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Opium Production and Distribution: Poppies, Profits and Power in Afghanistan

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Thesis Proposal for the International Studies Graduate Program

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Chapter 1- Introduction

Opium cultivation has occurred in Asia for centuries, but why has Afghanistan seen such an explosion in opium production during the last two decades? Furthermore, the increase in opium production disrupted the stability of rural livelihood strategies in the countryside. Some research tries to explain this trend by citing the Taliban's financial gains from opium production, or the international market for heroin. While these issues are significant, they alone do not critically examine the multi-faceted role that the opium trade has in Afghanistan. The Soviet invasion of Afghanistan in 1979 marked the onset of nearly three decades of permanent turmoil, followed by the Afghan Civil War, the Taliban's reign, and the U.S. invasion in 2001. Before 1979, Afghanistan had a decentralized state and large swaths of the mostly rural country had a subsistence economy based primarily on agriculture, whereas the commercial and industrial sectors were small. A decade after the 2001 U.S. invasion, military occupation, and nation building efforts by the U.S. and its N.A.T.O. allies, the central government's capacities still remain limited, the Taliban insurgency still rages on, with the pervasive insecurity undermining any sustained effort at rebuilding a vestige of a functioning and sustainable national economy. As a result, the country now largely depends on foreign aid, and in many rural areas opium production has become a rural livelihood strategy.

After the Soviet invasion in 1980, Afghanistan became the world's leading supplier of opium and has continued to do so in 2011. The prevailing explanations for the proliferation of the opium economy in Afghanistan point out several key factors: opium as a manageable and profitable cash crop brings a monetary income to farmers who are deprived of the ability to produce their food crops due to violence and the destruction of infrastructure, economic stability

to farmers, drug trafficking thrives primarily when country has been in a state of permanent turmoil, and the Taliban fund their insurgency because of the drug trade. Some of these ideas are more insightful than others, but they all lack a careful analysis of the geographic, cultural, and social complexities of the context of Afghanistan's opium production. The country is geographically and demographically diverse. The geographical and political experiences for a landowning farmer in Balkh are substantially different than that of a seasonal wage laborer in Helmand. Yet both may earn income from opium production and the prevailing tendency is to view this as a farmer who earns income from illicit crops. These explanations fail to address differences in geography, income, land ownership, state penetration of society, and the internal and external political actions in Afghanistan.

The research and literature on drug trafficking in Afghanistan is abundant and contested, especially because of the various external influences in the country. Historically, both the Soviet Union and the U.S. flooded Afghanistan with money and military equipment during the 1980s. The U.S. repeated this policy in its 2001 invasion, thus re-forging relationships with militia commanders that fought the Soviet Union. Part of this relationship, both in the 1980s and more recently, entailed the empowering of armed "resistance" groups to monopolize violence and control aspects of an illicit economy, one of which is opium production. Thus, the changing power relationships are vital in understanding the context of opium production in Afghanistan.

The country's glaring lack of infrastructure and economic productivity are areas that were exacerbated by the Soviet Union, the U.S., Saudi Arabia, the U.A.E., Uzbekistan, and Pakistan that also contribute to the context of opium production and resultant stability. However, using flawed analysis to understand the context of opium production only helps to reinforce the unequal power relationships that drive it and does not address dependency on opium as a

livelihood. The question is not whether opium production is defined within the realm of what is legally permissible, or not. The questions that should be emphasized are ones that address the structural drivers of opium production and who actually benefit from it. It should also be concerned with the majority of the population who are involved with opium production, like the Afghan farmers, landowners, informal creditors, and wage and seasonal laborers that predominantly engage in this livelihood strategy.[1] Clearly, a far more nuanced understanding of opium production should address these issues and determine the consequences for this group.

A critical analysis of all of the factors involved with Afghanistan's opium production indicates that it may occur as a rural livelihood strategy for farmers, wage laborers, and landowners. It is not such a strategy for insurgents and drug traffickers who profit considerably more and engage in cultivation far less than these other groups. Opium production is neither uniform throughout the country, nor are the people that engage in it. The prevailing assumptions that farmers cultivate solely for profit, that the Taliban drive the insurgency, and that opium spreads corruption need a careful examination. Some farmers may profit whereas others are try to make ends meet. The Taliban have a monopoly on violence in certain areas of the country, but so does the Afghan state and militia commanders that have the support of the U.S. and its allies. This research addresses these issues and demonstrates that opium production as a rural livelihood strategy may or may not be locally generated, the geopolitical context of Afghanistan must be addressed, and those that engage in at as a strategy can become more vulnerable to physical and economic insecurity.

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[1] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs* (Brookings Institution Press, 2009), 100-120.

Aims and Objectives

The overall goal of this research is to determine how opium production actually functions from each stage of development and examine the power structures that reinforce it. While some analysis focuses on how material conditions changed into a permanent state of conflict because of internal and external actors such as the U.S., the Soviet Union, Pakistan, Saudi Arabia, the U.A.E., Uzbekistan, and Iran, my research demonstrates how opium production provides a measure of economic security to some Afghans and serves as a means of survival for others, and how that security can paradoxically de-stabilize the country. In order to accomplish these tasks, I have asked several research questions:

1. To what extent has geopolitics impacted opium production in Afghanistan since 1979?
2. How did conditions change in a way that embedded opium production into the illicit economy?
3. Following the second point, why has opium production endured?
4. What physical traits do poppies have that make them advantageous and in what geographic areas can this be examined?
5. What are the profits at each stage of opium production, how should the question of legality be examined, and what are its associated costs?
6. What are the power relationships among actors in opium production and how do they influence Afghanistan's stability?
7. What transnational networks distribute, market, and profit from opium production, and how do they do so? Also, how are other countries complicit in the opium trade?

In order to answer these questions, I have structured the thesis to systematically analyze opium production from the plant stage to its distribution. The literature review discusses not only different types of literature on Afghanistan, but also how societal changes emerged from a state of permanent turmoil and the consequences for opium production. Following that, the chapter on physical traits analyzes opium as a crop and the geography of Afghanistan by focusing on Nangarhar, Balkh, Ghor, and Badakhshan for frames of reference. Next, I critique opium profits and distinguish which groups profit and how much, and include price changes in Nangarhar and Ghor. Furthermore, the power relationships are critical in understanding the drivers of opium production, so this chapter analyzes three different cases with unique power dynamics that influence opium. Lastly, opium networks are addressed and the value chains that constitute them as well as the role that refugees had in forming some of them.

Finally, an issue that follows these points deals with recommendations for future action. Based on the research in this thesis, opium production must be considered differently based on the actors that are involved with it. A key conclusion shall negate the prevailing assumption that opium is a guaranteed profit, but that the increasingly marginalized and resource-poor Afghans use opium as a rural livelihood strategy. From here, opium production's affect on stability depends on a variety of circumstances and the power structures that manipulate them. Using this research to intimately understand the context in which opium production affects stability creates more informed analysis on one aspect of turmoil in Afghanistan. Finally, we must understand the expansion of opium production by using the analytical framework provided here. If so, then foreign policy may actually be able to assist in providing viable alternatives for marginalized Afghans that become wholly dependent on opium to survive.

Scope, Limitations, and Methodology

The time frame of this research begins in 1979 and ends with current reports on the social, political, and economic conditions in Afghanistan. Some references are made to the economy and social networks in Afghanistan before 1979, but that serves to highlight changes in economic and social conditions. The chapters that follow analyze opium production through geography, profits, power relations, and networks of distribution. However, the social, economic, and political conditions in Afghanistan radically changed after 1979, so it is important to address this issue. Afghanistan, with a weak national economy and few natural resources, experienced armed invasion due to the political climate during the Cold War and the War on Terror. Detailed backgrounds of these eras are outside the scope of this research, but the material changes they initiated are important and are addressed in the literature review.

A significant data reference for this work stems from official accounts of opium production as mandated by the United Nations Office on Drugs and Crime (UNODC). Research that focuses on drug trafficking has limitations when it comes to data and biased points of view. First, the UNODC has a comprehensive database that details the amount of opium produced in Afghanistan in hectares, as well as its market value. Furthermore, it also maps the geographic destinations of Afghanistan's opium exports. This data often demonstrates the "effectiveness" of eradication programs or sensationalizes the "terrorist threat" from opium production. I will challenge this tendency by using data from official accounts to demonstrate where opium is produced, how much money it makes, and where it is known to go. I will not use these statistics to portray advances of terrorism or any sort of domino effect, but rather to demonstrate a lack of context in some evaluations of opium production.

The thesis research analyzes social, economic, and political conditions that are unstable, and how the illicit opium economy prospers in them. Instability itself is not a quantifiable

measurement, and I will not assume hectares of opium equals instability. I will examine the context of opium production and instability with literature that details four eras between 1979 and 2010, specifically the Soviet Invasion in 1979, the Afghan Civil War, the Taliban's rule and the U.S invasion in 2001 and its aftermath. The literature review primarily addresses societal changes during the Soviet invasion and the thesis chapters address opium production since 2000. For example, the Taliban could not maintain its control of the Helmand Province if it kept its opium ban in the 1990s, so it rescinded the ban and opium production increased dramatically. This political decision was brought on by the instability that came from trying to ban opium there.

Another part of my research will be to evaluate attempts at drug control efforts over the time period, specifically when the Taliban were in control and after the U.S. invasion. A substantial amount of research has been done on the lack of effectiveness of eradication programs. Furthermore, interviews with Afghan farmers frequently note that opium would not be cultivated so heavily if alternatives were available that are reliable and provide the means to access essential goods like clothes, medicine, and food[2]. However, due to limited land access, poor irrigation, and territorial insecurity these options are severely limited in many places. Although a feature of the new U.S. strategy in Afghanistan features alternative livelihoods, it remains to be seen how they will address structural drivers that influence opium production.

While current drug control efforts are important components to this research, the foundation of drug control rests on the issue of legality. The central state and national laws are what deem opium production in Afghanistan to be illegal. Following the 2001 invasion by the

[2] The interviews conducted by David Mansfield between 2002 and 2010 are frequently cited throughout the thesis chapters. David Mansfield currently works as a fellow at Harvard University's Carr Center for Human Rights Policy and uses his fieldwork in different areas of Afghanistan to analyze the context of rural opium production.

U.S., the Afghan Interim Authority (ATT) banned opium production.[3] This decision should be expected given that U.S. advisors, who believed drug production should be illegal, drove the ATT's mandate. However, the literature review demonstrates that, historically, Afghanistan's central state had limited influence in the mostly rural countryside. This is not to insinuate that the capital, Kabul, is a bastion of the rule of law while the countryside is a lawless frontier. Instead, the state authority's legitimacy and influence are limited, thus making such bans difficult to enforce on vulnerable cultivators.

Furthermore, the thesis analyzes the global demand for heroin and its influence on Afghanistan's opium economy. An important distinction to make here is the difference between heroin and opium. Opium is needed to make heroin and roughly ten kilograms of opium are required to produce one kilogram of heroin, not including precursor chemicals.[4] The ten kilograms are a generally accepted estimate and does not factor in morphine content of Afghan opium versus, for instance, Colombian opium. With this distinction in mind, the market for heroin usually considers the U.S. and Western Europe, but there are emerging markets in Afghanistan's neighboring countries as well. An interesting methodological approach in this section deals with data from the UNODC database. Statistics demonstrate decreases in hectares of cultivation supporting evidence for eradication between 2002 and 2010 when the U.S initiated intensive eradication campaigns. Also, the value of opium is usually portrayed as an incentive for insurgents, hereafter referred to as armed resistance groups that have the goal of destabilizing and dismantling the current Afghan national government. While those groups obviously benefit from drug trafficking, I will examine how increased eradication efforts raise the price of opium and make it a more profitable enterprise. To sum up, I will critique and synthesize the studies on

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[3] Carlotta Gall, "Seven-Year Drought Puts Afghanistan on the Brink." *New York Times* December 2004.
[4] Email interview with David Mansfield on February, 8th 2011.

conditions in Afghanistan to determine what levels of instability are related to opium production in different areas of the country.

Chapter 2- Literature Review

Research and literature about Afghanistan contains several themes. Authors and institutions frequently contribute literature on Afghanistan to the global geostrategic system. This literature analyzes the armed conflicts that began with the Soviet invasion in 1979 and explains actions from the international community's geostrategic lens. In addition, official institutions of the United Nations, primarily the UNODC, compile substantial databases on Afghanistan's opium production. With regard to opium, the reports from these offices reinforce strategies and analyses on the issue that are lacking a deep contextual understanding. Another aspect of the literature analyzes the changing social relations amid the context of turmoil. Finally, the most useful set of literature about Afghan opium production analyzes it at the local level and examines the context in which groups do or do not benefit from it.

