistan's mineral and oil resources. The Soviet Union brought many Western technical advisors from both the Ministry of Mines and Industries and many from the Cartographic Institute were removed. In the late 1960s a Soviet -Afghanistan technical contract for the extraction of natural gas was signed between the two countries (Emadi 1990: 58). The price per 1,000 cf (cubic feet) of gas paid to Afghanistan in 1972 and 1973 respectively. It was estimated at \$0.174 and \$0.1932. The price paid to Iran in 1972/73 was \$.307 per 1,000 cf for gas purchases which otherwise would have been erupted. In 1973, the Soviet Union paid an average price of \$0.285 per 1,000 cf for its total imports of gas. Thus, there is distinctly an element of monopoly (market) power in the Soviet purchases of Afghan gas. According to the Soviet's estimates, the losses in revenue to Afghanistan from the lower prices received were \$13.058 million in 1972 and \$11.363 million in 1973. Gas exports began in 1967. It affected revenue of Afghan government in negative perspective (Noorzoy 1983: 34).

Similarly, US also supported Afghanistan in the field of exploration of mineral and oil. On 20 November, 1936, an agreement in this regard was signed between the representatives of the Inland Exploration Company and the Afghan Foreign Minister, Faiz Mohammad Khan. In terms of this agreement, the American Company acquired the rights of exploring oil in Afghanistan. The Inland Exploration Company agreed to pay \$330,000 in the first years of concession and 20 per cent of the concession thereafter. Three US geologists started conducting the explorations in 1937. Within a year, however, even prior to the completion of geologists preliminary surveys, the company surrendered its conceding pleading that the rich oil deposits of Afghanistan were virtually inaccessible. It would require about \$300 million to exploit them (Ma'arof 1987: 100).

4.4 Reconstruction and Development

Reconstruction is a long term driven development oriented process which has to be effective and sustainable at the same time. It first of all requires long term political commitment to the process from both international and national actors. However, a word of caution is needed here. Another perplexity facing the country was that there has been no neutral space for debate to enable such a vision to appear, or for intellectuals and development professionals to gathering, to think, to discuss and to

plan. The current levels of inter-national political support and commitment to the rebuilding of Afghanistan will continue indefinitely or at least for long enough to guarantee the internal political process. (Barakat 2002: 811)

Reconstruction involves economic, social and psychological readjustment which demands full range of integrated activities and processes. However, it has been disrupted by the conflict: regaining of the physical infrastructure and essential government functions and services, institution building to improve the efficiency and effectiveness of existing institutions, the constructive reform of the political, economic, social and military security sectors. However, post-conflict reconstruction can still prove ineffective. It is not also guided in its practice by a 'conflict transformation' perspective. It should give it scope basically to alteration the focus and aim of post-war reconstruction. In order, its direct work towards peace building and the threefold goal of *hope, healing and reconciliation* (Barakat 2002: 809).

In the late 1940s and early 1950s, American loans and technical assistance were prolonged to Afghanistan in the areas of agriculture, education, highways and the purchase of American wheat; but a closer military agreement between the two states did not see the light of the day. There were several reasons for this: (1) the Soviet-Afghan treaty of 1920 (updated in 1931) which had forbidden alliances of both states with third parties that would be against the interests of one of the contracting parties was still in force; (2) territorial disputes between Afghanistan and Pakistan made the attachment of these states in alliance with the United States infeasible; (3) most importantly, Afghanistan had no intention to become involved in military pacts with the big powers unless it could not be certain that its security would be guaranteed. According to Afghan's views, the presence and recognition of limited American influence, without a formal military alliance, was satisfactory to discourage pressures from the Soviet Union (Payind 1989: 109). In the mid 1950s, American policy in this region took a clear shape with the US-Pak pact of 1954. This marked a turning point in the geopolitics of this area.

Early year, King Zahir Shah had his first cousin Mohammad Daoud Khan. He was an ardent supporter of Pashtunistan. Zahir Shah appointed him to the office of Prime Minister. This development had its own impact on Afghanistan's foreign policy. It started strengthening its relation with the Soviet Union. A boundary agreement was settled in 1948. It was followed in 1950 with a four year trade

agreement. The Soviet began to extend economic aid to Afghanistan (Chopra (ed.) 1998: 28). In 1955, Daoud convened a Loya Jirgah- as assembly of tribal leaders- which authorized his idea of a security treaty with the Soviet Union. A programme of development with Soviet aid initiated. During the two years of Daoud's rule, the Soviet Union extended a loan of \$428 million for the survey and construction of development projects and granted \$600 million in economic aid for financing a five year development plan which had been launched in 1973. Significantly, for development of petroleum reserves near Sherghan in north-west Afghanistan was started to develop Afghanistan's rich reserves of natural gas and minerals like iron, copper, lead and coal. The Soviet Union also started helping Afghanistan to strengthen its defence. In a period of twenty five years up to December 1979, Afghanistan received from the USSR \$2.5 billion in economic and military aid (Jalalzai 2003: 169; Chopra ed. 1998: 28).

4.4.1 The Political, Social and Cultural

The preliminary foundation for a modern state in Afghanistan was laid when the country gained independence from the British colonial government in 1919. It happened under the leadership of King Amanullah. He promulgated the first constitution of Afghanistan in 1923. The constitution gave equal status to all nationalities and abolished the practice of slavery. Moreover, it allowed national minorities to practice their religious and cultural traditions. The post- colonial state also tried to modernise Afghan society on the basis of a European model of development without the permission of the people and their direct involvement (Emadi 1991: 176). He formulated it steadily by concluding a number of additional foreign treaties, as an outcome of which diplomatic relations were established between Afghanistan and the more important European countries (Potockip 1928: 111). Afghan rulers victimized Anglo-Russian rivalry to strengthen their diplomatic hand and Afghanistan's political position. Afghan politics was controlled by a pattern of total dependence on the Soviet Union. The people in power believe on the Soviet Union and tried to initiate Communist reforms. They attempted a policy of social revolution (Roy 2002: 78). Afghanistan was useful to the great empires for sustaining the balance of power. The rulers in Afghanistan received enough resources from the neighbouring powers to keep up control and internal stability (Stobdan 1999: 723).

