

Afghanistan

Status Index (Democracy: 0.8 / Market economy: 1.1)		1.9	Management Index		2.2
System of government	Autocracy		Population	22.1 mill.	
Voter turnout	n. a.		GDP p. c. (\$, PPP)	n. a.	
Women in Parliament	n. a.		Unemployment rate	n. a.	
Population growth^a	1.7 %		HDI	n. a.	
Largest ethnic minority	25 %		UN Education Index	n. a.	
			Gini Index	n. a.	
Data for 2001 – if not indicated otherwise. ^{a)} Annual growth between 1975 and 2001. Source: UN Human Development Report 2003.					

1. Introduction

Since 1978, Afghanistan has been in a state of uninterrupted war that has completely devastated the entire country. The legacy of this war includes approximately 1.5 million deaths, more than 10 million landmines, an illiteracy rate exceeding 60 % and an exodus of up to 6.5 million refugees fleeing to Pakistan and Iran. The prolonged conflict has had extremely negative effects on Afghanistan's economic and political transformation. Afghanistan is an example *par excellence* of a failed state. The collapse of state structures, particularly manifested in the 1990s, was accompanied by the dissolution of the state's monopoly on the use of force. Another consequence was an inability of democratic structures to develop under the conditions of war in Afghanistan. Additionally, the country's economic order became dominated by an economy of violence.

During the assessment period (1998–2003), key turning points were the collapse of the Taliban regime in the fall of 2001 and the installation of a transitional government created at a conference in Bonn, Germany (November 27–December 12, 2001). After the Bonn negotiations, the war in Afghanistan was officially ended, although fighting continued unabated even after peace was concluded. In this assessment I will primarily address the post-Taliban period to highlight what first steps toward political and economic transformation the transitional government has taken since the collapse of the Taliban and the official end of the war.

2. History and characteristics of transformation

Afghan society is characterized by a series of overlapping solidarity networks. Village communities, valley populations, clans, tribes and ethnic groups are the most important references in Afghanistan for political identity and political action. Afghanistan's multifaceted societal organization has worked against state-building processes since the end of the 19th century, when the country was founded as a result of the "great game" between British India and Russia to serve as a buffer state between those imperial powers.

However, the Afghan state remained weak. It lacked the political and military resources for a self-sufficient state-building process financed by tax revenues. During the course of the 20th century, Afghanistan developed into a rentier state financially dependent on other countries. Development aid accounted for 40 % of the national budget in the 1970s. Afghanistan did not develop an independent economic policy until the 1950s. Though earlier Afghan economic policy was more of the *laissez-faire* variety, the state then began trying to exert more influence on the economy. Afghan politics maneuvered between a free market economy and a state-controlled, planned economy until well into the 1970s. Evidence of the latter included the introduction of five-year plans and the nationalization of large enterprises, such as the private Bank-e-Milli (National Bank) founded in 1932. Other post-1950s developments included large, prestigious state projects such as the Spinzar Cotton Company in Kondoz.

The policy of the Afghan royal house, which determined Afghan politics until 1973, incorporated regional elites into a system of sinecures. King Zahir Shah initiated a tentative democratic reorganization by calling for a constitutional monarchy in 1964. A bicameral parliament, the Wolesi Jirga (lower house) and the Meshrano Jirga (upper house), was created, but elections for the lower house in 1965 and 1969 found little enthusiasm because almost all candidates were members of the urban intelligentsia. The overwhelmingly illiterate population failed to realize the importance of democracy and elections.

One of Zahir Shah's greatest omissions came in neglecting to create legislation governing political parties. This resulted in the formation of radical political movements that pursued primarily communist (e.g. PDPA, Shola-ye Javid, Setam-e-Melli) or Islamic (e. g. Hezb-e-Islami, Jamiat-e-Islami) ideas in opposition to the government.

While state structures had difficulty taking hold in rural regions, Afghanistan's urban centers, led by Kabul, advanced as oases of statehood over the course of the 20th century. The result, a contrast between Kabul and the rest of the country, marked Afghanistan's history for the rest of the century. This also triggered the Afghanistan conflict of 1978–1979 between the state, which was anchored in urban areas and pushed for political modernization, and the rural areas, where society was organized in separate groups and resisted state power.