Geopolitical Background of Afghanistan: The Soviet Invasion, Civil War and Taliban Control, the U.S. Invasion and Aftermath

Some literature focuses on the geopolitical importance of Afghanistan and the actions that external countries have had there over the past thirty years. This literature discusses the political, social, and economic conditions in Afghanistan before, during and after repeated invasions and armed conflict. Although the focus on these conditions varies on the author or institution, several overarching themes are apparent. First, external actions by the Soviet Union, the U.S., Pakistan, Saudi Arabia, and others in the last stages of the Cold War heavily influenced the changes in Afghan society during the Soviet invasion. Analyses also illustrate the illicit yet very real power of warlords and their relationship with emissaries from the aforementioned countries and their influence on society. Most importantly, this literature demonstrates how

conditions were altered and, in part, created an atmosphere for the perpetuation of opium production in Afghanistan.

The onset of armed conflict in 1979 marks the period when societal changes took place, however it does not necessarily mean that opium production is integral to geopolitics. However, my thesis addresses the change in conditions to frame how society changed in a way that could embed opium production as a livelihood. One must be careful in talking about opium and geopolitics, because the Soviet Union and the U.S. did not invade Afghanistan to control its opium production, they invaded over competing ideologies and retaliation for the 9/11 tragedy, however this process exemplifies how societal conditions changed. The main authors who contribute to this body of literature are Olivier Roy (1990), Barnett Rubin (2002), Seth Jones (2009), B.D. Hopkins (2008), Vanda Felbab-Brown (2009), and Ahmed Rashid (2000).

The Soviet Union invaded Afghanistan in December 1979, and remained there for the next ten years. Many scholars cite this time period as when opium production became an embedded illicit economy because of the Central Intelligence Agency and Inter-Services Intelligence Agency's (CIA and ISI) funding of the Mujahedin. It should be noted that the terms illicit and informal are both used to describe aspects of the opium economy in Afghanistan in this thesis. The informal aspect refers to informal credit access because it is not sanctioned or sponsored by a state entity. The illicit opium economy means that activities and profits from opium production are illegal as defined by state laws. However, often overlooked aspects were the important socio-political and economic changes that allowed the opium economy to flourish. Before the Soviet invasion, agriculture occupied 60% of the economy, 85% if one factors in rural

trade and crafts.[5] Prior to the Soviet invasion of Afghanistan, agriculture produced wheat, vegetables, fed livestock, and substantial amounts of fruit that were consumed locally and nationally and exported. In fact, the majority of the cultivable land was used to produce, consume, and sell agricultural products at the local and national level.[6] However, the Soviet-backed Communist government, the People's Democratic Party of Afghanistan (PDPA), introduced land agrarian reform in 1978 that radically affected rural society.

Agrarian reform began by first doing away with the mortgage and usury systems on farms and redistributing land. Any debt that was over five years old was cancelled without remuneration and mortgages less than five years old were returned with a small interest payment.[7] Furthermore, according to the new law no single family could own more than six hectares of fertile land. Some of those who received the redistributed portions were landless peasants, itinerant laborers, and landowners with less than six hectares.[8] If landowners were found to be in possession of more than the prescribed amount, the property was confiscated without compensation. Within Afghanistan's context, this reform movement was highly problematic.

Although the majority of peasants owned less than the maximum permissible amount of land and would have benefited from the reform, the implementation inspired active resistance. First, research indicates that the reforms did not adhere to social and economic realities in Afghanistan. The system of agriculture and farming was not actually a feudal system of the medieval type, but some peasants owned land, some landowners incurred debts, and mortgage

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[5] Barnett Rubin, *The Fragmentation of Afghanistan: State Formation and Collapse in the International System* (New Haven, CT: Yale University Press, 2005), 32.
[6] Ibid., 32-33.
[7] Olivier Roy, *Islam and Resistance in Afghanistan* (Cambridge: Cambridge University Press, 1990), 86.
[8] Ibid., p 86.

systems were significant in rural Afghanistan, as it shall be seen below.[9] Moreover, community relationships are extremely important and the agrarian reforms overlooked communal goods and services. While rural farming was not egalitarian, the importance of mutual self-interest cannot be overlooked. The sharing of work, property, and irrigation was not at all uncommon, but the reforms aimed to do away with this without an alternative.[10] The following two decrees marked the onset of increasing state penetration into society and interfered with the web of social roles that linked segments of the population.

As mentioned above, the sixth decree canceled debts and mortgages of peasant farmers to wealthier landowners. Unfortunately, the "feudal system" managed to provide goods and services to the poor as well as material for agricultural production.[11] Wealthier landowners could provide credit in the form of farming equipment or seed and fertilizer with a promise of a return on the goods or profits. In addition, the critical problem with the eight decree's land reform stipulation was that it repossessed land without reimbursement, and in the view of Afghans it looked like theft.[12] The PDPA used force to carry out these decrees in the countryside, and respected village elders who protested were arrested or executed. These actions symbolized an illegitimate imposition of rule from the state and undermined a complex social network.

The PDPA's redistribution of land highlights the social complexity of Afghanistan before the Soviet invasion. The problems with the above decrees stem from the change in distribution of resources from kinship and communal networks to the state. Therefore, these policies

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[9] Ibid., 87.
[10] Roy, *Islam and Resistance in Afghanistan,* 87-88.
[11] Anthony Arnold, "The Ephemeral Elite: The Failure of Socialist Afghanistan," eds. Myron Weiner and Ali Banauazizi, *The Politics of Social Transformation in Afghanistan, Iran, and Pakistan* (Syracuse: Syracuse University Press, 1994), 40.
[12] Ibid., 41.

extended the state's reach into the countryside and, while distributing resources, also endowed itself with more power.[13] In contrast, the lack of understanding about Afghan society must be addressed to highlight the undermining qualities of these reforms. First, the family represents a vital political and economic institution in Afghanistan because it reaches large kinship groups. Furthermore, characterizations of Afghanistan often negatively describe it as a tribal society. Herein lies a core problem with this characterization and the land reforms. The context in which the word tribe is used represents kinship groups that can be very large with designated leaders and legal codes that are separate from the state. An extension of this that can apply to more Afghans is the qawm, which is more like a solidarity group.[14] Qawms can vary between tribes, ethnicities, or occupations, but they represent an important factor that was destabilized by the PDPA' land reforms.

Although the societal relations have been highlighted, what specifically was upset by these reforms? To answer this, one must address the type of production common in rural Afghanistan and political leadership of khans. Outside of large cities, family owned farms and sharecropping dominated the types of agricultural production before the land reforms. These farms were run entirely by families and generally provided their own animals and agricultural equipment. In contrast, sharecropping arrangements saw tenants receive a portion of the crop if they used their own materials and about one sixth of the crop if the farm owner provided the resources.[15] Although the term sharecropping was used to describe post-slavery era farming in

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[13] Barnett R. Rubin, "Redistribution and the State in Afghanistan: The Red Revolution Turns Green," eds Myron Weiner and Ali Banauazizi, *The Politics of Social Transformation in Afghanistan, Iran, and Pakistan* (Syracuse: Syracuse University Press, 1994), 190-191.
[14] Ibid., 192.
[15] Ibid., 193.

the U.S., before the Soviet invasion and land reforms, huge landholdings and extreme destitution were less common in Afghanistan than in places like India or Southeast Asia.[16]

Following these examples of production are the roles that khans play in kinship networks. The khan represented the rural leader in a kinship network and men received this role through patronage, redistribution of his own wealth, and hospitality.[17] Some of the responsibilities of khans include arranging economic cooperation among families, interacting with the state, and providing public goods such as irrigation. They distinguished themselves from state actors because of their ties and service to kinship networks.[18] Therefore, the land reforms destabilized an entrenched network of social relations that maintained mutual benefits for the participants. While swaths of the countryside were in fact poor, the imposition of these reforms upset the balance and reciprocity that Afghans were accustomed to and undermined complex networks of mutual dependency.

By the time the Soviet Union invaded the country, rural Afghanistan was actively resisting the Communist government and societal relations were disrupted. However, the Soviet invasion piqued the interest of the U.S. because of the ideological war against Communism that largely defined the Cold War. Now, resistance movements in the country were on the radar of U.S. policy makers, but the only important issue was if the Soviet Union could win in Afghanistan. Unfortunately, the U.S. and other Western governments were not interested in the social structures that formed different resistance groups.[19] An analysis of these structures and their changes provides insight into the ways in which permanent warfare altered Afghan society.

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[16] Ibid., 196.
[17] Ibid., 199.
[18] Ibid., 198-200.
[19] Ibid., 121.

The main factor of social change over Afghanistan's past three decades is its state of conflict that forced migration of refugees, increased urbanization in the capital, and changed relations among societal groups. Prior to the Soviet invasion, conflict in Afghanistan was secondary to agricultural concerns and without regime-changing objectives.[20] The Soviet invasion, and subsequent conflicts, implemented full-scale war that required full-time fighting. Before addressing the economic changes, the new political leadership and social ties that emerged from this fighting must be discussed.

The old guard of political leadership in Afghanistan, prior to the Soviet invasion, was made of Afghans who were educated, urban, and from wealthy families. After the onset of warfare, the Mujahedin were not made of the traditional landowning families. The Mujahedin were Islamists, those who use Islam as a political ideology rather than a religion, from families with ties to the rural population. Also, they are ethnically and linguistically diverse. Tajiks made up Jamiat-i-Islami, a faction within the Mujahedin, and spoke Persian, while Pashtuns were found more in Hizb-i-Islami, another faction.[21] However, according to the prior analysis on khans and qawms, these new Mujahedin leaders lacked legitimacy. Therefore, social and political changes are seen as the new leadership aimed for support.[22] In order to accomplish this task, the Mujahedin leaders could develop a new political structure that ignored the existing networks, declare themselves self-made khans through patronage and also with the influx of weaponry, or connect their new position with existing kinship networks.

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[20] Olivier Roy, "The New Political Elite of Afghanistan," eds Myron Weiner and Ali Banauazizi, *The Politics of Social Transformation in Afghanistan, Iran, and Pakistan* (Syracuse: Syracuse University Press, 1994), 72.
[21] Ibid., 75.
[22] Ibid., 78.

Furthermore, one should not confuse the Mujahedin as a homogenous group; in fact they contained ideological, religious, and ethnic diversions within them. The first two diversions among the Mujahedin were ideological in that some Islamists were more radical than others and some did not think fighting the Soviet Union required a change in pre-existing social structures.[23] In addition, some Mujahedin identified with Sufi religious networks focused in Afghanistan while others followed clerics educated in madrasas in Pakistan. From an ethnic perspective, Jamiat-i-Islami and Hizb-i-Islami, the two main factions, were primarily Tajik and Pashtun, respectively. A major difference between these two dealt with how they sought legitimacy. Gulbiddin Hekmatyar, the leader of Hizb-i-Islami relied more heavily on Mujahedin he could recruit from displaced Afghans in Pakistan. In contrast, Ahmed Shah Masud, the military commander of Jamiat-i-Islami, tried to link this group with existing networks. Since Masud's followers were less influenced by the existing qawm networks because of their social background, they adopted a broader identity to co-opt larger groups.[24]

The perpetual state of turmoil brought on new political leadership that did not resemble the pre-existing networks in the countryside. In order to wage this war, the new political leadership engaged in tactics to garner support while simultaneously altering social structures. While social and political changes are important, changes in the economy must be addressed as well. Previous villages and towns that were difficult to access became important safe-havens for resistance groups.[25] Furthermore, these same areas saw microeconomic activity increase in the forms of inns, bazaars, and "roadside stations." The microeconomic activity also facilitates smuggling activities that deal with legal and illicit goods such as opium. Although previously

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[23] Ibid., 82.
[24] Ibid., 90.
[25] Roy, *Islam and Resistance in Afghanistan,* 169.

inaccessible regions gained importance, developed roads, infrastructures, and other forms of economic activity were actively destroyed.[26] Another dramatic consequence of the Soviet invasion was the enormous involuntary displacement to Iran and Pakistan. Millions fled Afghanistan or were internally displaced. Lastly, these political and economic changes created unstable regions that were important for resistance groups, and cut off parts of the population from major economic centers.