Afghanistan lacks the experience with democratic traditions at the national level. It faced another damning obstacle facing the constitutional experiment. Earlier Kings had publicised constitutions and established parliament. But those bodies were little more than consultative chambers supporting a near absolute monarchy. Local *Loya Jirgah* skilled democracy in the villages, peasants and nomads long-standing averted unnecessary contact with central government officials. Many people feared the new elections as but a government gambit to obtain taxes. Therefore, public enthusiasm for the new government remained limited. Government failure to prevent or adequately revenge PDPA instigated violence alienated many who did participate. While some rural leaders finally formed a fundamentalist opposition attracted thousands of adherents and directly challenged the PDPA in Kabul street demonstrations. They keep back support for a constitution whose provision allowed the PDPA to function in an irreligious, turbulent and cowardly fashion (Roberts 2003: 211)

The Government seemed likely to proceed on the lines of reacting against citizens who advocate forms of European and American social and political life which was considered as still too foreign and too modern for public acceptance. But the odd aspect of the situation is that the royal family appears more consenting to delegate authority than the governed are to take up unacquainted responsibilities. There is strong opponent among the Moslem clergy and the tribes to change of any kind (Wilber 1953: 490-491). The first step in decentralization will likely take the form of instituting elections for some provincial offices instantly filled by appointment from Kabul (ibid). The role of the two superpowers, the United States and the Soviet Union and their contention to expand their spheres of influence in peripheral societies by counterfeiting alliances with social forces within and without the state apparatus in these societies who favour their political orientation (Emadi 1991: 176)

The 1964 constitution contained elements typical of Western democracies, secret ballot elections, the right to trial and freedom of the press. It established a bicameral legislature and consisting of the Meshrano Jirgah (House of Elders). One third of Meshrano Jirgah, 84 members were appointed by the king and the rest were elected. The Wolesi Jirgah (House of the People) had with 215 elected members. (Roberts 2003: 210)

In Afghanistan, PDPA party was made with the support of the Soviet Union. The purpose of Soviet Union was making party for reformation in Afghanistan government and it had also its own politically and economically interest from it. When the state apparatus tried to bring out and impose a set of reforms for extremist systemic changes and coercive modernization of the country, this resulted in ideological radicalization. This produced clash between the ruling elite and tribal Islamic society. Therefore, pressure for reforms from the state troubled these fragments and generalized resistance in the society and ethnic rivalry within and outside the state apparatus. This situation had aggravated the Afghan situation in a complex way which was the resultant effect of covert and overt interventions of external powers with geo-strategic and political motivations. Since the establishment of Communist regime, in terms of power and representation in the government, ethnic rivalry, austere adhesion to Islam and a dynamic process of alignment and realignment within various ethnic groups with the purpose of grasping central power are characteristic features of Afghan society. Ethnic rivalry specifically took the shape of Pashtun versus non-Pashtun (Usha 2004: 6-7).

The state's socio-political reforms like land reforms, modernisation of higher educational institutions and restricting the power of religious leaders in politics, etc. damaged the interests of feudal landowners and religious clerics within and outside the state apparatus. They were in favour of conserving the old feudal system in the country. The feudal landowners and the highest religious circles were busy in instigating public idea against the state under the pretence that the state desecrated Islamic law and the traditions of prophet Mohammad (Emadi 1991: 176).

Afghanistan became modernised with the support of European countries along the influence of United States. These countries spread their own life style in Afghanistan. Instead, they supported education, health facilities, etc. The people were supportive regarding the advent of the modernisation era. But this was not at all to the liking of the orthodox people although rulers and clerics supported it. In this period, the well-educated Afghans crag fasted to the modern concepts of government as well as different beliefs of nationalism coming among the people. Significant among these appearances was the ideal of modernising the concept of nationalism by which the state dedicates toward increased economic development and alteration of traditional social practices and values. In fact, Daoud's policies were reflective of such a demand.

The 1964 constitution was a reflexion of the advent of liberal nationalism that replete the constitutionalism in Afghanistan. The liberal nationalists more rarely dwelt to the professionals and intellectual rather than to the masses as urban and rural. They were proponents of free elections, active parliament and political and civil rights (Weinbaum 2004: 228-229).

While political considerations have always played a part in conservation activities and decision of supporting donors. The present position of urban heritage, historical building and cultural monument appears to be peripheral. These things can be seen everywhere as retaining the traditions of the society which now struggles to rebuild itself. Importance forces in the modernisation were Afghanistan's principal political and financial sponsors-the USA and the USSR. Both negotiated to relate their destinations to an idea of progress in the country. New roads were driven through the existing built environment and historical neighbourhoods; 'archaic' building replaced (Najimi 2011: 346-347).

Economic assistance has also played a vital role in kick starting social reforms and cultural development. On its part it supported social reforms, some of them revolutionary in nature such as complete emancipation of women, introduction of monogamy, compulsory education for both sexes and separation of religion from politics. Moreover, those living in Kabul as well as those visiting the capital were ordered to wear the European dress and hat. Particularly, these reforms counteracted the vested interests, feudal and religious leaders who started instigating public opinion against the state. This led rebellion against the state in a few regions (Ahmad 2002: 37).