The People's Democratic Party of Afghanistan (PDPA), a communist party with an exclusively urban base that came to power through a putsch in Kabul in 1978, tried to end this system of particular autonomies and force Afghanistan into modern statehood by implementing radical reforms, particularly land reform. The reaction of the traditional elite culminated in revolts across the entire country, finally leading to the 10-year intervention of Soviet troops beginning in 1979 to support the communist interests then in power.

Over the course of the Afghanistan war, now raging for more than 20 years, the embryonic state structures built during the 20th century—at least in the cities—fell apart on all levels. State infrastructure was nearly totally destroyed, and the state's monopoly on the use of force completely eroded. Crucially, the Afghan government found itself increasingly unable to rely on the regular army during the 1980s and gradually became more and more dependent on militias it had called up. Even the Mujahedin, who took over the government from 1992 to 1994, were not able to re-establish a monopoly on violence. The Mujahedin had very little influence over their military units, which sold their strength at arms to the highest bidder, much as the militias had done. Many military units changed sides for reasons of political opportunity and financial gain independent of ideological, religious or ethnic demarcations.

By the 1990s, this warlord system had completely replaced the state monopoly on the use of force and caused Afghanistan to fragment into numerous small kingdoms between 1992 and 1996. Because neighboring states gave political, military and financial support to various warlords, different regions of Afghanistan became incorporated into the economies of neighboring countries while Afghan domestic commerce came to a near standstill. The formation of the warlord system was directly connected to the formation of an economy of violence (privatization of violence, drug production, drug trade and smuggling).

The Taliban expanded and took control with tremendous speed. After first appearing in 1994, they took over Kabul in 1996 and controlled approximately 90 % of the country by the end of the 1990s. This speed must be attributed primarily to the population's hope that the Taliban would re-establish the country's public safety and territorial integrity. However, the Taliban quickly lost the approval of the population due to their politics of repression, under which weaker population groups suffered (women and ethnic and religious minorities). With the appearance of the Taliban Afghanistan's remaining militarily and politically influential groups, which had fought one another without mercy, joined together to form the Northern Alliance. Since the Taliban's collapse, different Northern Alliance groups (especially the Panjshiris) have dominated the government or controlled different regions of the countries (e.g. Rashid Dostum, Ismail Khan, Khalili).

3. Examination of criteria for democracy and a market economy

3.1 Democracy

Afghanistan has never had truly functioning democratic structures on a national level. In the Jirga, which Afghans always call a democratic forum, decisions are reached on a principle of consensus. Such equality in the decision-making process only works on a local level. The Loya Jirga (Grand Assembly), which has met sporadically throughout Afghanistan's modern history, was always convened by the ruler, i.e. from above. The ruler thus decided who would participate, what matters would be discussed and what the results should be. Similar conditions held for the bicameral parliament in the 1960s (the Wolesi Jirga and the Meshrano Jirga).

3.1.1 Political regime

(1) *Stateness*: With the collapse of Taliban rule in fall 2001, numerous warlords took control of the country. Many controlled no more than a single valley or district. The Afghan government's monopoly on the use of force, implemented in December 2001 after the Bonn conference, thus does not extend much further than the Kabul city limits. The fact that Kabul has been spared from major fighting since the transitional government took power is owed entirely to the presence of the International Security Assistance Force (ISAF).

The Afghan government cannot be considered a counterweight to the warlords because many of its members, up to and including some ministers, belong to warlords (e.g. Mohammed Fahim) or their followers. This further limits the government's ability to take action against the warlords. Oscillating violence has also destabilized Afghanistan's security situation. Violent conflicts keep flaring up again and again in almost all areas of the country. This complete dissolution of the state monopoly on the use of force corresponds to the physical destruction of state administrative structures. Afghanistan has neither a working administrative infrastructure nor adequately trained personnel.

