

A Living Example of the Puzzle

MILITARY FORCES FROM the United States, NATO, and Afghanistan in 2010 began Operation Moshtarak, a major military offensive in Marja. Marja is located in the Helmand Province in southern Afghanistan, a major poppy growing region and a Taliban stronghold. In addition to driving out the Taliban, military forces also intended to provide humanitarian assistance, both immediate assistance and long-term development aid, to civilians in the area. The aim was to ensure that basic needs were met right away while simultaneously creating the basic conditions for reconstruction and growth in Marja. Many, however, were unaware that this was not the first time that such an effort had been undertaken.

The Helmand Province, and specifically the Helmand River Valley, has been long viewed as the focal point of Afghanistan's hopes for future development and prosperity. The Helmand River is the largest river in Afghanistan, more than seven hundred miles long and covering half the length of the country. Controlling the water flow of the river has always been central to the success of agriculture in the country.

Attempts to transform the region can be traced back to the early 1900s, when the Afghan government undertook a variety of infrastructure construction projects. In the 1930s, the Germans and Japanese provided assistance to further develop canals in the area, but their involvement was cut short by World War II.¹ In 1946, the Afghan government entered into a contract with Morrison-Knudsen, a major American company, to form Morrison-Knudsen Afghanistan, Inc. The contract called for the construction of two dams, the enlargement of existing irrigation canals, and the construction of new roads.

The overarching objective of the postwar Helmand Valley Project was to create a "little America" in Afghanistan. As one visitor to the region noted, "The new world they are conjuring up out of the desert . . . is to be an America-in-Asia."² The aim of the project was to increase

the standards of living of the poor through the development of farms, infrastructure for electricity, and protection against flooding.³ The project was to be the most ambitious development effort ever undertaken in Afghanistan. The project also proved to be one of the greatest failures in the history of humanitarian action.

Early on, the project suffered from engineering problems. The initial building of the first dam resulted in salt deposits, which had devastating effects on the soil, making it useless for farming purposes.⁴ Moreover, the costs of the projects quickly exceeded initial predictions. As costs skyrocketed, both the Afghan government and Morrison-Knudsen Afghanistan cut corners regarding basic development activities, such as forgoing land surveys, mistakes that later proved to be crucial to the sustainability of the project. Funding dried up in the late 1940s, and so the Export-Import Bank of the United States provided a \$21 million loan for the project in 1949.⁵ This would be the first installment of a significant amount of assistance provided by the United States for this project.

Ongoing U.S. funding was driven by two main factors: the project was taking place at a time when the Truman administration had made a major commitment to provide humanitarian assistance to poor countries, as indicated in Truman's inaugural "Four Points" speech, and Afghanistan was increasingly important strategically for the United States in the broader context of the Cold War. The idea was that the United States, through foreign assistance, could influence the trajectory of Afghanistan in a manner that aligned with its interests of spreading Western-style capitalism. From the U.S. perspective, this was a win-win situation: Afghans would be better off because of the project and U.S. strategic interests would be strengthened.

However, one issue that was never addressed was the overall result if the project actually was successful. Success would mean more water for farming, but those who planned and implemented the project never asked how farmers would deal with the significant inflow of additional water. Louis Dupree, an anthropologist and leading authority on Afghanistan, posed this question to Afghan officials during a visit to the region while the Helmand Valley Project was under way, but the response he received was simply, "These people are farmers. They know how to handle water.

They have been doing it for centuries.”⁶ It turns out they did not know how to handle the influx of water. There were numerous instances of flooding of fields, resulting in a substantial *decrease* in agricultural output—up to 50 percent in some areas.⁷ This was just one example of the neglect of local and context-specific knowledge by the supposed experts tasked with designing and implementing the Helmand Valley Project.

Further problems also arose surrounding the resettlement of citizens. Resettlement was part of the broader plan to reallocate resources, including labor, to foster development. Government officials chose nomads as their guinea pigs for resettlement under the assumption that these people really wanted to be settled but merely lacked land.⁸ It never occurred to planners that the nomads might prefer their peripatetic lifestyle.⁹ As part of the resettlement process, each settler was given land, materials for housing, an ox, farm implements, seed and food, and cash.¹⁰ However, resettlement did not go as planned, for two reasons.

First, much of the land chosen for resettlement was unsuitable for farming. The planners did not consider that this land had remained unsettled to that point in history because of this very fact. Although many settlers, all of whom had little experience with farming, tried to tend the inferior land, they were largely unsuccessful. The inferior land did not generate enough produce to support their families. The ultimate result, according to Dupree, was that “the fruits of the seeds of bad planning by both the Americans and Afghans led to misunderstandings which bloomed, though the desert did not.”¹¹ Second, the relocation created tensions between groups. For example, in some cases resettlement created discontent both among those who were to be resettled, many of whom did not want to be moved, and between those resettled and the local population, who did not view outsiders favorably. In several instances, this discontent led to acts of sabotage against infrastructure.¹² In other cases, nomadic settlers required military escorts in the face of protests against their settlement in certain areas.¹³

The resettlement scheme took place under the guidance of the Helmand Valley Authority (HVA), which was established in 1952 following pressure from the U.S. Export-Import Bank. The view at the time was that the failures of the project to date were the result of a lack of

coordination between the various project elements. The HVA was created in response, complete with a cabinet seat in the Afghanistan government for the Authority's president, to provide better oversight and coordination of the project. As the case of resettlement indicates, the effort to achieve improved coordination did not work as intended.