4.4.2 The Field of Technology

Technical assistance started between Afghan and US after the Second World War. Technical assistance treaties were signed with long term goals in mind. Under the Afghanistan's First Five Year Plan, the first auto-mobile repair shop was opened at Djangalak. The United States aid proceeds from the sale of these products in Afghan currency. Afghan currency was used to finance Afghanistan's share of the construction costs on the Djangalak auto repair factory. For the similar arrangement by means of a special loan was announced on January 13, 1962. The special loan was \$12 million for the delivery of such goods. Their sale in domestic markets was

intended to supply the local construction funds for use in the Second Five Year Plan of 1962-66 (Goldman 1967: 117).

The technical assistance was provided by the US till 1962 amounted to worth \$51.6 million. Twenty-One Americans technicians were engaged in providing technical advice to the agricultural department of Afghanistan and Helmand Valley Administration. Twelve American technicians were recommending the various Afghan ministries in coal mines, hydro-electric projects, engineering and constructive works. Over 225 US experts were busy in guiding the construction of roads, health, transport, planning and other activities in Afghanistan (Ma'arroof 1987: 104-105).

Similarly, the technical assistance agreement was signed between the USSR and Afghanistan in 1953. It was followed by a \$3.5 million economic aid agreement which was signed on January 27, 1954 (Carter 1971: 11). Soviet machinery and materials used in natural gas exploration. A Soviet drill bit used for hydrocarbon purposes could produce only one fifth less than an American or French one. The Soviet made drilling rigs sold to Afghanistan under the economic assistance agreements was maladroit and very much outdated. Thus, it cost Afghanistan more in return for a relatively smaller amount of services and production and it took longer to achieve results. Moreover, the ration of credit to the value of Afghan natural gas imports was much higher (Assifi 1982/83: 258).

4.4.3 Dam Infrastructure

Both the super-powers took interest in providing loan and economic assistance in the field of infrastructure for Dam construction and management because Afghanistan was an agricultural country whose economy was based on it. Afghanistan showed a sense of reciprocity in this field. The Soviet Union provided a loan which was intended to finance a variety of major projects included in Afghanistan's First Five Year Plan: Afghanistan's first hydroelectric plants in Haglu and at Pul-i-Khumri, the port of Quzal Qala on the Oxus River, the Jalalabad irrigation canal and the dramatic highway through the Hindu Kush Mountains (Goldman 1967: 116). Soviet engineers guess that eight to ten hydroelectric sites could be developed in Mazare-i-Sharif with a capacity of 16 million kilowatts. It was the equivalent of eight Aswan Dams. Advance calculations indicate that this would require an investment of \$280 million. Therefore no decision about this project will make until at least 1967 (Goldman 1967: 119).

In 1946 Afghanistan and U.S. signed their first agreement for the reconstruction of dam on the river Helmand (Anwar 1988: 33). In this period, the Afghan rulers allocated more than \$17 million to an agricultural development plan in the Helmand and Arghandab River Valleys. They hired the Morrison-Knudsen Company of Boise to construct two dams and a series of canals and to train Afghan workers in maintenance and supply functions. The Helmand Valley Project hoped to turn back the barren south-west of Afghanistan into the granary it had been before the Mongol conquest (Roberts 2003: 165).

4.4.4 Roads and Transport

The two super-powers tried to improve and develop the country's roads and transportation networks. The Soviets built highways connecting Kabul to the Soviet Union's southern borders. The construction cost of the road which passes through Pali Khumri, Baghlan and Kunduz and ends at the Amu River port, through which much of Afghanistan-Soviet trade is channelled totalled \$12,114,220. The foreign currency expenditure came from a Soviet credit (Emadi 1990: 55). Similarly, the U.S. built Kabul-Jalalabad and Kabul-Kandahar highways. It connected Kabul to Pakistan borders of Peshawar and Quetta. The United States also provided \$ 7.49 million for building the Herat-Islam Qala road. It connected Herat with Iran. The highways made it possible for merchants to import foreign commodities and to export raw materials to the world market. In 1945, the United States signed a contract to provide a loan of \$ 20 million to Afghanistan for construction of the Kandahar-Herat highway, the Arghandab and Kajaki water reservoirs and for completing the Hilmand project. In 1946 the U.S. Morrison-Knudsen Company (MKC) signed a contract with the government of Afghanistan for the construction of roads and irrigation systems (Emadi 1990: 52 & 55).

In roads sector, the main Soviet contribution has been the highway from Kabul to Qizil Qala through the Salang Tunnel. The new highway and 1 and half mile tunnel was built in six years by the Soviet engineers at a cost of \$38 million (PIIA 1966: 251). On May, 28, 1959, the Soviets agreed to undertake another road building task such as the Kush to Herat to Kandahar highway. This is a 425 mile stretch requiring thirty-seven bridges. It is estimated that this road costs about \$140 million. Most of the finances for these highways have been rendered by a gift of \$129 million. This

highway finally links up with an American financed and constructed road which covers the 312 miles from Kabul south to Kandahar. The American part roughly costs about \$40 million. This is an outstanding example of the cooperative use of foreign aid by the two countries (Goldman 1967: 118).

The need of allocating large shares of investment toward development of the infrastructure was particularly prominent in the seven year plan in which due to the purposed rail-road between Kabul and Islam Kala at the Iranian border. For this, the allocation of investment of infrastructure was planned at Afghani 56 billion or 32 percent of the total investment of Afghani 174 billion (Noorzoy 1983: 27). The Soviet aid was spent on improving transport facilities. The main purpose of Soviet was by the construction of all weather roads and airports. It made the Soviet invasion of 1979 possible. It also encouraged labour migration, both within Afghanistan and externally to oil-rich Iran, bringing about social change which later had political consequences. (Johnson 2004: 21)

The Soviet Union's taking interest in roads and transportation facilities lead to their development which resultantly made its access to Afghanistan's natural resources easier and also spreading out of its markets to any part of Afghanistan. The fear quotient had decreased to a large extent. The security perspective also became stronger in border areas of Afghanistan and the Soviet border. Similarly, the United States also interested in roads construction and transportation facilities to the adjacent countries of Afghanistan. Additionally, the United States easily handled Afghanistan in trade and security field with the help Pakistan and Iran.