One of the most burning questions since Afghanistan was founded in 1747 is who qualifies as a citizen. Although Pashtun politicians often see Afghanistan as "their country," other politicians emphasize the country's multi-ethnic character. Afghan society is, in fact, extremely heterogeneous in terms of culture (e.g. linguistically, religiously, denominationally and economically). Even Islam, the religion of approximately 99 % of Afghans, does not provide a unifying force. Islam in Afghanistan has diversified along different ideological lines. For example, Islam is denominationally splintered among Sunni, Shiites and Ismailites, and by the influence of pre-Islamic, mystic, orthodox and militant movements. Various military and political movements, particularly in the 1990s, have exploited the Afghan population's cultural heterogeneity as a resource for waging war. War, in

turn, has deepened the rifts. At the same time, the refugee movements and the destruction of family bonds caused by the war have given rise since the 1980s to a new belief in a common national identity (*afghanyat*) primarily determined by Afghanistan's territorial integrity. This has served as a counterweight to the warring parties' ethnic emphasis.

Government and religion have been closely intertwined not only under the Taliban but since the Mujahedin came to power in 1992. The Mujahedin proclaimed the Islamic Republic, and the Taliban turned Afghanistan into an emirate. The constitutional commission that set to work in fall 2002 and is charged with producing the first draft for a constitution in spring 2003 is trying to straddle the political fence by retaining the Afghan state's Islamic orientation while linking the new constitution to international standards.

(2) *Political participation*: Taliban rule neither had democratic legitimacy nor planned to incorporate any political participation for the populace. The voicing of critical opinions, media diversity and political unions were all suppressed with violence and without compromise. The Afghan transitional government also lacked democratic legitimacy initially because it was called into being under pressure from the United States and the United Nations in Bonn. The four political groups (Northern Alliance, Rome group, Cyprus group, Peshawar Front) that attended the Bonn conference also represented patronage groups with limited influence in Afghanistan.

After a few changes in personnel, a Loya Jirga containing approximately 1,600 representatives of the Afghan people confirmed this government in June 2002. Even during the selection process for these people's representatives, it became obvious that only a small portion of the delegates were being freely elected. The main body of representatives was selected by local warlords. Elections to the Loya Jirga were accompanied by bribes, repression, threats and assassinations. In the Loya Jirga itself, decisions were not reached in plenary session, but rather by the most influential political actors meeting behind closed doors. Delegates merely rubber-stamped their approval of decisions already taken. Many reports have also surfaced of blackmail, bribery and serious pressure being exerted on delegates at the Loya Jirga. Though the Loya Jirga provided the transitional government with formal legitimacy, disappointment about the way this assembly was held further worsened relations between the government and the people.

Another problem for the transitional government is the severe limitation of its sphere of influence. Because it still lacks a monopoly on the use of force, the government is largely unable able to implement its decisions outside Kabul. The government rules a political enclave in a country ruled by warlords. The United States' significant veto power over this government must be kept in mind, as well. Every minister has an Afghan-American adviser influencing his decision-making processes. Other countries, such as Russia and the bordering countries of Pakistan, Iran and Uzbekistan, are also attempting to influence political actors in

Afghanistan, primarily warlords, by providing them with material and financial support.

The Afghan people's opportunities for political participation have improved since the fall of the Taliban. In contrast to the strict censorship during the Taliban era, the last 12 months have witnessed the appearance of numerous newspapers, especially in Kabul. But there is a danger that Islamic groups within the Afghan government and in certain provinces will again curtail freedom of speech and freedom of the press. For example, Afghanistan's Chief Justice Shinwari declared a ban on satellite television in early 2003. The creation of squads of morality police in Kabul and Herat and repression of equal rights for women (e.g. in Herat) also interfere with popular political participation. Another significant problem is the lack of public free expression zones where civil groups can meet and speak openly. But Afghanistan's civil society problems run even deeper. Afghan society's self-organization remains based on patronage systems, and it is practically impossible for genuine civil-societal institutions to form.