While the U.S., Egypt, Pakistan, the U.A.E., Uzbekistan, and Saudi Arabia channeled funds and weapons to the Mujahedin through Pakistan, the following consequences were overlooked. Pakistan had its own agenda with the Afghan Mujahedin and exacerbated factions, hoping to achieve a proxy state in Afghanistan.[27] The implications of this involvement were dire: rival factions were receiving vast financial and military support but were also being actively divided by Pakistan's ulterior motives for the region. The state and the resistance groups fighting the Soviets could not claim any secure part of the country. Meanwhile, the arms and resources that were being smuggled into the country often saw opium being smuggled out, which bore no apparent relevance to the objectives of the U.S. and Pakistan.[28]

Some of the lasting social and political conditions created by the Soviet invasion are critical in understanding the instability that remained after the withdrawal in 1989. The Afghan Mujahedin were flushed with weapons and money, and were allowed to secure funds through opium trafficking by the U.S., its allies, and Pakistan.[29] At the same time, the urban population increased during the 1980s because of internal displacement and weakened the legitimacy of

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[26] Ibid.,170.
[27] Ahmed Rashid, *Taliban: Militant Islam, Oil, and Fundamentalism in Central Asia*. (New Haven, CT: Yale University Press, 2000), 118.
[28] Ibid., 118-119.
[29] Roy, *Islam and Resistance in Afghanistan*, 227.

Mujahedin commanders.[30] As a result, the commanders wielded powerful militias but lost some of their rural base because of urbanization. They therefore needed to recruit more and more Afghans to maintain their resistance against the Soviet Union. In addition, the commanders started to add khan (generally a leader of a tribal network, in this case) to their names to enhance their local status.[31]

Clearly the social and political consequences of the invasion were drastic. Power relations changed dramatically as foreign resources empowered militia commanders without considering their political motives. The point here is to emphasize the fact that competing groups were emboldened by foreign support, which combined to further de-stabilize the country as they struggled for power in the wake of the invasion. Actions in Afghanistan decimated the economy and altered societal relations. Support, in the form of weapons and money, was given to various groups as long as they fought the Soviets without considering the long-term consequences of these actions. Opium production, which was ignored by the CIA and ISI as they funneled aid, was co-opted by warlords and Mujahedin commanders to additionally fund their networks. The newly powerful positions they found themselves in made it beneficial to approve of opium cultivation since the population had limited access to other economic opportunities.

Civil War and the Taliban

After the Soviet Union withdrew its forces in 1989, Afghanistan became embroiled in a civil war, which further intensified conditions that expanded the drug trade. After President Najibullah's regime collapsed in 1992, the Mujahedin controlled the country but internal conflict

[30] Ibid.
[31] Ibid., 216.

soon emerged.[32] Although the Soviet Union's efforts in the country were highly problematic, the influx of weapons and money to resistance groups, via the U.S., Pakistan, and Saudi Arabia, without long-term analysis. Two major factions, Jamiat-i Islami and Hezb-i Islami, were ideologically different and fought each other for control of the country. However, thanks to the destruction of the infrastructure and economy, both groups gained valuable financial and political support from opium production, which entrenched this illicit economy even further.

For example, Jamiat-i Islami initially supported itself by smuggling gems from their regional base in the northeast part of Afghanistan. However, the group started to tax opium cultivation as low as 2.5% but eventually reaching a 20%[33]. These taxes were monetary in form but also in kind, with credit advances for opium to farmers. In addition, the smuggling routes, on Afghanistan's borders, that were used by people other than members of the Jamiat-i Islami were taxed as well. Truckers that had no part of the drug trade used this route to smuggle goods other than opium into and out of Afghanistan to Pakistan, Iran, and Tajikistan, but were taxed by members of Jamiat-i Islami.[34] Not only did these profits finance their combatants, they were also used to build military and government institutions that functioned outside of Kabul. The freedom of action that the drug trade granted Jamiat-i Islami demonstrates the value that opium has and why groups would want to take advantage of it.

Throughout the late 1980s there was substantial forced migration to Pakistan because of the conflicts in Afghanistan. During the Soviet invasion, family and social ties were severed and many young Afghans were orphans in Pakistan's refugee camps. This serves as yet another example of the interaction between conflict and social disruption. Meanwhile, the young men

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[32] Vanda Felbab-Brown, *Shooting up,* 120.
[33] Ibid., 120.
[34] Ibid., 120.

were educated in madrasas and eventually organized themselves into the Taliban. The Taliban wanted to go back to Afghanistan and end the violence and chaos from years of civil war and warlordism. However, Pakistan aided the Taliban with money and weapons such as transport helicopters and artillery.[35] Pakistan's aims were twofold: it wanted to achieve strategic depth against India and the disputed Kashmir region and it wanted to end the warlord's harassment of the trucking mafia. Therefore, Pakistan's geopolitical concerns did not deal with the strife in Afghanistan, but its own security interests regarding the disputed Kashmir province and conflict with India. Without Pakistan's assistance, the Taliban would have had a significantly harder challenge in gaining control of the country.[36] However, it would be a mistake to assume that Pakistan was the only backer of the Taliban.

While opium production brought substantial revenue to the Taliban, their control of the trucking network in the 1990s was vital. For example, goods could be bought from Pakistan and trucked to Afghanistan without taxes. They were then carried back into Pakistan and sold illegally by Afghan refugees who controlled this illicit economy, which in 1997 generated over $2 billion. While the practice of paying tolls on the smuggling routes predates Afghan warlords of the 1990s, warlords, like Ismail Khan for instance, randomly increased toll prices and stopped trucks as many as twenty times on the same road. The Taliban, whose origins trace back to the same refugee camps that control this smuggling network, protected smugglers from warlords.[37] The trust and support from smugglers, who often wielded influence in communities, was a critical support for the Taliban in its early years.

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[35] Ibid., 122.
[36] Ibid., 123.
[37] Ibid., 123-124.

One of the Taliban's goals was to institute a strict interpretation of Shari'a, which banned the production and consumption of all intoxicants. Helmand Province produces the largest amount of opium in the country, and the warlord Ghaffar Akhundzada brutally punished farmers who did not meet his quota. His lack of popular support made the Taliban seem like a welcome change. However, in keeping with their ban on intoxicants, poppy cultivation was initially prohibited.[38] But Helmand Province proved to be too vital and the Taliban rescinded its ban on opium production. Although the Taliban's interpretation of Shari'a is notoriously austere, they acquiesced in regards to a dangerous intoxicant because they claimed Muslims would not consume it.[39] Farmers and drug traffickers paid a relatively consequently paid a high tax on opium production to the Taliban, which generated enormous sums of money.

Although the Taliban's finances benefited with this new addition, farmers and drug traffickers benefited from the control that the Taliban instituted over the opium economy. Feuding warlords with unpredictable taxes and punishments were much less attractive to both groups than the Taliban's taxes. Since the farmers and traffickers were satisfied, the Taliban benefited from its ability to consolidate power in the South. The instability that was wrought by the Soviet invasion and civil war made opium production viable because of its profitability. Opium production needed a relatively high amount of labor, "approximately 350 person days are required to cultivate one hectare of poppy.[40]" Thus, opium production was profitable for land owners and presented an opportunity for itinerant workers. In addition, opium could be

[38] Ibid., 124-125.
[39] Ahmed Rashid, *Taliban,* 120.
[40] Vanda Felbab-Brown, *Shooting Up*, 125.

harvested from less arable land than other crops like wheat, which needed more extensive irrigation systems that had been destroyed, and it was easier to store and transport.[41]

The Taliban's positive involvement in the opium economy contrasted starkly with its lack of investment in a formal economy or infrastructure. The Taliban would provide security, but their chief objectives were to use the money from the opium economy to increase its military prowess. Therefore, the illicit economy of opium flourished during the Taliban's rule. Although social services were missing, the Taliban licensed farmers to cultivate opium and sold fertilizers to ease the process. Furthermore, opium production caused other forms of illicit economies to develop where previous economic activity did not exist. Rest stops, fuel stations, inns, and reconstruction projects sprang up in areas with high opium production, which employed other segments of the population that were not involved with opium.[42]

The civil war and the Taliban's reign over Afghanistan are crucial in understanding the evolution of the opium economy in Afghanistan. The civil war occurred because of a power vacuum after the Soviet Union fled the country. Pervasive instability was a result of rival factions of warlords competing for control of territory. These groups used drug trafficking as a means to consolidate power and finance their struggle against each other. Since Pakistan's security concerns with the Kashmir Province and India would benefit from a friendly (or proxy) government in Afghanistan, the Taliban, with Pakistan's support, was able to capitalize on the warlord's mistakes and gain control over the majority of the country. While the trucking networks brought in profits, opium supplemented this and provided absolutely vital popular support from southern Afghanistan. Although the Taliban are notorious for draconian

[41] Ibid., 127.
[42] Ibid., 127-129.

punishments for violations of Shari'a, they fostered opium production during their reign. Shari' a law stipulates that intoxicants should not be produced for consumption, but the Taliban approved of production for sale and export. The measure of security they provided to this illicit economy was crucial to maintaining their hold on the country.

The U.S. Invasion and Aftermath

The U.S. invasion of Afghanistan began in 2001 and by January the Taliban were removed from power and the ATT began passing laws for the future of society. The rationale for the Taliban's fall often overlooks the fact that Pashtuns, once staunch supporters of the Taliban and the main ethnic group in the country, fought against the Taliban. This is mainly because the year before saw another ban on opium production, most likely in order to raise the international price. However, the ban had many of the negative effects on the population that they experienced in their initial ban in the 1990s.[43] Without any sort of social or economic services in place, the Taliban's hold on the country was due in large part to the economic lifeline that opium production created, thus fomenting resistance when it was banned.

Unfortunately, the ATT's decision to ban opium production, orchestrated by the international community, was detrimental to the Afghan society and "nation-building" efforts in the country. Afghanistan's GDP was one of the lowest in the world, and some estimates note that in 2004 as much as 20% of the population did not have enough to eat for the year thanks to a seven-year drought.[44] This sort of entrenched poverty increased the extent to which opium production took root in the social fabric. Even the UNODC found that about two-thirds of the farmers they interviewed explained that the main reason for poppy cultivation was to alleviate

[43] Ibid., p 133.
[44] Carlotta Gall, "Seven-Year Drought Puts Afghanistan on the Brink." 2004.

poverty.[45] Due the drought, what other options did much of the population have? The access to alternative crops and infrastructure was severely limited at best.

At this point, the ATT's decision to ban opium was highly problematic because of the way that society had changed during the Taliban's reign. With the Taliban's lack of concern for social services and infrastructure, opium "became a prerequisite for participation in the rural economy."[46] Opium became the negotiating currency for rent and land tenure contracts in some instances; payment of this kind proved to be more reliable than cash. Furthermore, though the international price of heroin may fluctuate, the long-term price tends to be stable and allows farmers to have a steady income from opium production, where opium is the key ingredient for heroin.[47] Even though earnings were steady, they were also higher than what farmers could make from the United States Agency for International Development. Increased earnings allowed Afghans greater access to goods such as televisions, generators, and motorcycles.[48] The ATT's decision ignored these factors and also ignored the number of people employed by it. Even though official statistics say less than 15% of the population is involved in opium production, this data does not include itinerant laborers for different parts of the season or people who start businesses that support major opium centers.

Just as the U.S. and Pakistan ignored drug trafficking in the 1980s, the U.S. repeated this policy immediately after the invasion. At first, the number of U.S. forces in the country was very small, and substantial financial assistance was given to warlords who were defeated by the Taliban in the 1990s. For example, General Tommy Franks explained that the U.S. would not

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[45] United Nations Office on Drugs and Crime, *Afghanistan: Farmer' Intentions Survey 2003-2004* www.unodc.org/pdf/afg/afg_fis_report_2003-2004.pdf 2005.
[46] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs,* 134.
[47] Adam Pain, "Opium Trading Systems in Helmand and Ghor." *Issue Paper Series*. (Afghanistan Research and Evaluation Unit, 2006) www.areu.org, 19.
[48] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs*, 134.

involve itself with drug interdiction.[49] Although warlords financed their militias with U.S. support, they also relied heavily on opium production and interfering with this process would have interrupted the efforts at expelling the Taliban and tracking al-Qaida. Again, policy decisions at the highest levels of government in the U.S. were shortsighted and propped up groups which had caused so much turmoil after the Soviet Union left the country in 1989.