4.4.5 Education Field

The European countries supported and financed for spreading the education system in Afghanistan. The USSR and the United States provided huge economic assistance as well technical assistance to Afghanistan in this regard. Following World War II several other Western countries such as Britain, France, and Germany also rendered technical assistance to Afghanistan. English was taught in the high schools throughout the country. Since the mid- fifties, U.S. influence has declared itself mostly in the organization and syllabuses of village and vocational schools and in teacher's training schemes. But its active participation in modernizing the country's educational system started in the early 1960s. The United States Agency for International Development

(USAID) provided \$4 million for the construction of the Afghan Institute of Technology (AIT) in 1951. It also provided AIT with teachers, advisors and laboratory equipment. In 1964, the United States provided prolonged economic assistance to modernize and enlarge Kabul University. All colleges which were antecedent spread in various sections of Kabul were consolidated on a new campus with USAID assistance. The cost totalled Afs. (Afghani) 324,176,811 which included \$7,156,221 paid by USAID. Kabul University also received considerable aid from the University of Wyoming and Columbia University. The United States also provided scholarships for students and scholars to study in U.S. Universities and about 105 American personnel served in Afghanistan excluding Peace Corps and other volunteer groups. The numbers of scholars and students that were offered subsidisations by various U.S. Agencies reached 2,401 since 1958 (Emadi 1990: 38-39).

American influence on the educational system produced less than coveted results. While thousands of Afghans received their education in the United States and many returned with superior knowledge and favourable impressions, the critical atmosphere was increasing on American college campuses throughout the 1960s. Some Afghans turned against the United States, other Western powers and their own government. By 1965, 147 Afghan officers (61 of Army and 86 of the Air Force) had been trained in the United States (Roberts 2003: 208-209).

The Soviet Union in contention with the United States for influence in Afghanistan also participated in the country's modernization projects since 1965. The Soviet Union was providing financial aid to modernize educational institutions, financing the building of several vocational schools in Kabul and organizing training courses for technical personnel. One of the major Soviet contributions in modernizing Afghanistan's educational institutions was the building of Kabul Polytechnic Institute. It began a loan with \$6.2 million in 1964. According to the Afghanistan-USSR agreement, seventeen Soviet professors were hired to administer and teach at the institute. About 1,050 Soviet personnel served Afghanistan between 1955 and 1971. The Soviet Union also rendered scholarships for students for higher studies in the USSR. The total number of students who studied in the Soviet Union was approximately to be 4,000 between 1955 and 1985 (Emadi 1990: 39-40).

We find that among the students studied in the United States, one third of them did not return to Afghanistan. Some of them came to Afghanistan and took up good

positions in the country. A few of them were in politically asylum. Another reason might be that most students were attracted towards modern society and lucrative employment opportunities in U.S. Companies. Thus, we can say that many of them resided in the United States and abandoned their country. Those students who completed higher studied in the USSR returned to Afghanistan and worked in Afghanistan even though a few were married to Russians. Most of these groups belonged to intellectuals and were associated with the army. That did not allow leaving their jobs to go elsewhere. They failed to play a vital role for developing in socio-economic and political field of their country. Due to lack of education, Afghanistan was socially imbalanced society. In the absence of proper rules and regulations any country becomes fragile which has a direct effect on its progress rate as compared to other developing countries.

4.4.6 Communication and Films

The United States participated in modernizing Afghanistan's communication media and film industry and provided training opportunities for people with journalism backgrounds as well as other related fields. The news agencies of the United Press International (UPI) and the Associated Press (AP) provided news and documentaries to Afghanistan media. The United States Information Services (USIS) supplied film and documentaries for the country's intellectual levels in English and offered English course. Similarly, the Soviet Union also provided news and cultural documentaries for local consumption. The Soviet embassy in Kabul distributed illustrated pamphlets dealing with economic, scientific, and educational progress in the Soviet Union. The Soviet News Agency *Telegrafone Agentsvo Sovietskogo Soyuz* (TASS) supplied news to Afghan news agencies (Emadi, 1990, p.39-40). Both the Super powers provided communication sources to Afghanistan as well as film for entrainment to Afghan people. The communication made Afghan people aware from the vantage points of both the local and the global. It linked people culturally and mentally with the larger discourse of awareness.

4.4.7 Miscellaneous

The US Company took interest of investment and developing airways. Besides that, it supported in industrial development, hospital development and so on. The American

company Morrison-Knudsen investments in Afghanistan, the Pan-American World Airways Company also invested about \$2, 00,000 in developing Afghan airways. In 1958, the Andemer Afghan Company invested \$2, 00,000 in developing a motor repairing garage and a machine tools factory in Afghanistan (Ma'arroof, 1987, p.104). Along with the Soviet Union also provided economic assistance in civil aviation, hospital, bank sectors, etc.

4.5 Military Aid

Western and European countries were trying to win this region of Asia because of its geopolitical importance. Winning over Afghanistan meant easier spreading of their influence to other Asian countries. The three Anglo-Afghan wars is a proof of this fact. It made Afghan rulers much cautious about security. The Afghan government saw a clear necessity to build up its military strength in order to avert any external incursions into its territory and any undermining of its national interests (Misra 2004: 23). The Afghan government had not enough money to develop its military strength. The ruler of Afghanistan thought that money may come from the developed countries which made him forge relation with the two super powers during the Cold War period. Both provided economic assistance coupled with military assistance. The most harmful and retrogressive effect of aid was the provision of cash along with weapons for a newly modernised army and police force. The government of Afghanistan used it for controlling the people in the absence of other means (Johnson 2004: 21). The Soviet have always recognized Afghanistan's importance for its own territorial security. Additionally, the Soviet Union made it as a base from which they could expand their political influence elsewhere in central Asia (Goldman 1984: 384).