Although Morrison-Knudsen Afghanistan managed to complete some of the project—the construction of the Arghandab and Kajaki Dams for example—the overall project was considered to be a massive failure. Contrary to initial plans, only 30 percent of total targeted acres received adequate water, and then there were the negative unintended consequences, such as flooding created by the greater water supply and lack of complementary goods, such as infrastructure to remove excess water from the fields. In 1959, the president of the Helmand Valley Authority sent a letter to Morrison-Knudsen lamenting the lack of results from the project, and the company's contracts were terminated. A 1960 article in the *New York Times* described the Helmand Valley Project as a “comedy of errors,”¹⁴ and yet U.S. involvement in the project continued in various ways until the 1979 Soviet invasion of Afghanistan. In fact, it is estimated that, between 1946 and 1963, 25 percent of U.S. aid to Afghanistan was dedicated to the project, and the project consumed approximately 20 percent of the Afghanistan government's total budget.¹⁵

As illustrated by the very need for Operation Moshtarak, the Helmand Valley Project failed miserably in its ambitious goals to usher in a new era of social change and prosperity in southern Afghanistan. The neighboring Kandahar province was the birthplace of the Taliban and, while the Helmand Valley canals failed to carry water for farming, they did provide good cover for the Taliban as they fought against U.S. soldiers. Moreover, the poppy fields in the Helmand area, which yield nearly 40 percent of the world's heroin, also serve as a main source of funding for Taliban activities.¹⁶

A 1983 evaluation of the Helmand Valley Project by the United States Agency for International Development (USAID) concluded that the Helmand Valley Project suffered from a lack of coordination and “shared common goals” between donor and host country. It also concluded, “Programs to make the desert bloom are enormous and expensive,” and

by comparison to what was required to accomplish such a lofty goal, the project suffered from a lack of resources.¹⁷ However, it is hard to make the argument that a lack of resources was the cause for the failed effort in the Helmand Valley. Indeed, the project was lavishly funded by a wide range of sources, and a variety of types of aid and assistance were provided: monetary aid, physical equipment, and technical expertise and advice. Moreover, the project was integrated under the Helmand Valley Authority in 1952 and included “education, industry, agriculture, medicine, and marketing under a single controlling authority,” making it also difficult to blame a lack of coordination for the failure of the project.¹⁸ Clearly, some other factors must have been at work.

The various agencies of the U.S. government involved in the region had a chance to redeem themselves following Operation Moshtarak. A month after the major military operations ended, USAID began an initiative in the Helmand Valley to “stabilize the region . . . by providing jobs, irrigation, and better seeds.”¹⁹ Indeed, significant external assistance was injected into the region. If the Helmand Province were a stand-alone country, it would have ranked as the fifth largest recipient of USAID funding in 2007–2008.²⁰ Humanitarian efforts involved the military, civilian organizations, and NGOs that sought to bring immediate relief to the region’s citizens while establishing the conditions for longer-term development. At the core of this effort was the allocation of aid to “win the hearts and minds” of the Afghan citizens. This approach, a key aspect of the United States’s counterinsurgency strategy, entails using aid well spent to convince citizens of the benefits of peaceful interaction, which will in turn, it is assumed, increase security and stability in the region by reducing support for the insurgency. However, like the Helmand Valley Project before it, the initial evidence is that these more recent efforts have failed to achieve the desired outcome.

As part of a recent study of the role of aid in securing stability and security in the Helmand Province, Stuart Gordon conducted a series of interviews with Afghan citizens regarding their perceptions of external assistance. Among his findings were that respondents felt “that little had been done and that more community engagement in defining development priorities was required,” and that the “appropriate community structures

had been bypassed,” which resulted in perceptions of “corruption and the consolidation of noxious criminal or tribal elites.”²¹ In other words, there was a sentiment among those interviewed that, in contrast to the intended outcomes, the injection of foreign assistance had strengthened existing criminal elites while failing to change the status quo by improving the lives of Afghan citizens. Gordon concluded his report by noting that “‘aid’ may have as many negative, unintended effects as positive ones and, at the very least, is not a panacea.”²² Ironically, yet sadly, this same exact sentiment could have been used to describe the earlier effort to transform Afghanistan through the Helmand Valley Project.

The current failure in the Helmand Province is a microcosm of the broader humanitarian effort in Afghanistan in the post-Taliban government period. Consider a report issued recently by the U.S. Senate Foreign Relations Committee, which notes that 97 percent of Afghanistan’s gross domestic product is a direct result of spending by military troops and international donors.²³ This implies that a complete withdrawal of these funds would result in at least a short-term collapse of the country’s entire economy. The report indicates further that “insecurity, abject poverty, weak indigenous capacity, and widespread corruption create challenges for spending money.” In addition, according to a recent report by the United Nations Office on Drugs and Crime, between 2001 and 2011 opium production in Afghanistan increased from 185 tons to 5,800 tons (an increase of over 3,000 percent).²⁴ Further, over a one-year period (from 2010 to 2011) production increased by over 60 percent, and revenue from poppy production rose by over 130 percent.²⁵ The dependency of the Afghanistan economy on foreign aid, as well as the persistence of the array of challenges noted in the reports, implies that efforts to create the conditions for indigenously supported peace, stability, and growth in Afghanistan have been abject failures yet again.

The experiences in Afghanistan over the past century illustrate the central puzzle that motivates this book. How is it that well-funded, expertly staffed, and well-intentioned humanitarian actions fail, often serially as in Afghanistan, to achieve their desired outcomes? In both instances of intervention discussed here, successful humanitarian action

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would have improved the lives of Afghan citizens. In both cases, state-led humanitarian efforts failed and, it could be argued, created conditions that made at least some of the people they intended to help worse off. Solving this puzzle requires a reconsideration of the limits and realities of state-led humanitarian action. The purpose of this book is to provide such a reconsideration using the tools of economics.