For example, one notable warlord who managed to consolidate power through U.S. patronage was Hazrat Ali bin Bahawal Sheir. He controlled about 18,000 militia fighters and was contracted by the U.S. to search for Osama bin-Laden in Tora Bora.[50] However, he used this power to become the de facto ruler of Nangarhar where he threatened rivals with U.S. military airstrikes. Ali bin Bahawal Sheir controlled this province with impunity and even introduced heroin processing plants there, where previously the processing was done in Pakistan.[51] President Hamid Karzai co-opted newly powerful warlords, like Ali bin Bahawal Sheir, into roles as police chiefs and provincial governors. The corruption that followed was rampant, as loyalty from police officers and military members gave them cuts from the drug profits. Furthermore, warlords used opium much the same way that the Taliban did. The opium economy consolidated power for many warlords because it delivered profits and job security to segments of the population. Since government officials became connected to the drug trade, it was in their interest to hinder reconstruction efforts. The cycle of opium production then repeats itself because traffickers and corrupt officials make money and do not allow alternative development to take place, leaving farmers with no choice but to produce opium.

Official Accounts of Opium Production in Afghanistan

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[49] Tim McGirk, "Drugs? What Drugs?" *Time* 2003.
[50] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs*, 136.
[51] Ibid.

An important body of research on opium production in Afghanistan comes from official accounts from the international community. Among the international institutions that perform research and recommend policy on Afghanistan, the United Nations Office on Drugs and Crime (UNODC) most clearly pertains to Afghan opium production. The UNODC produces volumes of detailed empirical research on opium production and links it to terrorism, crime, and insurgency. While the database contributes substantial amounts of empirical data, the organization continues to promote these linkages without a full contextual analysis. As a result, there are several theoretical and practical problems with this approach.

Although my thesis does not aim to deconstruct the theoretical framework of the UNODC, one inherent flaw should be noted. The UNODC supplies information and recommendations on opium production to the countries that are presently active in Afghanistan, most notably the U.S. This relationship problematizes the influence of the UNODC because it interprets findings to support the goals of its benefactors, such as the U.S. The policy report "Addiction, Crime, and Insurgency: The Transnational Threat of Afghan Opium" is indicative of the vast majority of UNODC reports. Within this report, the UNODC links opium to criminal syndicates, the Taliban, and terrorists.[52] First, the links that the UNODC allege are realistic to some degree, but focus on a small portion of those involved with opium production. Most importantly, the report addresses the profitability of opium far too broadly and without the focus necessary to critically analyze who profits from opium and in what ways.

While the link between opium and the Taliban oversimplifies dynamic power relations, the main flaw with the UNODC's reports is with its analysis of profit. First, the global drug

[52] United Nations Office on Drugs and Crime, "Addiction, Crime, and Insurgency: The Transnational Threat of Afghan Opium" (United Nations Office on Drugs and Crime, 2009).

trade and gains by traffickers and the Taliban are only estimates. It can be safely assumed that these numbers are very high, but there are no public records of reported drug income for the Taliban. Furthermore, the UNODC reports on "opium growing" and "non-opium" growing households when analyzing the profit for farmers.[53] This form of analysis assumes that farmers do not cultivate other crops and raise livestock and that all farmers can be uniformly analyzed. However, Afghan farmers own varied amounts of land, have different access to a variety of resources based on geography and access to irrigation, engage in sharecropping, seasonal wage labor on farms, and utilize an informal credit system with opium. These factors radically adjust the profit levels for farmers and demonstrate that "opium growing" and "non-opium growing" households are far too limited in their scope.

Another important part of the UNODC reports focuses on the international demand for heroin, and the opium required for its production, and the prices it can fetch in other countries. This information supposedly illustrates the "transnational threat" of Afghan opium but also demonstrates the external demand for opium production and the exorbitant prices international markets afford. However, the UNODC reports do factor in to the analysis presented in this thesis. They demonstrate the flaws in counternarcotics policies in Afghanistan and the way in which external countries' counternarcotics policies exacerbate the reproduction of opium in Afghanistan. Furthermore, they shall serve to illustrate the variance between profits at the international level and the Afghan farmgate.

Anthropological Approach: Changes in Social Relations

[53] Ibid., 96-98.

An often overlooked, but no less important, aspect of the literature on Afghanistan concerns the change in social relations that began during the Soviet invasion and continues to develop. Although the power relations embedded in opium production are analyzed later in the thesis, the general structure of social relations highlights the context of opium production and illustrates the importance of state and non state actors in Afghanistan. Several authors heavily contribute to this topic, including Barnett Rubin (2002), Ahmed Rashid (2000, 2008), Anthony Giustozzi (2006), David Mansfield (2005), Jonathon Goodhand (2008), and Adam Pain (2006).

One essential conclusion from this literature explains that in Afghanistan, assuming rural areas are backwards and city-centers are modern is inaccurate. Both areas of Afghanistan contain diverse social relations that change continually.[54] In the 1970s, the Afghan state used intermediaries to delegate state functions to local people, and these intermediaries were villagers with esteem and power. In addition, these intermediaries also represented the public to the state and could manipulate both positions to enhance their status.[55] Another vital analysis challenges the conventional Western perception of corruption. The state before the Soviet invasion existed outside of the community and daily life in Afghanistan. However, to resist the state community members would enter the bureaucracy and limit the encroachment of the state into rural society. This form of subversion diluted the state encroachment on society and was accepted by communities as long as it was reasonably perceived as beneficial to the community itself. In contrast to present day Afghanistan, community members-turned state officials engaged in activities that were mutually beneficial for the state and society, with the tacit approval of both parties. As the prior research demonstrates, Afghanistan historically resisted attempts at state

[54] Roy, *Islam and Resistance in Afghanistan*, 11. In addition, Barnett Rubin's *The Fragmentation of Afghanistan: State Formation and Collapse in the International System* addresses this issue as well.
[55] Ibid., 19.

penetration. However, what may be considered corrupt from a Western policy perspective may not be in rural Afghanistan if it promotes a societal norm like resisting state encroachment. Currently, the type of corruption that arises from opium production reinforces unequal relationships that favor power brokers over rural farmers or laborers.[56]

Near the end of the Soviet invasion between 1987 and 1989, factionalized resistance in the form of rival mujahedin militias started to make attempts at power consolidation. Literature at this time states that even in the aftermath of the Soviet withdrawal, fighting should escalate, which it in fact did in the form of civil war. One of Roy's key observations was that the flood of money and weapons into society exacerbated fragmentation and escalated violence.[57] Roy also prophetically analyzes the impact of the initial Taliban (before they were named this) on changing social relations. Also, the refugees controlled smuggling routes and further factionalized local militia commanders, and set up the sympathetic network that the Taliban would exploit during the civil war.[58]

Following the Soviet withdrawal in 1989, the flood of money and arms to Afghan militias from the U.S. and its allies quickly dried up and left Afghan militia commanders difficult choices. In order to continue maintaining their militias, the warlords increasing resorted to predatory behavior after they were left to find their own ways of funding their militia.[59] Unlike the subversive actions by tribal leaders during the Soviet Invasion that were mutually beneficial, warlords acted in their own self interest. Extortion, robbery, and intimidation were part of the tactics used by warlords to increase their power because of their monopoly on violence. While

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[56] Ibid., 20-21.
[57] Ibid., 217.
[58] Ibid., 217-219.
[59] Antonio Giustozzi, "War and Peace Economies of Afghanistan's Strongmen," *International Peacekeeping* 14 (January 2007) 76.

warlord factions preyed upon the civilian population, predatory warlordism did not escalate in the Pashtun areas in the way it did elsewhere. This is because the social relations that developed between the new Afghan mullahs educated in Pakistani refugee camps, the emergence of the Taliban, and their relationship with smuggling networks into Pakistan became vitally important resistance against warlords during the civil war.[60]After the fall of the Taliban and the U.S. invasion, many of the same practices were reinstated the U.S., such as funding the Northern Alliance with money and arms. As in the aftermath of the Soviet invasion, similar consequences resulted from the actions of the international community.

The final set of literature to analyze opium production comes from previously mentioned authors like David Mansfield (2005), Jonathon Goodhand (2008), Adam Pain (2006), and institutions like the Afghanistan Research and Evaluation Unit based in Kabul. These authors focus their work on the rural livelihood context of opium production. This literature focuses on the context of opium production in the rural livelihood strategies of increasingly marginalized Afghans. The key conclusion from this research explains that opium dependency. This term does not imply addiction as a drug; instead, opium dependency refers to economic dependence on the crop. This dependence varies between province, actor, and household. This process shall be elaborated on later, but it informs much of the research in this thesis. Through analysis of the geopolitical history, social relations, external counternarcotics policies, and the context of rural livelihoods, this thesis analyzes the full context of opium production in Afghanistan and evaluates whether opium harms or facilitates stability. Finally, by using this context to analyze power structures that reinforce inequality at the local level, this thesis provides a more useful analytical framework in understanding opium cultivation.

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[60] Antonio Giustozzi, "Tribes and Warlords in Southern Afghanistan, 1980-2005" Crisis States Research Centre (2009) 17.

Chapter 3- The Plant: The Benefits of Opium Poppies

Why would farmers choose to cultivate opium as opposed to other crops? What products compete with opium and why do cultivators choose opium in some places but not others? Today, a farmer in Nangarhar probably does not consider the influential roles that the CIA and ISI had in the 1980s regarding opium production for the Mujahedin. Simply put, the entire country does not solely produce opium. Wheat, rice, fruit, and livestock sustain livelihoods in provinces like Nangarhar, Balkh, Ghor, and Badakhshan. However, the physical characteristics of opium and certain geographic and economic conditions are unique in these areas and determine where and to what extent farmers cultivate opium.

Physical Traits

First, opium cultivation represents a labor-intensive enterprise that appeals to many jobless Afghans. One hectare of poppy plants requires roughly 350 person days to cultivate and 200 days to harvest.[61] Compared to 135 days for black cumin and only 41 days for wheat, opium offers workers a steadier employment opportunity. Furthermore, the Soviet invasion destroyed many underground irrigation systems which made traditional modes of grain and fruit production increasingly difficult. However, opium does not require the same irrigation levels that wheat and fruit must have, thus making it easier to cultivate.[62]. Finally, nonperishable and lightweight, raw opium can easily be transported or stored for long periods of time.[63] Unlike livestock and fruit, both difficult to transport and susceptible to adverse weather and security conditions, opium remains a reliable source of income for many farmers.

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[61] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs,* 127.
[62] Ibid., 127-128.
[63] Ahmed Rashid, *Descent into Chaos: the United States and the Failure of Nation Building in Pakistan, Afghanistan, and Central Asia*, (New York, 2008), 319-320.

Another consideration for the physical geography is that opium poppies can be grown at elevation in the mountains and in hillsides where armed forces have trouble reaching, thus making it safer for farmers to cultivate. Opium in the southern area of the country generally has more water content because the poppies are exposed to greater humidity in the harvest season.[64] Unlike the South, areas in the north and east produce opium with higher morphine content, and generally cause prices per kilogram to be higher than other parts of the country. These characteristics are useful in understanding some of the physical differences in geography and the content of opium and provide a greater appreciate for the differences in the crop and its value.

Basic Needs and Market Access

Proponents of eradication argue that increasing the risk that opium crops will be destroyed will encourage farmers to refrain from cultivation. However, research in Afghanistan demonstrates that even farmers who have had their crop destroyed continue to plant poppies. Studies indicate that farmers incur financial losses and, more importantly, losses in potential income if they sought other crops or non-farm income.[65] However, this argument assumes that there are viable alternatives everywhere that eradication takes place. Alternatives would require access to markets with non-farm opportunities, such as city-centers like Kabul and Kandahar. Furthermore, crops other than opium also require greater quantities of water for irrigation and more stable security.[66] In reality, many locations have poor market access and few natural resources. Isolated and unstable regions have limited access to urban centers and risky means of transportation as well as limited crop options.

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[64] Email interview with David Mansfield on February, 8th 2011.
[65] David Mansfield and Adam Pain, "Opium Poppy Eradication: How to Raise Risk When There is Nothing to Lose?" *Afghanistan Research and Evaluation Unit* (2006), 7.
[66] Ibid.

Consequently, a household where there are few non-farm options and scant resources may easily become dependent on opium production. How does eradication deter an opium farmer if resources do not allow him or her to cultivate fruit or wheat? If resources did exist, there might not be a market to sell the licit crops and subsistence farming would take place. However, the demand for opium might encourage double-cropping, a practice where farmers have the resources to cultivate licit crops in addition to opium, so as to earn more profit.[67] As a result, eradication does not raise the opportunity cost of poppy planting if there are no viable alternatives.[68]

Opium poppies provide a measure of security for the poor in places where state actors and market accesses are non-existent. Generally, opium tends to be cultivated in places with little access to irrigated land, few non-farm income opportunities, and high levels of insecurity.[69] Furthermore, small landowners who produce strictly food crops such as wheat or vegetables are vulnerable to crop failure and water shortages in these areas. Opium poppies, however, are low risk crops because they resist droughts, are non-perishable, and enjoy a reliable demand. Unlike wheat, fruit and vegetables, opium creates access to land for landless farmers because poppy cultivation requires substantial labor.[70] Those farmers that cultivate opium on a sharecropping basis then have access to land where they can grow other crops in order to maximize their revenue and sustenance. Opium production does not follow a uniform pattern throughout the country, and several provinces demonstrate the different ways in which local conditions affect poppy cultivation.