The United States also provided military aid to Afghanistan through neighbouring country like Pakistan, Iran and Saudi Arabia. The United State forged relationship with Pakistan through the SEATO agreement whereas Afghanistan did not join any pact. Hence the genuine interest of the United States in Afghanistan stayed in a state of lull. What the United States did was that it helped in the formation of international network of Islamic militants to fight the Russians in Afghanistan.

Afghanistan had sought military aid from the United States in 1944. Afghan rulers subsequent requests for military assistance were ignored by the U.S. Government on the grounds that "the proximate Soviet objective is sufficiently served

by the existing alienation and retardation of the country (Afghanistan),” and since “the Soviet Union has no reason to be discontented with the present situation....it is unlikely to develop a more proactive policy in that country under present circumstances.” Afghan leadership again requested for military assistance. The U.S. Government refused another request for military aid. The ruling class in Afghanistan detected U.S. Military support to Pakistan. It becomes as a major threat to political stability in Afghanistan and requested the U.S. Government to offer an equivalent amount of military aid to Afghanistan as well. But the U.S. Government again refused to provide such military aid. It was compelling for Premier Daoud to turn to the Soviet Union for such assistance. Leaders of both countries revived the Afghan-Soviet Neutrality and Non-aggression Treaty which was finished between the two countries in 1931 (based on the earlier treaty in 1926) (Emadi 1990: 31-33).

Accordingly to the above agreement, the Soviet Union provided military equipment such as 11 MiG-15 fighters, 1 TL-15 cargo plane, 2 MI-4 helicopters, 24 mobile radio units. Besides it, the Afghan-Soviet military contract involved some \$25 millions, included T-34 tanks, MIG-17s, IL-28 bombers, helicopters and small arms from the Soviet Union, Czechoslovakia, Poland, Hungary and East Germany. The Soviet also helped to construct or expand military airfields at Mazar-i-Sharif, Shindand and Begram. After this military aid pact was expanded and creating a modernized Afghan Army. This army was dependent almost exclusively on the Soviet-bloc countries for new weapons, spare parts and military instructors and advisors. The United States also started giving aid to Afghanistan to counteract Soviet influence in a country occupying a great strategic position. But it was too little and came too late. Prior to the 1978 military takeover, the strength of the Afghan army had risen to 100,000 men and the air force to 10,000 along with an estimated \$ 600 million of military assistance (Emadi 1990; Razvi 1980: 33, 13).

The Cold War provided new opportunities to the ruler of Afghanistan for bargaining aid from both super powers. The super-powers were excited to influence newly development country with economic assistance for balancing their economic conditions as well as overall development. During the 1950s, Prime Minister Daoud played on the country's renewed status as a buffer between the United States and the USSR. He sponsored Baghdad Pact (later CENTO) to build an expanded state apparatus with foreign aid from both Cold War antagonists. Under the Anglo-Russian

Practice, both powers had refrained from directly intervening in Afghanistan. Afghanistan enjoyed the status of being a neutral state. This it did by rejecting Germany's offers during the two World Wars. On the part of former USSR, Stalin respected and retained this policy towards Afghanistan. However, Stalin's successors decided to compete with the West in the post-colonial world. It was not only by supporting Communist movements but also by giving aid to governments whose non-alignment with the West served Soviet interests. Afghanistan was the first state to benefit from this policy. Consequently, the United States and others in the West also supplied aid. Hence, the two blocs were competing for influence. They cooperated in giving aid to a common recipient the state which both sought to stabilize (Rubin 1995: 21).

Since 1953, when Daoud taken over power in Kabul in a bloodless coup and became the Prime Minister. The Soviets have competed with America in gushing into Afghanistan large amounts of economic and military aid. Ultimately the Soviet Union emerged as the principal supplier of aid to that country. His first decade of rule during 1953-63 was noticeable by an economic agreement between the USSR and Afghanistan which was signed on January 28, 1956. It laid down a strong foundation for all round development of Afghanistan. Another important agreement was arms deal which that year was worth \$ 25 million by which Moscow united to modernize the Afghan armed forces and build and expand airfields near Shindand and Bagram (Roy 1987: 9).

4.5.1 Assistance to Military Development

The Afghan Ministry of Defence turned to the Soviet Union for training of its military cells and personnel which the Soviet provided in the form of military assistance. The USSR itself had speedily established dominance from 1955 as the main supplier of foreign aid. It was generally from the Army and Air Force that many of the PDPA cells were formed (Hyman 2002: 306). According to U.S. Documents, 3,725 students and personnel accepted higher military training in the USSR between 1955 and 1979, as well as 9,725 Soviet military technicians served in Afghanistan during that period (Emadi 1990: 33). The Soviet Union projects were initiated all over Afghanistan. The Soviet military schools were started for training the Afghan military officers. Some Afghans were sent to the Soviet Union for military training and higher education.

Soviet military experts were kept in Afghan military bases. Gradually, Kabul's growing military dependence on Soviet Union grew to the extent of threatening Afghanistan's traditional policy of neutrality known as 'bi-tarafi' (Usha 2004: 90)

The Soviet Union became the leading foreign aid giver in specific sponsoring for the recruitment and arming of a 1,00,000 strong army. During the same period, 3,725 Afghan military officers were mostly from the elite air force and armoured corps. These officers were trained in the Soviet Union sometimes for as long as six years. Afghan officers also undertook a total of 487 courses in the United States. Afghanistan's location was turned into a borderline case of the "rentier or allocation state" by its rulers from 1958 to 1968 annually and continued from mid- 1970s in order to finance more than 40 percent of its state expenditure. This expenditure was collected from abroad directly (Rubin 1995: 22). The Soviet Union rendered support to develop the Afghan Royal Air Force. They presented Amanullah a gift of 13 airplanes with pilots, mechanics, transportation specialists and telegraph operations (Usha 2004: 85).