(3) *Rule of law*: Officially, the 1964 Constitution remains in force until a new constitution is drawn up, but no rule of law exists in Afghanistan at the present time. The branches of government also are not recognizably independent at this time. The executive branch (police, military) is seriously entangled in the patronage systems of the ruling warlords. An independent judiciary has also not been established. Another key problem is the fact that different, practically incompatible legal systems exist side-by-side in Afghanistan. Secular legal philosophy co-exists with various schools of Islamic law. Pre-Islamic legal systems (e.g., Pashtunwali) are also very important.

The Afghan government, especially President Hamid Karzai, has repeatedly announced its intentions to punish abuses of authority, but the Afghan government's monopoly on the use of force is so limited that it remains practically unable to enforce this outside Kabul. Because no functioning justice system yet exists, punishing civil rights violations is practically impossible at this time.

3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: Democratic institutions in Afghanistan are still under construction and can hardly be considered functional in all areas. This applies to both governmental and non-governmental institutions. Some politically influential Afghans also still have reservations about a democratic system. They include, in particular, Islamic groups who use violence to oppose the government (Taliban, Al Qaeda, Hezb-e-Islami). Even more significant, democratic rules are neither widely known nor heeded. This became evident during the Loya Jirga, for example. (See above.) Precisely because patronage-based thinking is so dominant,

many politically prominent people accept democracy as a new empty formula, but do not accept democratic rules of the game.

(2) *Political and social integration*: No stable, moderate, societally anchored party system exists in Afghanistan. Although free democratic elections have been planned for the summer of 2004, Afghanistan still lacks the democratic parties to work towards these elections. Parties have been founded since the winter of 2001–2002, primarily in Kabul. However, the parties most likely to represent moderate and democratic programs are highly fragmented due to patronage-based structures. Interestingly, the losers in recent political developments since the fall of the Taliban are the ones most likely to found political parties, for example the former Secretary of the Interior and Northern Alliance spokesman Yunis Qanuni and the Islamist and former president Burhanuddin Rabbani.

Another key problem: Afghanistan lacks institutions to mediate between the government and the people and that might increase the population's confidence in the government. Almost no interest groups transcend the patronage-based mindset. The government does not particularly want to see any such interest groups form, either. When Afghan business people tried to form an umbrella organization in July 2002, the Ministry for Commerce used pressure to stop the initiative.

Because democratic behavior and rules are rarely practiced in Afghanistan, the population entertains some extremely vague ideas about democracy. Still, most Afghans welcome democracy, per se, because they associate the term with economic improvement and peace.

3.2 Market economy

Although Afghanistan has been almost completely destroyed by nearly 25 years of war, its economy is not stagnating in all sectors. Instead, the Afghan economy has undergone a transformation to a large-scale economy of violence. The economy of violence is closely intertwined with the government's lack of a monopoly on the use of force. Warlords are often both drug barons and smugglers. The foundation for this economy of violence is the privatization of security caused by the formation of innumerable, independently operating militias.

Another pillar for the economy of violence is the production and trade of drugs. Afghanistan has become the world's largest opium producer, manufacturing 75 % of the world's heroin in 1999. Under Taliban rule, Afghanistan also became a smuggling hub of, among other things, oil, electronic goods, and auto parts between the neighboring states Pakistan, Iran, Uzbekistan, Tajikistan, Turkmenistan and the free trade area of Dubai. Other pillars of its economy of violence include the over-exploitation of natural resources, especially timber and

precious stones, and the exploitation of cultural treasures, such as stolen antiquities.

3.2.1 Level of socioeconomic development

Afghanistan's level of development is extremely low. Afghanistan is one of the four least developed countries in the world, and according to UN data it already in the 1970s was one of the 25 least developed countries. Freedom of choice is blocked by the lack of security throughout the country and the dominance of the structural economy of violence. Poverty, high illiteracy rates and a lack of education also marginalizes large portions of the population. Under the Taliban, women were excluded from public life. Women were forbidden to work or attend school. Even after the fall of the Taliban, women in many regions of the country outside Kabul remain excluded from public civil life.

3.2.2 Market structures and competition

Economic life was informally structured under the Taliban. The current government, with a great deal of assistance from American financial experts, is interested in designing an economic environment that will function according to market economy principles, entice investors into the country and meet international economic standards. The Afghan government is encouraging the private economic sector, in particular, to participate in the country's reconstruction.