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[67] Adam Pain, "Opium Poppy and Illicit Credit." *Afghanistan Research and Evaluation Unit* (2007), 19.
[68] Mansfield and Pain, "Opium Poppy Eradication", 7.
[69] David Mansfield and Adam Pain, "Evidence from the Field: Understanding Changing Levels of Opium Poppy Cultivation in Afghanistan." *Afghanistan Research and Evaluation Unit*, (2007) 12.
[70] Ibid., 13.

Nangarhar

The Nangarhar province lies on the eastern border next to Pakistan and contains an estimated two million people. Geographically, the province has a sub-tropical climate and the Kunar and Kabul rivers can provide ample irrigation opportunities. Furthermore, the provincial capital of Jalalabad supplies labor markets to these regions. However, Nangarhar was not immune to the droughts of the 1990s, which led to many farmers becoming dependent on opium. Statistics show a 96 percent reduction in opium between the 2004 and 2006 growing seasons, a fact that was lauded as a success against Afghanistan's "drug problem." Unfortunately, economic stress and few assets made the ban on opium difficult to maintain, and saw a 285 percent increase in hectares cultivated in the 2006-2007 growing season.[71]

What happened to the Nangarhar province between 2004 and 2006 that caused such an upsurge in opium cultivation? While opium was banned, field evidence shows that farmers replaced the illicit crop with wheat. However, the area landholdings were small, densely populated, and the wheat yield was inhibited by more droughts, thus making it difficult for farmers to be self-sufficient. Since there was a decrease in non-farm income due to the population density, many households had to sell their meager assets and accumulated substantial debts. In these instances, the 2006-2007 growing season was an opportunity to pay off debt with

[71] Ibid., 5-6.

opium production because there were very few other options due to the geographic and political conditions.[72] The conditions in Nangarhar led to increased political instability. Popular criticism of the government and resentment over the initial poppy ban are widespread as a result of the economic distress and corrupt enforcement of the poppy ban. Consequently, the people in Nangarhar look to the insurgency for support against any government ban on their crops.

Balkh

Like Nangarhar, the Balkh province has unique geographic and economic conditions that influence opium production in the region. This area occupies on Afghanistan's northern plains and a major irrigation network makes use of the Balkh River.[73] Furthermore, the Balkh province experienced settlement process focused on upstream and downstream locations, which determined a group's political and economic capital because. While the population was not as dense, there was competition as to who could settle upstream and dominate access to water. Unfortunately, the irrigation system has been weakened by a population increases and poor water

[72] Ibid., 6.
[73] Ibid., 7.

management rules since the subsequent invasions by the Soviet Union and the U.S. and its allies.[74] Therefore, the history of opium in the province can be examined in four phases.

The first phase of opium cultivation began before 1994 and was localized and not very substantial. However, due to severe droughts in Afghanistan during the 1990s, the second phase lasted between the early 1990s and 2001 and the cultivation increased. Between 2001 and 2006, generalized cultivation took place throughout the province, but the up and downstream settlements also influenced opium production. The national government's ban on opium in 2006 ended the third phase and ushered in the fourth.[75] Hectares of poppy were dramatically reduced after 2006 as Balkh was hailed a poppy-free province. The reasons for the reduction are attributed to awareness campaigns and economic development, but research casts doubt on this assumption.

The opium ban of 2006 did not raise the overall risk of opium production in Balkh for Afghans that live upstream and with more access to water. The settlement process, however, indicates the power relations that allowed the ban to continue. Upstream settlers who were economically prosperous control the opium economy in Balkh.[76] Their ability to control the opium trade allowed them the wherewithal to enforce the ban or not. In the case of Balkh, the ban was enforced because of this political power within the region. As a consequence, upstream settlers who are economically, and now politically, connected can use opium production as a double crop to maximize their profits.[77] Downstream settlers or landless workers, due to the water shortage, find opium production a means of survival.

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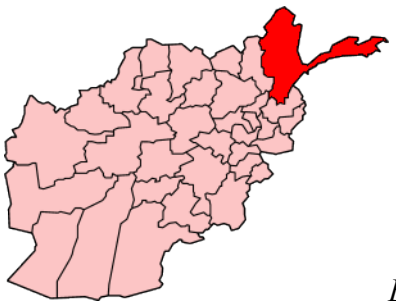
[74] Ibid., 7.
[75] Ibid., 7-8.
[76] Ibid., 8.
[77] Ibid., 8.

Ghor and Badakhshan

Ghor Province

Research indicates that Ghor resembles a mountain economy, with dispersed settlement around small water resources. The agriculture relies on rain-fed crops and high altitude farming carefully accounts for land devoted to crops and livestock.[78] From another standpoint, food insecurity can be dangerously high because of the mountain economy, thus influencing the decision to cultivate opium. However, Ghor experienced a decrease in opium production since 2005. Again, the government's ban on cultivation likely did not cause the decrease in opium production. Opium crops have failed in Ghor since the 2004-2005 growing season and prices have dropped accordingly. Normally, an opium farmer can rely on traffickers to travel to the farm gate to buy opium, thus decreasing the risk in travelling.[79] Unfortunately, Ghor's poor opium yields have discouraged drug traffickers from travelling to Ghor to buy the crop.



Badakshan Province

[78] Ibid., 9.
[79] ibid.

In contrast, Badakhshan is located on the northeastern border and has a long history of opium cultivation. The predominant feature of Badakhshan is its lack of accessibility. Very high mountains and steep river valleys cut the province off from much of the population, which enables farmers to cultivate crops in relative safety. However, due to the region's isolation, Badakhshan farmers cannot recruit off-farm laborers to work the labor-intensive opium fields.[80] Although the province's geography makes contact difficult, it was not immune to government efforts at controlling opium cultivation. However, farmers view these efforts as attempts by military or police commanders to control the opium economy for political and economic power.[81] Farmers note that commanders would eradicate opium or coerce farmers into not planting poppies as much as they protect opium fields in areas where they derive political and military support.

Conclusion

A farmer's decision to cultivate opium does not require much questioning in these contexts. Will I be able to provide enough food for my family? Can I earn more money this season if I double the crop? However, the underlying factors that force farmers to ask themselves this question are more complex and require more investigation. The state of permanent armed conflict created conditions for opium production to expand, but they alone do not explain one farmer's decision to plant poppies in the present. The four provinces highlighted above demonstrate that geographical conditions, water resources, and crop yields influence whether or not farmers will plant poppies. The uniqueness of each province's geography indicates the complexity of opium production at even a basic level like the location of poppy

[80] ibid., 10.
[81] ibid.

cultivation. In addition, these factors also may determine power relations, especially in the case of settlement in the Balkh province. To sum up, the conditions in this chapter demonstrate that opium has unique attributes that make it a profitable enterprise, but that it also depends on the conditions of the province in question. Whether or not farmers have adequate food and water demonstrates that instability can be in different forms besides the presence of anti-government insurgents. However, the state's actions towards opium will also influence local actors and anti-government forces' actions as well, with the chance to further augment turmoil in places where livelihoods depend on opium.

Chapter 4- Profits from Opium Production

The term "drug trade" conjures images of kingpins that operate lucrative drug trafficking operations in which all members are overwhelmingly motivated by the potential for profit. With a potential export value of nearly three billion dollars in 2009, Afghanistan's opium economy seems to fit this stereotype.[82] Profit can be a strong motivator, but does it accurately explain the context in which a farmer near Kandahar cultivates opium? No, because a critical analysis of opium profits uncovers where profits are made and dispels the notion that all actors are motivated solely by income. While high potential values are real, they affect only a small segment of those involved in this process. For the other actors involved, opium reinforces dependency on the illicit economy and can become a means of survival that exacerbates instability in the country.

Who Makes Money?

The opium economy in Afghanistan involves a variety of groups and each group's profits vary substantially. Moreover, there are two kinds of profit, direct and indirect. This chapter focuses on direct monetary profit, while indirect profit in the form of political capital shall be analyzed in the next chapter. Although the definitions can blur together, one should not assume that all drug traffickers are insurgents and not all farmers are landowners, therefore distinctions need to be made in order to determine specific monetary gains. For this chapter's purposes, traffickers refer to drug traffickers that only seek profit from opium distribution. Traffickers are

[82] United Nations Office on Drugs and Crime, "Afghanistan Opium Survey 2009" *United Nations Office on Drugs and Crime, (*2009), 98. Potential export value is calculated by subtracting opium seizures and domestic usage from the total amount of production, thus leaving opium that is available for export. Prices are based on opium value at bordering countries where opium is smuggled to.

different than insurgents because of their lack of a political agenda.[83] Although an analysis of the political capital that insurgents gain from opium production comes later in this work, the financial gains for the Taliban and selected warlords are significant because of the way they influence the illicit economy. While considerable profits are concentrated among traffickers and insurgents, the most insightful information on opium profits comes from landowners, farmers, and migrant laborers. These groups receive much less of the "potential export value" of opium, but nonetheless demonstrate that opium production in some places equates to survival and reinforces troubling power relations.

Traffickers and Insurgents

As of 2009, the estimated value of the global opium trade was $65 billion with over 11 million heroin users keep the demand high.[84] Furthermore, the incentive for international smuggling increases as opium gets processed into heroin. As a reminder, roughly ten kilograms of Afghan opium are used to produce one kilogram of heroin, and this estimation does not consider morphine content, which as noted earlier can vary between provinces.[85] Ten kilograms of opium at the border between Afghanistan and Pakistan fetches about $32,000. However, once one kilogram of heroin reaches Europe, its value skyrockets to between $150-170,000. With over 7,000 tons of opium produced annually since 2006, the profits from this lucrative crop are vast.[86] Among the actors within Afghanistan's opium trade, traffickers and insurgents profit the most. Studies indicate that between 2002 and 2008, traffickers earned over $18 billion and

[83] Vanda Felbab-Brown, *Counterinsurgency and the War on Drugs*, 14-15.
[84] UNODC "Addiction, Crime, and Insurgency." p 66.
[85] Email interview with David Mansfield on February, 8th 2011.
[86] Ibid.

insurgents were paid $600 million from taxation alone.[87] While these current figures seem staggering, financial gains from opium are not alien to Afghanistan's recent history.

During the Soviet invasion, the prominent warlords Ahmed Shah Masud and Abdul Rashid Dostum used the opium trade to fund their resistance efforts. Although initially against opium production, Masud levied a tax on opium that was paid to local commanders starting at 2.5 percent. This tax rose to 20 percent in the 1990s, and with such revenues, the likes of Masud and Dostum could strengthen their militias and regional power bases.[88] Opium production was not the only factor in building these power bases, but it did certainly provide assistance and a framework to be repeated after the U.S. invasion in 2001.

Unlike the warlordism plaguing Afghanistan after the Soviet Union fled, the Taliban used its ties to smuggling networks on the Pakistani border to streamline the trafficking process. By 1994, the Taliban pushed warlords away from Spin Boldak, a border in Kandahar's province, and implemented one toll for smugglers instead of the multiple exorbitant tolls used by various warlords.[89] Although the Taliban taxed farmers, traffickers, and heroin processing labs, their control over the opium trade during the 1990s created a more reliable and entrenched network for drug traffickers.

Opium profits are clearly significant for insurgents and drug traffickers, so much so that it is no wonder these actors seek to control the opium economy in Afghanistan. Although the worldwide opium value far outweighs the total money that these groups receive, their shares are far greater than landowners, farmers, and migrant workers. However, the actors that profit the most from opium are in a position to influence its production and distribution. Territorial control

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[87] Ibid., 98.
[88] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs*, 120.
[89] Ibid., 123.

becomes a critical factor in maintaining opium production, and the struggle to control territory for opium production leads to instability. While these problems are significant and encourage research that addresses issues like "narco-terrorism," they are a small piece of the illicit opium economy in Afghanistan. There are far more landowners, farmers, and migrant laborers engaged in opium production than there are drug traffickers and insurgents. Understanding the context in which the latter groups engage in opium production highlights some of the foundations of instability within Afghanistan.