4.5.2 Security Threat to Afghanistan

Afghanistan was facing the problem of security threat both from the British and the USSR. Both countries were following the imperialism policy for their own extension of land. Forever, they were balancing politically Afghanistan's rulers instead of pursuing aid policy toward it. The USSR provided lots of military aid to rulers of Afghanistan for maintaining their own interest. In Afghanistan, there are different types of ethnic communities. Afghanistan was not ruled by one particular community or sect. All rulers were influenced by external actors like the United States and the USSR. The Pashtunistan issue made Afghanistan look like a persistent threat in terms of security of its neighbouring countries which largely influenced the military assistance in Afghanistan. This resulted in both superpowers being involved tightly in Afghanistan which acted as insecurity to the life of the common people of Afghanistan. The law and governance deteriorated gradually which led to the spreading of violence in the whole country.

The failure of the state to maintain political and territorial integrity along with appropriate law and order within its boundary often invites the influence of external forces/powers. Thus, this gives rise to a compelling case of state becoming breeding

grounds for dangerous non-state actors. As a response to state failure, an external power may attack concerned with its own security or wishing to expand its territorial and political hegemony such a state. Another alarming issue is that an unsuccessful state also provides an environment in which mercenaries, social rejects, religious fanatics, ideologically blind politicians and criminals colonize its physical space. They use it to promote their own particular vision or consolidate and expand their interests and operations (Misra 2004: 4).

4.6. Summary

Amanullah Khan, the ruler of post colonial Afghanistan wanted modernisation of Afghanistan for which he negotiated with external powers to gain economic assistance or aid to protect itself from domestic threats. Therefore, Afghanistan made foreign relation with external countries for full filling its need. The British and the Soviet Union participated in this by providing economic assistance. King Nadir reinforced Afghanistan's relations with Britain and received substantial amounts of financial and military assistance from the British government. This enabled him to equip a modern standing army and maintain stability of some sort in the country. In the Cold War period the United States and the USSR started cooperating on global war on terror and simultaneously the economic interest started increasing between these countries. Additionally, the strategic competition also started for influencing the newly independent countries for the maintenance of power stability. The development and transformation of the Soviet Union transformed it into a major power in world politics in the late 1950s which simultaneously influenced developments in Afghanistan. Similarly, the United States also provided economic assistance and military assistance to Afghanistan for over all development. Both the super powers wanted to reconstruct the Afghan nation strongly for deriving benefits out of it.

Chapter-5

Conclusion

Historically, Afghanistan has been the citadel of external invasion, a factor which has greatly influenced the polity of the region. The geographical proximity of the region to civilized states of the region has led to the country of Afghanistan being linked up for economic and strategic purposes, like the interest of the British at that time leading to the three Anglo-Afghan wars. The process of modernization of the country began after the attainment of independence, for which support from stronger nations was like Britain and the USSR was indispensable. Cultural modernization was sought from the European nations, a process in which the Soviet Union played an important role by the means of economic assistance along with Britain. Britain had its economic interest of establishing its relations with the Middle-East countries via Afghanistan.

Britain and the Soviet Union were providing economic assistance in the form of loan and grant to Afghanistan upto the World War II after which the United States entered the scene with its own set of interests in the region. During the Cold War period both the super-powers, the United States and the USSR, started competing for their own set of interest in the region. Trying to derive the most out of the situation, the rulers of Afghanistan started bargaining in the midst of the tussle between them for economic and military assistance. Both, the United States and the Soviet Union had been supportive with their technical experts along with machines and equipments for the overall development of Afghanistan coupled with educational assistance.

There is the famous boundary dispute, "Pashtunistan" between Afghanistan and Pakistan. In this dispute, one side, the USSR supported Afghanistan against Pakistan while the United States supported Pakistan. On other way, it indirectly provided foreign aid to government of Afghanistan. However, the United States was proving economic assistance to Afghans through the neighbouring countries. The purpose of U.S. was supporting economically as well as military assistance for preparing young brigade of army against the Red army. It orchestrated the violence between the Red army and Afghan mujahedeen. In Afghanistan, Islam acted as the common thread for combining all the ethnics groups. Afghan people shared a sense of belonging with the neighbouring states because of the Muslim element. The United

States derived benefit from Iran and Pakistan by using them for pumping money into Afghanistan. To counter this Soviet Union also pumped in money as well as military training also.

The history of foreign aid has occupied a significant place in the history of the newly developed countries. The newly independent countries or third world countries need foreign assistance for recovery of their infrastructure and human resources development without which they will always lag behind to the developed ones. This was also applicable in the case of Afghanistan which was under Britain imperialism. Since World War I, the concept of foreign aid has followed two interesting trajectories where on particular occasions the recipient country has received the aid without its asking for it and in some other it has received it on its asking for it. Afghanistan is one particular country that has followed both the trajectories.

My second chapter titled “**Meaning and scope of foreign Aid to third world**” tries to highlight the meaning and scope of foreign aid to third world countries with specific reference to the United States and the USSR. I have defined foreign aid and also shown that how foreign aid plays a vital role in third world countries. That foreign aid was not only restricted to the third world countries can be proved by sighting the adoption of the Marshal Plan by the United States for providing foreign aid to European countries. The purpose of U.S. and USSR economic aid programs differs in their primary aims.