In September of 2002, the Afghan government ratified the Law on Domestic and Foreign Private Investment in Afghanistan, which does not distinguish between foreign and domestic investments. This law enables 100 % foreign investments, the complete transfer of profits and capital to locations outside the country, international arbitration and streamlined licensing procedures. Foreigners who bring capital to Afghanistan are also exempted from having to pay taxes for four to eight years. To keep bureaucratic hurdles as minimal as possible, the Department of Commerce functions as a "one-stop shop." To protect American investors, the Overseas Private Investment Council is offering \$50 million in risk insurance for American projects in Afghanistan.

The Afghan tax system is still under construction. One fundamental problem is that only a few provinces are paying the taxes they collect to the central government. Only 9 of 32 provinces were making these payments as of April 2002. The warlords, in particular, who collect lucrative import tolls on Afghanistan's borders, do not send them on to Kabul but use the money to strengthen their own power bases. Ismail Khan in Herat and Rashid Dostum in northern Afghanistan reportedly each take in around \$20 million in tolls every month.

3.2.3 Stability of currency and prices

The Afghan financial system collapsed with the breakdown of government structures. The Taliban introduced an Islamic banking system headed by mullahs and intended to function according to religious principles, but the Islamic banking system proved unworkable for making larger financial transactions, keeping money in safe custody or transporting funds. The *havala* system of money changers was established in its place. Although *havala* worked well enough for smaller financial transactions, it did not guarantee enough security for bigger investments. The Afghan currency was also subject to enormous inflationary pressures during the course of the war. The 1977 exchange rate of 45 afghani to the US dollar had risen to 48,000 by early 2002. The existence of two different Afghan currencies—the Taliban's afghani, and the inferior, so-called Dostum afghani circulated by the warlord Rashid Dostum—contributed significantly to the devaluation.

A key job for the international community in 2002 was getting the Central Bank of Afghanistan back on its feet. The goal is for the Central Bank to resume a regulatory function in Afghan business life and intervene, for example, in cases of extreme currency fluctuations. At the moment, the Central Bank still operates on a very rudimentary level. The Central Bank's stated goal is, at the very least, to reconcile the government's revenues with its expenditures. The heart of banking reform was introducing a new, uniform currency in fall 2002 to help combat inflation. The introduction of this currency went smoothly and must be rated an unexpected success.

3.2.4 Private property

One of the government's key objectives is the privatization of state-run enterprises nationalized under the PDPA or founded as state-controlled operations. Thus the six banks currently administered by the Central Bank are to be liquidated and privatized along with approximately 200 other state-controlled businesses.

With public safety and the rule of law lacking, disputes over private property currently represent an important conflict area. We must keep in mind that real estate, agricultural land and water rights in many regions of the country have changed hands many times over the last 25 years. Land reform at the end of the 1970s resulted in large-scale confiscations, for example, and every shift in military constellations resulted in a redistribution of land and water rights in favor of supporters of the winning side. The current government is trying to re-establish the *status quo ante* of 1978. This will inevitably lead to conflicts with those who have been promised land rights, water rights and other property as a result of their actions during the war (especially warlords and drug barons).

3.2.5 Welfare regime

Afghanistan is one of the poorest countries in the world and has one of the worst healthcare systems. Its infant mortality rate is one of the world's highest (144.76 deaths per 1000 live births). It also lacks both universal educational and social security systems. After the complete breakdown of state structures, the state is currently and will remain in the near future unable to manage the responsibilities of a welfare system. The key basis for social security remains the family and patronage systems based on family, local, ethnic and religious affinities (e.g. Sufi brotherhoods).

Another pillar of the Afghan welfare regime is the infinite number of domestic and international NGOs. Especially since the fall of the Taliban, they have attempted to guarantee basic social assistance in Afghanistan's urban regions for those living under the poverty line and for socially marginalized groups.