Landowners, Farmers, and Migrant Laborers

While the gross earnings for traffickers and insurgents garner public attention, actors at the local level face decisions regarding opium cultivation that are much more troublesome than territorial control and earnings potential. Often, the decision to plant poppies arises out of the need for credit, access to land, or some extra income for landowners. In fact, a major flaw with research on opium's profits focuses on the study of gross incomes.[90] Gross incomes of opium concentrate on the value of the crop instead of net incomes, which measures the profit after costs of production are considered. At the local level, opium production occurs more frequently because of food insecurity, land scarcity, unemployment, and access to credit.[91] These issues are underscored in the varying amounts of profit that the local level actors receive, and also help to explain structural drivers of instability within Afghanistan.

First, how much profit do farmers and wage laborers earn? Opium production requires substantial amounts of labor, so even though it can provide substantial employment opportunities, more workers reduce the net profits. About 350 person days are needed to

[90] Pierre-Anaud Chouvy, *Opium: Understanding the Politics of the Poppy.* (Harvard University Press, 2009), 136.
[91] Ibid.,137.

cultivate one hectare of poppy and 200 days for harvesting.[92] Compared to only 41 days of cultivation for wheat, opium offers more opportunities for employment, especially those without access to land. With these figures, studies that argue for the economic superiority of opium over other crops seem less credible. Sharecroppers and day laborers net several hundred dollars per year, while landowners may earn no more than a few thousand dollars.[93] These figures dilute the potency of opium's profit potential that the UNODC espouses as key to understanding links between transnational organized crime and terrorism.

With the limited financial returns that opium cultivation may bring, what compels some farmers to produce this crop? Access to informal credit can ensure the survival of resource-poor households. A critical dilemma throughout Afghanistan, regardless of opium production, concerns food insecurity and the need for credit to meet food shortages.[94] As a result, because of opium's unique physical attributes and reliable demand, houses that cultivate opium are more "creditworthy" than others. Those farmers that experience preferential treatment due to opium receive advance payments on their future opium yield. In short, regardless of the actual yield, farmers collect some profits before harvest time, which allows for the purchase of food, medicine, and other necessities.[95] Even though this advance payment provides some security, the pre-harvest prices of opium are generally lower than their actual value at harvest time, leading farmers to secure some income but not the full amount. This system reinforces the systemic problem of food insecurity and client-patron relationships because it does not allow for upward mobility and capitalization on the opium crop.

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[92] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs*, 127.
[93] Ibid.
[94] David Mansfield. "Evidence from the Field: Understanding Changing Levels of Opium Poppy Cultivation in Afghanistan." *Afghanistan Research and Evaluation Unit*, (2007), 12.
[95] Ibid., 13.

Contrasting Provinces

These provinces clearly demonstrate the misperceptions regarding the motivation for opium production. Again, the importance of financial returns carries little weight when analyzed in the context of both provinces. Between 2006 and 2007, there was a significant resurgence in opium production in Nangarhar. The 2005 ban on opium production was unsustainable and damaged the economic well being of this region.[96] In addition, households in Ghor that engage in opium production did so in order to survive. Unlike Nangarhar, residents in Ghor found that opium was not profitable due to crop failure and the attractiveness of alternative livelihoods.

Nangarhar

Between 2006 and 2007, Nangarhar experienced a revival of opium production after two years of steady declines that were in marked contrast to the years prior to this. In 2004, provincial authorities in Nangarhar banned the planting of opium poppies, and in turn affected not only farmers but laborers as well. Laborers without access to land lost as much as $1,000 in income while shopkeepers in local bazaars lost business as a secondary effect of the limited income of their patrons. In addition to off-farm income, migrant laborers usually hired to lance opium capsules experienced lowered wage rates and lost days of work. Based on income totals before the ban, the province's wage laborers lost over $11 million.[97] The blanket ban on opium in 2004 and 2005 disrupted the illicit economy for landless and migrant workers. While the dilemma faced by this group was problematic, households that cultivated opium experienced much more hardship.

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[96] David Mansfield. "Resurgence and Reductions: Explanations for Changing Levels of Opium Poppy Cultivation in Nangarhar and Ghor in 2006-2007." *Afghanistan Research and Evaluation Unit*, (2007), iii.
[97] Ibid., 10.

Certain districts in Nangarhar were better suited to handle the opium ban than others. Districts such as Surkhrud, Kama, and Behsud have better access to resources like properly irrigated land and larger city-centers. Although income from opium decreased on land like this, these districts benefited from non-opium crops. A landowner in Behsud could plant rice and potatoes, along with other crops that could be sold near Jalalabad and supplement lost income from the opium ban.[98] Most importantly, basic needs could be met in such districts, and while any loss of income can be problematic, it did not result in a cycle of indebtedness and support the cycle of informal credit based on opium.

In contrast, many farmers in Nangarhar experienced significant hardship because of the ban and their lack of resources. Dependent farmers undertook the most concentrated opium production. Land scarcity and distance from markets like Jalalabad increase the dependence on opium poppies because of its natural benefits as outlined in the previous chapter. Although the ban was enforced with 96% success rate in Nangarhar in 2005, it led to wheat becoming a replacement for opium.[99] Wheat requires substantially less labor than opium and cost some farmers five months of extra off-farm wage labor that pays better than wheat production (the typical timeframe for an opium growing cycle). In addition, wheat was insufficient to meet household needs because of land density and overpopulation, and these groups increased debts, sold off what little resources were available, and lost preferential access to credit that was previously used to make ends meet.

[98] Ibid., 11. See appendix of tables that compare opium profits in 2007 to vegetables like wheat, okra, spinach, rice, and potatoes. The tables demonstrate the yield and costs of production of some crops are more beneficial than opium, dispelling the notion that opium is always more profitable than other crops.
[99] Ibid., 9-11.

Nangarhar's opium ban, while hailed as a success by the government in 2005, became unstable for the resource-poor areas in 2006. The residents of these areas found three significant changes once they returned to opium production. First, land for sharecropping and renting increased dramatically. This is because opium requires substantial labor and provides opportunities for such endeavors, unlike other less intensive crops. Landowners can afford to allot small plots of land to laborers for opium cultivation. Moreover, the return to opium production refreshed farmers' preferential access to opium-based credit. Lastly, renewed opium production offered wage laborers the attractive growing and harvesting season for relatively high wage-labor.[100] In contrast, districts close to Jalalabad's major market did not see as significant a return to opium production. The opium ban of 2005 was enforceable to an extent, but the stress on the livelihoods of residents in Nangarhar proved to be too great to sustain it.[101] The government's ban was ill-equipped to provide stability in the way the opium economy can. However, the transition back to the opium economy does not allow for Nangarhar's systemic problems like land scarcity and food insecurity to be addressed.

Ghor

Unlike Nangarhar, which experienced a reduction and than a rapid increase in opium production, Ghor's level of opium has steadily declined since 2003. In this province, the decline should be attributed to crop failure and loss of profitability instead of more effective anti-drug laws. Interviews in Chaghcharan and Dawlat Yar indicate diseased crops were widespread, beginning since 2004.[102] Typically, a profitable harvest yields more than seven kilograms of opium per jerib of land devoted to cultivation. However, in the above districts, "few reported

[100] Ibid., 12.
[101] Ibid., 37.
[102] Ibid., 39-40.

receiving the equivalent of more than 1.5 kg of opium per jerib."[103] The poor yields and profits stemmed from disease that affected the stem development and subsequently decreased the size of opium capsules. As a result persistently poor yields, farm gate trading decreased substantially as Ghor lies directly north of Helmand's prolific opium production centers.

The decrease in opium production relates to the level of resources by its residents, and indicates their level of economic security. The groups that were able to maintain livestock and had access to irrigated land made use of wheat instead of opium, in amounts that supported the family and fed the livestock.[104] Livestock that flourished in Chaghcharan and Dawlat Yar were more profitable than opium production, and the abundance of rain-fed land facilitated investment in their well-being. Not only could farmers sell livestock, they also were able to sell ghee (butter), qurut (cheese), and wool.[105] The income and sustainability that comes with healthy livestock serves as an alternative to opium production and indicates the adaptability of farmers in Ghor.

Though some areas in Ghor could maintain a decrease in opium, the pattern does not apply uniformly across the province. Farmers with irrigated land and livestock could replace opium with wheat, vegetables, and feed for their animals. Unfortunately, land scarcity affects the province as it does in Nangarhar. Some farmers, especially in Awltagarda, increasingly sold off their livestock to pay debts and make ends meet. The groups without access to irrigated land or diminished livestock turned to opium despite its poor yields.[106] Since some groups in Ghor rely on opium despite its poor performance, their decision to cultivate becomes an issue of

[103] Ibid., 40.
[104] Ibid., 41.
[105] Ibid., 43.
[106] Ibid., 43-44.

survival. The lack of alternatives, even in a province where opium clearly is not profitable, demonstrates that opium production exacerbates instability.

Conclusion

The profitability of opium in Afghanistan is evident, but the profits and their implications are certainly contested and basing one's analysis solely on profit can be misleading. Obviously there are forces that seek to undermine the government, and their profits from opium production are significant. However, this analysis indicates these groups are small in comparison to the number of Afghans involved in opium production at the local level, and their profits are considerably smaller. The actual drivers of instability in Afghanistan are systemic problems that influence the population and, in part, reinforce dependency on opium as a livelihood. Opium dependency limits upward mobility and serves as band-aid for issues that many farmers and landless workers face. Land scarcity, informal credit, and few viable alternatives are some of the reasons Afghans turn to opium as a means of last resort.

However, the instances of production in Nangarhar and Ghor call into question another troubling aspect of opium production. Clearly, both provinces demonstrate that opium production brings some small degree of economic security for Afghans without resources. They also both explain how the benefits of market access, land owning, and irrigation are some of the ways in which Afghans form livelihoods without the crop. The information gleaned from studying local actors' involvement with opium exemplifies that profits are not the only motivator, and that survivability is crucial. Does this apply to the traffickers and insurgents' motivations for opium production? While their profit-shares are larger, they benefit from the power relations that proliferate opium production in the country.

Chapter 5- Power and the Poppy: Power Relationships in Afghanistan's Opium Trade

A problematic theme in foreign policy in Afghanistan focuses on stark perceptions of who benefits from opium production. Some common misconceptions are that the Taliban drives the insurgency solely from opium profits, corrupt state actors inhibit "good governance", and farmers cultivate opium because of its financial rewards. However, the power relationships embedded in the opium economy are far more complex than the conventional wisdom assumes. First, control of the illicit opium remains contested because of the historically uneven relationship between state and non-state actors. Furthermore, the experience of different types of farmers underscores the unequal power relationships among the majority of those involved with opium production. Finally, case studies of Nangarhar, Helmand, and Balkh provide clear examples of the influence that uneven power relationships have on opium production and stability.

Background to the Illicit Opium Economy

One of the buzzwords associated with the opium economy is political corruption. However, this blandishment does not adequately address why the relationship between opium, corruption and the state remains uneven.[107] Corruption, seen in one way as the misuse of public office for one's benefit (personal or group), can impede effective governing, especially when the state is penetrated by predatory criminal structures. However, some these structures can act as

[107] Jonathan Goodhand , "Corrupting or Consolidating the Peace? The Drugs Economy and Post-Conflict Peacebuilding in Afghanistan," *International Peacekeeping* 15, 3 (June, 2008), 406.

intermediaries between the central government and the periphery during transitions from conflict to peace, or at least peace building.[108] Vital to this understanding is the kind of relationship between state and non-state actors in parts of Afghanistan and knowing that not all non-state actors are parts of criminal organizations.

To begin with, neither state nor non-state actors can easily control opium production, so it lends itself to the joint extraction of opium, where both groups stand to benefit from it. Afghanistan's opium economy acts as an illicit economy in that it has different structural relations, illicit resources (opium) available to a wide array of actors, the role of international actors determines much of the bargaining between state and non state actors, and transactions occur outside of official record.[109] Furthermore, the power relations that developed in the opium economy did so over time and because of capital accumulation, internal and external revenue flows, as well as changing internal and external political and military relationships. Although some of the state's capabilities weaken due to opium production (such as border enforcement or aid monitoring), the state also contributed to its development and benefits from the power it gains over areas of the country it traditionally has little interaction with.[110] While the inclination to assail Hamid Karzai, the Afghan president, because of his political or familial connections to warlords or drug traffickers remains high, this notion must be analyzed carefully.