The USSR has tried to promote and develop the preponderantly pro-Communist, pro-USSR, and anti-western behaviour. While the U.S. thought process was exactly opposite. Along with the super-powers the private companies had also taken participation for investment in third world countries. The aim of U.S. Programme was more overt in nature whereby one can see the positivity and negativity in all its aspects whereas the Soviet programme comparatively is shrouded in privac. Thus, it is almost improbable that complexity, ambiguity of specific purpose, and an overall deficiency of meticulous design creates specific problems to American economic assistance. The USSR was simply attempting to establish a foothold in the third world. The Soviet government knew that if the relation grew stronger with the third world countries, other things will eventually turn out to be easier. It adopted the means of good will for achieving its goal in the third world countries. The process can be used to Soviet advantage in connection with whatever

concrete developments unfold in the future. The United States and the USSR was hoping that economic assistance will be conditioned in the entire world by devising it causative to their respective concepts of desirable social, political, and economic progress. Foreign Aid was used as an instrument in the getting background goals. It needs neither a complete compatibility of interests between donor and recipient nor a relationship of dependence. Because the donor is certain that economic assistance will finally result in the improvement of the global environment and the requirement of support from aid recipients on a wide arrangement of contemporary political issues need not be dominant. Thus, while the two economic assistance programmes are different in their objectives, the uses of aid as an instrument of foreign policy reveal some essential similarities. In my opinion “Pashtunistan issue” threatened the internal security as well as regional unbalance in South Asia. It also affected the neighbouring countries in terms of security. Both super-powers were struggling to influence Afghanistan on its own terms, the resultant effect of which was the spread of fear among the common people in Afghanistan. This has resulted in people leaving Afghanistan and moving to neighbouring countries.

My third chapter titled “**Geo-economic of Aid**” deals with geopolitics and Geo-economic of aid and how geopolitics plays a role in the strategic interests of the United States and the USSR in Afghanistan. Besides, how the Afghan rulers bargained economic assistance and military assistance from the superpowers countries after its independence. Geopolitics plays a vital role in this arena. Through it, the forging of relationship is made possible. It links countries far and near both geographically and politically. The interest of both super power was Geo-economic as well as strategic from Afghanistan. Geo-economics and geopolitics are especially connected with increasing competition between most powerful states in the Cold War era. In the end of nineteenth century, there was an abstractive attempt to separate geopolitics from imperialism. At that it had also seen the dominance of powerful countries over weaker states. Geo-economic of aid is the story of the larger part of 20th century. The United States and the USSR were main international players for providing foreign aid to Afghanistan. In the Cold War period, international development has been used foreign aid as a tool for attaining and safeguarding geopolitical interests of donor countries. The United States has been quite unequivocal in using its foreign aid in meeting its foreign policy objectives. The United States provided foreign aid to third world countries on the condition that it could derive benefit from those recipient countries.

While, the objectives of USSR was providing aid but it did not expect to get benefit from that recipient countries on every single occasion.

Through Geo-economic of aid, Afghanistan got support from both the super-powers. Afghan ruler bargained economic assistance as well as military assistance from both the super-power with the policy of positive neutrality. The policy of positive neutrality means followed non-alignment in the Cold War period. Before the First World War, the United States mostly maintained an isolationist position in its foreign policy including the provision of non-military aid or resources to other countries. The bulk of foreign aid was provided by private citizens and companies. It was not done by the U.S. Government. After the First World War, the first U.S. foreign aid program was begun by the U.S. President Woodrow Wilson for Europe.

In the World War I period, Afghanistan became the centre point of between two countries like USSR and British India for in term of security because northern side of Afghanistan borders USSR and southern side border British India. Meanwhile the Great Game started between these two countries. British India started its influenced from nineteenth and early twenty centuries. The relation between Afghanistan and the United States started from the period of Amanullah Khan. At that time, the relation was not that strong due to the isolationist policy of U.S. Afghanistan's location was geographically important. The United States took interest deeply after the Second World War. In the aftermath of the Second World War, British India had become weaker hence the United States replaced British India and took its place in Afghanistan. The United States' economic assistance in Asia was aimed at curtailing the Communist ideology in the region. On the other hand for the Soviet Union the most important aim was curtailing the western ideology and spreading the Communist ideology in the newly independent countries. The contrary consequences of official aid operate exactly on the personal, social and political factors which determine economic development. Most importantly, aid increases the patronage and power of the donor governments and consequently their grip over the rest of society. Thus, it encourages the calamitous politicization of life in the Third World.

During the period from 1919 to 1964, four rulers namely Amanullah Khan, Nadir Shah, Zahir Shah and Daoud Khan ruled Afghanistan. Most of the external sources of funding took place during this period. The external sources of economic

assistance started in the regime of Amanullah Khan. This economic assistance came from the most powerful country of the time that is the USSR. After it, Britain also provided financial support of Afghan rulers. The United States started economic assistance to Afghanistan in 1934. After the World War II, the high amount of economic assistance started both from the United States and the USSR to Afghanistan. While the military assistance started in the period of 1953-1955, Afghan rulers continued to follow the policy of neutrality between Britain and the USSR. After it, Daoud came to power. He continued the policy of positive neutrality and bargained with both the super-powers. Overall we can say that Afghanistan became the hotspot of international activity. All super-powers countries like Allied and Axis countries tried to influence in different perspectives and manners ranging from strategic to commercial purposes. But it somewhat became helpful for the overall development of Afghanistan.

My fourth chapter titled “**Impact of Aid Politics on Social, Economic, Reconstruction and Development**” focuses about the overall development and reconstruction done by the United States and the USSR in Afghanistan. It has mentioned how the historically weak Afghanistan got benefitted from foreign aid. It also shows the quantum of economic and military assistance it got from the United States and the Soviet Union and in which field this economic assistance is used for reconstructing and developing of Afghanistan.