3.2.6 Strength of the economy

The transitional government is setting the course in key areas for a new start for the Afghan economy. The law on foreign investment and the introduction of a new currency to counteract years of inflation were key turning points in 2002. The movement of many NGOs to Kabul and other cities should result in an economic improvement as well. Afghanistan remains at the start of a new economic orientation. The Afghan economy's performance should still be rated extremely low. Structural weaknesses, in particular, should not be forgotten. Human capital, for example, is low in Afghanistan, and it will require decades for Afghanistan to achieve satisfactory scores in the most important HDI parameters.

3.2.7 Sustainability

Afghanistan's economic activity over the last decade made no allowances for sustainability. Natural resources were over-exploited, particularly in conjunction with the dominant economy of violence. One result was the destruction of dense forests in eastern Afghanistan. The timber was sold to Saudi Arabia. Afghanistan's economy continues to suffer from enormous war damage. Its entire infrastructure was destroyed over the course of the war, and large portions of Afghanistan's agricultural land remain infested with landmines.

This is in addition to environmental problems that have only recently come to light since the collapse of the Taliban. They include severe air and water pollution (especially in Kabul) caused by the high resource requirements (e.g. water and transportation) of refugees who have returned to Afghanistan and of the numerous NGOs and international delegations that have established offices in Afghanistan since autumn 2001, in Kabul alone there are 800.

4. Trend

The fall of the Taliban regime, the appointment of a transitional government and the international community's commitment to rebuild the country form the foundations for a new orientation in Afghanistan. After 25 years of war, Afghanistan finally has the opportunity to set a course for a peaceful future. It will, however, take decades, not years, to achieve a transformation in Afghanistan.

(1) *Democracy*: The fall of the Taliban resulted in significant changes to the political regime. The international community, rarely able to influence events in Afghanistan in the past, has made serious commitments to reconstruct and pacify Afghanistan. This must be considered a positive step toward leading Afghanistan out of its prolonged state of crisis. The first year's key priorities include re-establishing a state monopoly on the use of force and building up state institutions.

Until Afghanistan has a functioning state, political participation and the rule of law will remain unachievable. There are, however, initial, tentative signs that political participation is improving—for example, the introduction of freedom of the press and the occasional formation of parties. This indicates that Afghanistan is beginning to construct a state. It is going to take many more years, however, before Afghanistan has achieved the rule of law and a completely functioning state in which political participation is established.

Afghanistan is just starting to build its democratic institutions. No democratic party spectrum exists in Afghanistan. Democratic rules and behavior have yet to emerge as fundamental principles for politics. Even parties and civil organizations that describe themselves as democratic are based on patronage structures. This constitutes a core problem for democratic development processes in Afghanistan.

(2) *Market economy*: The transfer of power in Kabul had few short-term positive effects on the socioeconomic situation in Afghanistan. The international community promised at the Tokyo Donors Conference to donate \$4.5 billion in reconstruction aid, and Afghanistan, especially Kabul, has experienced a veritable onslaught of development organizations. But the country's economic situation worsened in 2002.

The aid organizations themselves contributed to the downturn by driving up food prices and rents in Kabul. This benefited the economic elite, while the normal Kabul population became the victims of the economic decline. The return to Kabul from Pakistan and Iran of more than a million refugees emboldened by the improved security situation also worsened living conditions in the Afghan capital. Positive developments include the reappearance of schools for girls in many places, the resumption of broad-based education and attempts by numerous development projects to reach out to marginalized population groups (women, widows, the poor) and improve their living conditions.

In Afghanistan, the lack of state structures allowed an economy of violence to develop during the 1990s that functioned exclusively according to market-economic principles. One of the Afghan government's essential goals is to destroy this economy of violence by, for example, taking drastic steps to combat drug production. The lack of an institutional framework guaranteeing physical safety to those engaged in economic activities complicates efforts to establish a peaceful market economy. Because of the economy of violence, physical safety cannot be guaranteed outside Kabul. Tolls and highway robbery are the order of the day. This situation is particularly harmful to commerce and transport.

No change in economic development was detected during the assessment period. There are indications, however, that entrepreneurs are making investments in, for example, private housing and businesses, especially in cities of more than regional importance. Still, industry and commerce remain dominated by an economy of violence, and large-scale private investment has not yet materialized. International aid thus remains the most important source of funds for government administration, reconstruction of the country and basic care for the population.