During the Soviet invasion between 1979 and 1989, there were enormous amounts of military and financial assistance delivered to both sides of the conflict. The communist regime in Afghanistan and the mujahedin both received aid that drastically expanded the war economy

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[108] Thomas Gallant, "Brigandage, Piracy, Capitalism, and State Formation: Transnational Crime from a Historical World-systems Perspective," in Josia Heyman and Alan Smart (eds) *States and Illegal Practices*, (Oxford and New York, 1999), 25-62.
[109] Jonathon Goodhand in "Corrupting or Consolidating the Peace?" 406-414.
[110] Beatrice Hibou, "From Privatising the Economy to Privatising the State: An Analysis of the Continual Formation of the State," *Privatizing the State*, (New York: Columbia University Press, 2004) 10-13.

while conflict ravaged the country's infrastructure. Some of this aid became the initial capital to significantly expand opium production, and after the fall of the communist regime, empowered some militia commanders to expand smuggling activities.[111] This system of private extraction of opium and the predatory behavior of warlords during the Afghan Civil War fuelled the initial support of the Taliban and led to the second shift in Afghanistan's illicit economy. Although opium production expanded in the periods during and after the Soviet invasion, the Taliban consolidated this process during its reign through de facto legalization.

Following the U.S. invasion in 2001, several factors influenced relations that further changed the dynamics of the illicit economy. First, the CIA gave Afghan warlords substantial monetary assistance for their support against the Taliban. This in turn depreciated Afghan currency and encouraged investment in other enterprises, one of which was opium production. In accordance with the flood of money, the U.S. led coalition ignored opium production and trafficking much the same way it did during the 1980s. Following the Bonn Agreement in December 2001, opium became criminalized which kept prices high and facilitated unequal enforcement of the opium ban. While the price chain will be elaborated on later, many involved in the opium economy sought stability and protection from outside the state.[112]

Since Afghanistan's central government does not effectively reach past the capital in Kabul, elites outside of the state bureaucracy retain significant power and independence. Because of this, actors in the opium economy can undermine the state and form parallel entities, increase patronage and provide for segments of the population in ways the state does not.[113] Furthermore, opium production became a way to accumulate power in the form of political

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[111] Barnett Rubin, "Saving Afghanistan." *Foreign Affairs* (January/February 2007), 57-78.
[112] Jonathon Goodhand , "Corrupting or Consolidating the Peace?" 409.
[113] Ibid., 411.

capital. This form of capital deals with the perceived legitimacy of a person or group and the ability to influence the actions of others for political goals. Since the economic changes from the Soviet invasion, namely agricultural subsistence and decentralized government to dependency on foreign aid, the Afghan state became a place with intense competition for power.[114] State and non state actors who seek legitimacy manipulate the opium economy in the form of selective banning or approval of opium cultivation. Furthermore, this process does not universally occur throughout the country, but depends on the contextual relationships of certain regions.

Widespread corruption and a weak central government are the two prominent ways of understanding the current Afghan state. However, the landscape of relationships since the U.S. invasion in 2001 does not fully support those assumptions. For example, customs between Herat and the Islam Qala post near Iran generate upwards of $100 million per year in official trade revenues. Unlike Heart, northern Afghanistan remains factionalized by competing groups. This fragmentation of political, social, and economic relationships pushes farmers and merchants into the fold of these factions if they wish to conduct business.[115] These brief descriptions are strongly regional and local, but they highlight the uneven relationship between actors and institutions in Afghanistan. Most importantly, opium production's influence in certain regions resembles this as it enhances the power of some actors and diminishes that of others. It also highlights the varying degrees of complexity that underscore stability in the country.

Farmers, Warlords, and Strongmen: Different Roles, Resources and Access to Power

Before addressing the different Afghan farmers that constitute the majority of actors involved in opium production, three individuals who benefit from the above power relationships

[114] Ibid., 411-412. For the discussion of political capital, see later section of this chapter that analyzes type and distribution of power among actors in opium production.
[115] Antonio Giustozzi, "War and Peace Economies of Afghanistan's Strongmen," 77-78.

merit closer analysis. Atta Mohammad Noor and Gul Agha Shirzai are the provincial governors of Balkh and Nangarhar, respectively, and both are recognized for delivering measures of stability. Governor Atta previously served as a Tajik militia commander under the revered Ahmed Shah Massoud and calls Balkh his home and began governing in 2004. Governor Shirzai was a Pashtun milita commander from Kandarhar but began governing Nangarhar in 2005. While both provinces are quite different in terms of governance, geography, security, and opium production, both governors and provinces represent vital interests to international actors in Afghanistan. The illicit power relations described in the previous section underscore the need for these actors to leverage relationships and resources outside of the state in order to gain control of their provinces.[116]

Beginning with Governor Atta of Balkh, literature suggests he utilizes a monopoly of violence to maintain order in the province. The governor joined forces with the U.S. during its invasion in 2001 and assisted with wresting Mazar-i-Sharif from Taliban control and proving to be a valuable ally to the U.S. and Hamid Karzai. After becoming governor, Atta placed many of his militia commanders in provincial government roles and within police ranks.[117] The fortuitous placement of allies and potential rivals demonstrates the capability to maintain relative security in Balkh. The newly appointed provincial actors are allied with Atta and do not stand to benefit from destabilizing the region.

Although a previous militia commander, Governor Shirzai's role in Nangarhar contains key differences when compared to Atta. Shirzai hails from Kandarhar and did not enjoy the previously established network that Atta, the Balkh native, has. Furthermore, tribal politics are

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[116] Dipali Mukhopadhyay, "Warlords as Bureaucrats: The Afghan Experience," *Middle East Program* 101 *Carnegie Endowment for International Peace* (2009), 9-10.
[117] Ibid., 11-12.

much more important than in Balkh and Jalalabad serves as a major supply location for NATO forces. While Atta uses a monopoly of violence, Shirzai co-opts tribal leaders in order to gain political capital and legitimacy.[118] Some examples of Shirzai's actions can be seen in Nangarhar's most recent opium cultivations. Shirzai was able to use funding to supply tribal elders with food, capital for schools and mosques, construction projects, and discretionary funding.[119] For these gifts, the governor required that the tribal elders disseminate the counternarcotics message to their constituents and off public guarantees to comply with the laws.

Another important actor more directly involved in opium production, and authorized to use state power, is Colonel Abdul Razik, the border police commander of Spin Boldak. Spin Boldak lies on the border of Pakistan and Afghanistan in Kandahar's province and is a major transaction point for licit and illicit goods.[120] According to Matthieu Aikins of *Harper's Magazine*, his time in Spin Boldak, the city was safer than Kandahar City and, despite lacking resources, was relatively secure. With the border police engaging in smuggling and drug trafficking, economic stability is a byproduct of Razik's support.[121] While Colonel Razik partially deserves exception, the three actors utilize illicit power relations to accumulate political capital. And although the above descriptions lauded the small measures of security they brought to their respective locus of control, they are certainly not without their own problems. As the rest of this chapter shall demonstrate, the livelihoods of farmers in these provinces are insecure and perceptions of the governors and law enforcement are eroding stability and facilitating increased instability.

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[118] Ibid., 14-15.
[119] Ibid., 15.
[120] Matthieu Aikins, "The Master of Spin Boldak: Undercover with Afghanistan's Drug-Trafficking Border Police." *Harper's Magazine*, (December, 2009), 2.
[121] Ibid., 5.

Unlike the powerbrokers described above, famers, landowners, and wage laborers comprise the majority of those involved in opium production. Moreover, the context of rural livelihood strategies must be analyzed to understand how power relations influences decisions on opium cultivation and stability. First, the unit of measurement that most aptly addresses what kind of local actors engage in opium production is the household. As noted in earlier chapters, the geography and access to resources determine patters of cultivation, but access to resources most significantly factors into a household's livelihood strategy.[122] Furthermore, Afghan households contain extended family members and it is not uncommon to find upwards of 15 family members living in one home. Like family size, wealthier landowners may own approximately 300 jeribs of land whereas other families may utilize sharecropping agreements.[123] Clearly the household unit of measurement is diverse and underscores the need to move away from assuming all farmers cultivate opium with similar capabilities.

Like the size of families and their land, types of off-farm and non-farm income factor strongly into rural livelihood strategies. Off-farm income usually denotes wage labor on another farm whereas non-farm income refers to sources of income outside of agricultural enterprises.[124] A household that lies near a major urban center and owns more land may have access to non-farm income in the form of government salaries and retail. These forms of income can be more reliable than agriculture because they are not as likely to feel the adverse effects of droughts and price shortages.[125] In contrast, off-farm income generally encompasses lower-wage labor, sometimes seasonally during opium harvests and as a means to access credit. Clearly, the scope

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[122] David Mansfield, "Responding to the Challenge of Diversity in Opium Poppy Cultivation in Afghanistan," *Afghanistan: Poverty, Vulnerability and Social Protection: An Initial Assessment,* (Washington D.C.: World Bank 2005), 53.
[123] Ibid., 54.
[124] Ibid., 55.
[125] Ibid., 54.

of engagement with opium depends on the household's resources at hand and should be analyzed as a livelihood strategy. Since the livelihood strategy officially carries an "illicit" designation, it remains a risky venture for both local actors with and without resources.

Another key measurement in determining the lack of power for some local actors lies in their dependency on opium. Research indicates that the diversity of opportunity that a household has inversely impacts its dependence on opium.[126] For example, a household with limited access to resources would be more likely to rely on opium for its basic needs. Rural areas with high poverty generally experience more intensive opium production as a survival mechanism, including wage labor associated with seasonal opium harvesting. In contrast, households with more resources have a lower dependency on opium because they are located near larger market centers for labor and commodities, contain better security, and offer the opportunity to use opium production as an income boost.[127] Policies that view households as either "opium-growing" or "non-opium growing" lack this analysis of the dynamics of opium dependency and undermine the instability that faces resource-poor Afghans.

Another integral part of the rural livelihood strategy is access to credit. Seasonal credit can be acquired as an advance on a predetermined amount of agricultural crops, and since the Soviet invasion opium has been the crop of choice because of the high external demand for it.[128] While this informal credit system is common, households with very few resources sell their entire lot of opium prior to harvest, but only receive a fraction of the harvest price.[129] Obviously this system does not favor the poorest households in Afghanistan and it seems unlikely anyone

[126] Ibid., 55.
[127] Ibid., 56.
[128] Ibid., 59.
[129] Ibid.

would willingly sell their crop for less than its value, but resource-poor Afghans face truly dire circumstances. Often the informal credit affords the resource poor access to clothes, medicine, foodstuffs, and agricultural inputs. The informal credit system that favors opium drastically limits upward mobility of the resource poor and dispels the myth that all farmers cultivate opium for its profitability.

As noted earlier, Governor Shirzai utilized connections with tribal elites to enforce the opium ban in Nangarhar in 2005. The limits of this effort are apparent when considering the household's capacity to respond to shocks in the illicit economy such as banning opium or eradication. Resource-wealthy households have a higher opportunity cost when faced with eradication, especially if arrest is a possible consequence of harvesting opium. Instead of using opium as an income boost to their more diverse profile of crops, that land may be used for more licit crops that, as seen in the profit chapter, rival or surpass opium in profitability.[130] However, opium-dependent households that have few alternatives because of limited land for agriculture and decreased market access do not experience a higher opportunity cost. Of course eradication may ruin that harvest, but what other option is there? As the case studies shall point out, the threat of eradication depends on the scope and implementation of the ban.

The importance of framing the context in which opium production influences the rural livelihood of various types of Afghan farmers cannot be overstated. Obviously the instability in livelihood strategies stems from a variety of factors, including land scarcity, inaccessible geography, distant markets, and poor infrastructure to name a few. It should also be obvious that blanket bans and eradication do far more harm than good for local actors. However, even the idea that allowing opium production to occur because it serves as a harbinger of economic

[130] Ibid., 63-64.

stability can be misleading. Yes, for some Afghans it does produce significant income streams and bolsters assets. However, for the increasingly marginalized rural population it barely serves as a survival mechanism, especially when access to credit is denied and basic necessities are inaccessible.[131] The varied levels of resources among local actors determines the dependency on opium production, and for those that are opium-dependent, the lack of agency to break from this dependence is reinforced by the existing power relations within the opium economy.

Case Studies of Three Provinces: Balkh, Nangarhar, and Helmand

Thus far the analysis of power relations focuses on the structure of the illicit economy and the various actors who gain power within it. However, the following case studies clearly portray the dynamics of these power relations in specific provinces. Balkh, Nangarhar, and Helmand are useful because different factors have influenced opium production and stability within these regions. The political settlement between state and non-state actors, the impact of opium production, and the collusion between different groups regarding opium production has varied in each region. As a consequence, each region receives interacts with external forces differently, and most importantly, one can see the way instability is framed in each region.