Between 1955 and 1972 the USSR assisted Afghanistan militarily to the tune of \$455 million. For the Afghan government, this military assistance has double meaning. Firstly, it makes the military strong which is the strongest supporter of Daoud Khan. Secondly, it makes possible a military solution to the Pashtunistan problem. It was the military's backing of Daoud Khan that brought Daoud Khan back to power with the rallying cry of “Pashtunistan”. The former King, Zahir Shah, had dropped the Pashtunistan issue in his every day dealings with Pakistan, partially in response to the request by the Shah of Iran. The Afghan military was displeased (Tahir-Kheli 1974-1975: 239). The opposition of the fragmented Muslim groups had been fighting against the central government already during the Daoud regime. They received new impetus and some external military and economic support flowing primarily through Pakistan. The Soviet Union became more nearly involved with the Taraki government which it, no doubt, supported from the beginning. In December

1978, it concluded a friend-ship treaty with Afghanistan. This treaty restrained some military commitments. However, it was rather ambiguous in this respect. U.S. and Soviet foreign policies played in attempting to influence the Afghan government to their respective positions. In which the Soviet policies should receive greater weight than U.S. Since total Soviet assistance was about triple to that of the U.S. assistance by 1978. That is additive U.S. assistance stood at \$471 million as against \$1.265 billion from the Soviet government. While Afghanistan ranked third among developing countries assisted by the Soviet Union, it ranked thirteenth in developing countries assisted by the U.S. and eleventh among U.S.-assisted countries of the Middle East and South Asia (Vayrynen 1980; Noorzoy 1985: 160, 96).

The findings of my study in broad terms are:

1. Afghanistan was fragile state due to intervention of external countries. Basically Afghanistan was imperial state of Britain. Britain exploited all natural resources from Afghanistan in the nineteenth century due to which its economic capacity became worse.
2. The three Anglo- Afghan war made Afghanistan weaker in economic terms.
3. Afghanistan rulers demanded the economic help from the USSR and the United States for modernize of the nation.
4. In the Cold War era, the United States entered Afghanistan in pursuit of its own interest by providing foreign economic assistance.
5. The ruler of Afghanistan continued the policy of neutrality for bargaining or compromising through foreign aid with both the USSR and U.S.
6. While economic assistance was supporting overall reconstruction and development military assistance in the long run instilled fear among Afghan people and made the situation more volatile in nature.

Hence, we can say that Afghanistan was fragile state due to many external countries intervention and started influenced in pursuit of their own interest from those countries. In those countries, Britain comes first which for spreading the market entire the country. This had been done by the policy of Imperialism. Gradually, it was spreaded market as well as providing benefit to emirs of Afghan instead for natural resources. Day by day, Britain exploited all the hidden natural resources from

Afghanistan. Moreover, Britain also pressurised the Emir to cultivate the Opium. As we know that Afghanistan is famous for cultivation of Opium plant. The cost of Opium was high in international market. But, it was provide low rate to Afghan Emirs. Afghanistan was famous for opium cultivation. Now-a-days Afghanistan is remain famous in opium. Britain exported opium at low cost from Afghanistan. From which, Afghan peasant was facing problem for cultivating the Opium. But they did not got money in pursuit of labour in field. Besides it, the Emir of Afghanistan was also not satisfied with British rule. They wanted to remove from dependence with other. While British government was not listening Afghan's Emir demands. Britain was ruling on Afghanistan from nineteenth century to early twentieth century. So, the condition of Afghan economy became worse.

From history of Afghanistan, we know that some Afghan's Emir was working according to Britain, but most of emir of Afghanistan was not satisfied with Britain rule in Afghanistan. Because Afghan emirs was suffering from British rules and regulation. It was so hard and fast. Besides it, army of British was torturing the people of Afghanistan. Afghan people was unbearable to follow the rules and regulation. Due to it, three Anglo-Afghan war held up to independence of Afghanistan. After second Anglo-Afghan, Abdur Rahman Khan established the government in Afghanistan. He was know as 'Iron man' of Afghanistan. So that, Afghanistan became independence. So, we see that it also suffered due to Anglo-Afghan War. It seized all economy in wars.

After independence Afghanistan, King Amanullah was demanded economic assistance from European nations and Western countries. Because Afghan ruler need lots of money for reconstructing the government as well as infrastructure of Afghanistan. He knew that these were only countries which can helped for it. Firstly, Amanullah Khan demanded assistance from European countries. In which USSR was supported with trade, loans as well as economic assistance to Afghanistan for modernisation and reconstructing the infrastructure and modernising the Afghan army also. While, Britain was also providing economic assistance to Afghanistan. In the Second World War, Britain became financially weak. It was unable to provide economic assistance to Afghanistan. Due to it, the United States replaced Britain from Afghanistan and entered itself. The United States took interest in Afghanistan for overall development of Afghanistan.

After Second World War, the Cold War started between the super-powers such as U.S. And the USSR. The USSR was providing economic assistance to Afghanistan after independence. In the Cold War, the ideological confrontation started between these. Due to it, the United States provided substantial economic assistance to Afghanistan for containment of Communist ideology as well as its own strategic interest. So that, it can easily established new market in Afghanistan. While the Soviet Union had feared from the United States. Therefore, the Soviet Union again provided lots of economic assistance to Afghanistan for containment of Westernism ideology. Both had threat with each other. They were pumping money in pursuit of their own interest. After 1950s, Pashtunistan issue emerged between Afghanistan and Pakistan due to independence of Pakistan from British rule. At that time, there were two country independent such as India and Pakistan. At time, the Afghan ruler was continued the policy of positive neutrality. The positive neutrality means non-alignment policy between two super-powers. In the Cold War geopolitics, the Afghan ruler was compromising both the super-powers in terms of economic assistance and military assistance. In this period, the Soviet Union and the United States started military assistance to Afghanistan. The Soviet Union was providing military assistance for modernising the Afghan army while the United States was providing military assistance to Afghanistan against the Red Army.

Consequently, the economic assistance from both the super-powers was used in reconstruction and development of Afghanistan. While military assistance from both the sides was played a negative role for Afghanistan government as well as Afghan people. It made Afghan government more weak as well as the long run instilled fear among Afghan people and volatile situation spread in Afghan people and made the situation more volatile in nature.

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