5. Transformation management

5.1 Level of difficulty

The Afghan economy's development level must be given an extremely low rating. No system of rules exists for a peacefully functioning economy. Neither the Afghan state nor any others in power are currently able to guarantee safety. In addition to the economy of violence, the economy in Afghanistan is based on the production, transport and marketing of agricultural goods, though the country lacks the technical means and human capital for processing them. The Afghan economy thus is not based on investment and production but rather—apart from the cultivation of agricultural goods—on trade alone, which is why it can be considered a bazaar economy.

The Afghan economy's low development level correlates to the population's extremely low education level. Apart from a tiny elite educated abroad, the overwhelming majority is illiterate and has not received adequate schooling, not least due to years of war.

This problematic situation is complicated by the fact that Afghan society is fragmented along many, frequently overlapping, lines of conflict. Afghanistan has a high potential for ethnic conflict. It also still suffers from the effects of the Cold War. Affiliations with former communist groups (especially the Khalq and the Parcham) and with Islamic groups continue to play a significant role. Another line of conflict that should not be underestimated runs between the cities (especially Kabul) and the countryside. Afghanistan also lacks civil and democratic institutions that could offset these societal conflicts and redirect them into

peaceful channels. Another result of the complete destruction of state structures is the fact that Afghanistan has neither the rule of law nor an efficiently functioning administration.

5.2 Reliable pursuit of goals

The Afghan government is making efforts to reconstruct the country on all levels. One key problem is that the political actors within the government differ in opinions in some areas, especially security. Many warlords participating in the government are more interested in consolidating their own power, while other members of the government, particularly President Karzai, are trying to establish general security by creating a national Afghan army. Additionally, many ministers must satisfy patronage-based interests or risk losing their power base.

Some ministries (especially the Ministry of Defense and the Ministry of Foreign Affairs) are run almost exclusively by followers of the commander Ahmad Schah Masud of the *Jamiate Islami*, who had been murdered. Other ministries were not created in response to the country's needs but solely to integrate important political actors. For example, ministries for planning, development and economy can scarcely be differentiated from each other and frequently have identical areas of responsibility. This not only wastes resources but also creates power struggles between ministries.

Primarily thanks to Minister of Finance Ashraf Ghani, the government follows a clear and consistent policy in at least one area: Afghanistan's market-economic orientation. But the population, especially business people, remains very skeptical about the implementation of this economic policy. The key problem, mentioned over and over, remains corruption. Often ministers are not aware of the level of corruption in lower levels of the ministries, administration and security apparatus.

5.3 Effective use of resources

The Afghan government faces the fundamental problem of being unable to control rural revenues. The most important source of income is the toll fees levied on the Afghan borders, which are still being withheld by warlords to reinforce their own positions. This is why the Afghan government needs developmental guidance from the international community. The international community's intense monitoring of the Afghan government has succeeded in keeping a lid on government institutions' consumption of state resources.

The government must create a new state from the ground up, rather than merely launch new reforms. Here, priorities lie in creating safety and establishing a legal framework (constitutional commission). Economic policy represents a third, less critical pillar of Afghan reconstruction. Corruption is a central problem, especially

considering the dominance of patronage-based structures. So far, the new government has made some prominent examples but has failed to fight a broad-based campaign against the phenomenon. Significant deficiencies in the fight against corruption include the lack of transparent criteria in governmental hiring procedures (civil service exams) and the low level of salaries for simple state employees, forcing them to seek additional income on the side.

Certain Afghan traditions are being called upon to help drive the country's pacification and reconstruction. This includes the government's use of the Loya Jirga to demonstrate society's political participation in the decision-making process. Exploiting this sort of cultural heritage remains tricky, however, and can, as in the case of the Loya Jirga, work against the government as well.

5.4 Governance capability

Well-planned reconstruction remains necessary in nearly all political and economic arenas. With so much to do, setting priorities and a clear orientation toward objectives are becoming problems for the transitional government. In addition, the international community, the most important donor, is introducing its own agendas into reconstruction. Even within the international community there are differing opinions on priorities for international efforts in Afghanistan, from fighting terrorism and building up a state, to implementing the paradigm triad (democracy, human rights, and a market economy). Another problem is that the Afghan government is unable to execute its political ideas in the countryside. This was made clear by President Karzai's repeated attempts to curtail the warlords' power and improve general public safety.

5.5 Consensus-building

The political actors currently in government support democracy and a market economy—in word at least, if not in deed. It remains questionable, however, whether most of the current members of the government would accede to a democratic vote and give up their offices if required to do so. The warlords are even more problematic. A democratic system would endanger their positions. In addition, groups persist that categorically reject democratic structures and are prepared to oppose the current government with violence. Considering the multiplicity of political actors in Afghanistan, it seems almost impossible for all of them to be integrated in the processes of making decisions and shaping public opinion.

In its current state, the government is seen by large sectors of the population as a continuation of the law of the jungle. Too many warlords and politicians responsible for past crimes now sit in government or have representatives there.

Drastic personnel replacements are thus necessary before the government will be recognized as a mediator between victims and offenders.

5.6 International cooperation

The quality of the cooperation between domestic actors and the international community varies. The Afghan government is working very closely with international organizations such as the IMF, the World Bank and the Asian Development Bank to establish an economic system that corresponds to international standards. The numerous NGOs also deserve mention. Since spring 2002, they must obtain accreditation from the newly created Afghanistan Authority for Coordination of Assistance (AACCA) and can only carry out their projects in cooperation with the AACCA. Although this limits NGOs to some degree, it enables better coordination of reconstruction measures. An internationally approved procedure also exists for democratizing Afghanistan in accordance with the Bonn agreement. Free elections in accordance with international standards are scheduled for summer 2004. It is doubtful whether they will be carried out if the current, low level of democratic development persists. Meanwhile, the international community widely accepts that priority must be given to establishing general safety.

Because Afghanistan is landlocked, its economic development is highly dependent on its degree of cooperation with neighboring countries. In this context, each neighboring state is pursuing its own interests with Afghanistan, just as they did during the Afghan conflict. Some warlords receive financial and material support from abroad, contributing to the destabilization of the situation. The Afghan government is making efforts to find common starting points with all its neighbors and to launch cooperation programs. As a result, Afghanistan has signed many cooperation agreements with its neighbors (including Iran and India). Particularly worthy of mention among these cooperation programs is the construction of a pipeline from Turkmenistan to Pakistan through Afghanistan.

The Afghan government is trying to demonstrate a certain reliability of expectations to the international community. The country's lack of political and military clarity provides almost daily evidence that Afghanistan's political situation will not stabilize quickly.

6. Overall evaluation

During the period under study, Afghanistan experienced its most significant reorientation in the last 20 years. The current government faces the problem of how to move Afghanistan from a state of war into a peaceful future. As part of those efforts, the government must battle all conceivable ills attendant upon a protracted violent conflict. These include the loss of the monopoly on the use of

force, the creation of an economy of violence, the fragmentation of power, the dominance of patronage, the lack of social security systems and the low level of education. The government is striving to improve the situation in many of these areas. It is having more success in areas where consensus can be reached, such as the economic reorientation, than in fundamental questions such as recreating public security or introducing democratic and participatory structures. One crucial problem stems from the fact that the government is composed of different interest groups pursuing different goals.

7. Outlook

The period under study witnessed one of the most significant turning points in Afghanistan's modern history. This turning point included not only the destruction of Taliban power and the establishment of a transitional government. It also included, perhaps even more significantly, the international community's significant intervention into a forgotten country completely destroyed by war with serious intentions to pacify and rebuild it.

This gives provides hope that the international community is interested in the country's long-term transformation and that reconstruction efforts will not temporary. It is justified to say we are witnessing the beginnings of a real transformation of Afghanistan, from a war-torn to a peaceful country. But political and economic transformation will not be completed in a few years, as prognosticated by international organizations (especially the World Bank). It will take decades.