Balkh

This is an ethnically diverse province in the north Afghanistan. With a little over one million people, Balkh contains Tajiks, Pashtuns, Turks, and Uzbeks.[132] Governor Atta, a former Jaimat-e Islami militia commander, leveraged his position as an ally of President Karzai to become governor and place many of his commanders into governmental roles. Atta also has

[131] Ibid., 64-65.
[132] Jonahton Goodhand and David Mansfield, "Drugs & (Dis)Order: A Study of the Opium Economy, Political Settlements and Statebuilding in Afghanistan," Unpublished report on political economy of opium production in Afghanistan. (2010), 24.

been able to hold on to his position of power because of the official revenues that the province supplies to the central government. Mazar-e-Sharif, the provincial capital, is a major economic center with a state-run fertilizer plant and relatively productive labor market.[133] Through Balkh, Afghanistan imports hundreds of millions of dollars in goods from Kazakhstan and Uzbekistan. The number of imports for between these two countries has risen dramatically since 2007, with 2009 seeing $165 million and $501 million from Kazakhstan and Uzbekistan, respectively.[134]

With substantial official trade revenues, why was there a surge in opium production in 2005 in Balkh, where historically hashish has been produced in greater quantities than opium? One aspect of this change can be explained through labor migration. After the opium ban in Nangarhar was implemented in 2005, wage laborers traveled to Balkh for seasonal work during the opium harvest.[135] Another important reason why opium production increased was the penetration of opium markets into the north from traders in the south.[136] The changes labor and the need to migrate for seasonal wage labor and the ban in Nangarhar occur at the same time opium production rose in Balkh and supports the notion that the resource-poor in Nangarhar would travel for this type of work.

Governor Atta's ability to enforce a new ban on opium in Balkh in 2006 and 2007 came from his control over the Jaimat-e Islami militia he previously commanded and his political support from Hamid Karzai. A critical problem that Governor Atta inherited was the lack of

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[133] Ibid., 23.
[134] See Appendix D. Afghanistan Central Statistics Office "Exports and Imports by Countries (US$ Millions) 1999-2009." http://www.cso.gov.af/economics/services/trade.html (2010).
[135] Goodhand and Mansfield, "Drugs & (Dis)Order,"25.
[136] Adam Pain, "The Diffusion and Spread of Opium Poppy Cultivation in Balkh: A Report for AREU's Applied Thematic Research into Water, Management, Livestock and the Opium Economy." *Afghanistan Research and Evaluation Unit*, (Kabul, 2007).

development assistance promised to him in the wake of hi opium ban.[137] The increased difficulty of opium production coupled with broken promises of development assistance during 2007 and 2008 contributed to the now tenuous political position of Governor and the increased instability in the province. While Balkh is not known for its opium production, the early increase then decline from Governor Atta's ban indicates the power in which he held over the province. However, the position seems to have become untenable as security has declined and the continued lack of development assistance.

Nangarhar

Unlike Balkh, Nangarhar has received substantial investments from the U.S. since the fall of the Taliban in 2001. The Alternative Development Programme, aimed at providing different livelihoods for opium farmers, alone contributed $118 million to Nangarhar between 2005 and 2009, 2005 being the initial year of the opium ban there.[138] Other investments from the European Union include the National Priority Programmes like National Solidarity Porgramme, the Micro Finance Investment Support Facility for Afghanistan, and the Comprehensive Rural Agricultural Development Facility program. These initiatives clearly demonstrate the interest that the international community has in certain places in Afghanistan, but still the ban on opium production demonstrates the limited efficacy of these programs and the dire circumstances of marginalized Afghans.

Opium production experiences substantial fluctuations in Nangarhar. The 2004 and 2005 growing seasons saw enormous reductions in opium production, as little as over 1,000 hectares in the province of almost 2 million people. This occurred because of the aforementioned

[137] Goodhand and Mansifield, "Drugs & (Dis)Order," 26.
[138] Ibid., 14.

development initiatives and engagement between provincial administration and tribal elders. As mentioned before, Governor Shirzai utilized his access to development funds to gain preferential support from the tribal elders in order to enforce the ban. However, with little changing for Afghan farmers and continued placement of Shirzai's allies on government roles, the governor's support began to dwindle in the province. Aside from the towns and villages close to Jalalabad, serious economic hardship afflicted many farmers after four years of opium bans.[139] A surprising result from this was that Nangarhar witnessed higher enlistment rates in the Afghan National Army in 2009 and early 2010. These enlistments symbolize a coping strategy since the alternatives for resource-poor Afghans are extremely limited in Nangarhar.[140]

A striking example of the effects of the opium ban and external actors in Nangarhar is the land dispute in Achin. In early 2010, U.S. signed an "Anti-Taliban Shinwari Pact" with elders from the Shinwari tribe in Nangarhar.[141] About 400,000 people constitute the Shinwari tribe, and the pact guarantees their support against the Taliban and offers stiff punishments for Taliban sympathizers. The pact embodies the illicit power relations in Afghanistan in that the U.S. bypassed the Karzai government and promised aid and support directly to this tribe. The dispute is between two sub-tribes, the Sepoy and the Alisherkhel. Originally, the land belonged to no one until Malik Niaz, a Sepoy tribal elder, was armed and financed by the Governor Shirzai following a firefight with Niaz's tribal fighters and the Taliban.[142] After this supply, Niaz set up tents on the disputed land, was protected by the Afghan National Police (assuming the tacit approval of Governor Shirzai) and built homes in the area with new construction materials.

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[139] Ibid p 16.
[140] David Mansfield,"The Ban on Opium Production Across Nangarhar: A Risk Too Far?" 18-22.
[141] Dexter Filkins , "Afghan Tribe, Vowing to Fight Taliban, Get U.S. Aid in Return." *New York Times* (January 27th 2010).
[142] Goodhand and Mansfield, "Drugs & (Dis)Order," 14.

The Alisherkhel tribe, which claims this land area, had never been in dispute until Malik Niaz and the Sepoy tribe had the wherewithal to occupy it, thanks to the support from the U.S. and the blessing of Governor Shirzai. Eventually, the Alisherkhel and the Sepoy fought each other over the disputed area with varying accounts of casualties. Unfortunately, in order to settle the dispute more sub-tribes within the Shinwari were drawn into a three hundred-person jirga. Furthermore, to guarantee the peace for the jirga the Sepoy and Alisherkhel contributed 40 million Pakistan Rupees (PR). Although the case has not been settled, this has provoked substantial concern among the larger Shinwari. The Shinwari are committed to the U.S., but the Taliban have made inroads with the Alisherkhel and offered protection against the Sepoy, a clear violation of the pact.[143]

Clearly the provision of aid and arms directly to the Shinwari tribe caused hostilities that did not exist before. Moreover, the Taliban wisely used this event to make inroads into the Alisherkhel tribe and destabilize the Anti-Taliban pact. In addition, the context of this dispute should not be overlooked. The land dispute occurred after five consecutive opium bans. While opium is still cultivated, the active banning of it limits the amount of off-farm income available to marginalized Afghans. Furthermore, the 40 million PR came from a tax on the people of Achin in the amount of 6,000 per married family.[144] The combination of a new tax and the loss of seasonal wages due to the opium ban places even more stress on resource-poor families. In this context, the Taliban's offer of protection does not seem unreasonable if one considers the perspective of certain Afghan households.

Helmand

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[143] Ibid.

[144] Ibid., 13. Also, according to an illicit interview with David Mansfield on 09/27/10, there had been no existing conflict over the disputed land and no conflicts between the two tribes that resulted in armed actions.

The largest province of Afghanistan, Helmand occupies the southwest portion of the country and borders Pakistan and Baluchistan. Helmand's most productive agriculture occurs near the Helmand River but land outside of this area offers far less valuable farming.[145] Since the Helmand River Dam and irrigation systems were destroyed during the Soviet invasion, the steep inclines of mountains, dry desert spaces, and poor soil have limited agricultural opportunities. In addition to its geographical issues, the biggest agricultural market for Helmand is Kandahar City in Kandahar, which requires long and insecure travel periods.[146] While media portrayals of Helmand illustrate a hotbed of insurgency, some contextual background complicates this notion.

Unlike the Balkh's official trade revenues, the border with Pakistan and Baluchistan does not provide any official trade revenues. All trade around this border is smuggling of some kind. It follows then, that the provincial authorities in this region stand to benefit from the unofficial revenues on smuggling all sorts of goods, including opium.[147] Another important aspect of Helmand's political settlement to consider is that the Taliban's roots are along these borders and they ejected many former warlords that are once again in positions of power as provincial authorities. The likes of Sher Mohammed Akhundzada, Abdul Rahman Jan and Mir Wali are

[145] Ibid., 19.
[146] Ibid., 20.
[147] Ibid., 20.

part of the reason why the Taliban enjoyed initial support in the early 1990s, and now these men are back.[148] After the Taliban were ousted in 2001, Helmand experienced a serious lack of development assistance, thus smoothing the way for the Taliban to re-enter the province and further destabilize relations with those that support the Karzai government.

With this information at hand, the popular link of opium production and insurgent activity does not seem as straightforward as it appears. There are clear reasons as to why the Taliban were able to swiftly return to Helmand and continue destabilizing the U.S. and the Karzai government. Furthermore, the already depressed economic and agricultural situation becomes exacerbated by violence and the predatory behavior of armed actors, state and non-state alike. Farmers who wish to cultivate wheat, fruit and vegetables have to travel to major markets like Kandahar City, whereas an opium farmer can sell from the farmgate to someone who can afford the transportation and utilize the political capital to protect the passage.[149] This recurring insecurity makes the choice to cultivate opium a rational one.

The perception that the Taliban are narco-terrorists becomes further complicated when the roles of state actors are considered. Colonel Razik of Spin Boldak, the border police commander mentioned earlier, may be able to provide effective security to U.S. military personnel, but he also presents a clear double standard to Afghan farmers. Furthermore, the official revenues produced in Helmand are far less than in Balkh or Nangarhar, but opium production is far greater here and there are few development projects to hail as successes. Clearly, the unofficial movement of goods across the border and the large amounts of opium being produced indicate some form of collusion among state and non-state actors. While

[148] Ibid., 20-21.
[149] Ibid., 21.

Helmand experiences substantial military engagements, the rural population are not wrong in perceiving the insurgency as driven by colluding state and non-state actors that clearly benefit from opium.

Conclusion

Although the three provinces are unique, they all highlight significant aspects of opium production in Afghanistan. Clearly, there are power relations at work that are inside and outside of the opium economy and not always locally generated. Within it, opium is profitable based primarily on the access to a variety of resources if you are a farmer and offers even more if you are higher in the process, as traffickers and insurgents are. Furthermore, the opium trade clearly is different in each of the three provinces, let alone the rest of the country. One thing that each province shares is that the opium economy is a means to accumulate power.

In Balkh, the monopoly of violence allowed Governor Atta to establish himself as a strong ally of President Karzai and implement a ban on opium, although that position seems to be dwindling. Nangarhar demonstrates that the illicit social power of tribal elders can be used to initiate opium bans and anti-Taliban pacts, but these have consequences. As we have seen, opium serves as a rural livelihood mechanism and after successive years of active prohibition, the Governor's position is failing and the Taliban are taking advantage of unintended consequences of the ban like the land dispute in Achin. Finally, Helmand demonstrates that opium production not only serves as rural livelihood but also systemically fuels state and non-state collusion, where these actors clearly benefit from the ongoing insurgency.

Chapter 6- Transnational Networks, the Value Chain, and the Complicity of External Actors in the Expansion of Opium Production

Thus far the analysis of opium production focuses on diverse aspects Afghanistan's geography, profits, and the structural power relations that drive opium. Furthermore, this research criticizes the narrow approach that many institutions use to analyze opium in Afghanistan. Reports that do not address opium dependency for some farmers and the myth that opium is profitable for all those involved clearly are lacking a contextual understanding of Afghanistan's illicit economy. However, these same reports are correct in noting that Afghan opium travels extensively. This begs the question: What are the transnational networks of opium production and how are they sustained? This chapter analyzes the networks that distribute opium out of Afghanistan and into countries with high demands for heroin.

In order to understand this process, there are several facets of the external drug trade that must be analyzed. Previous chapters address the myth that opium generates profits for all farmers involved, but the drug trade still remains highly lucrative. Therefore, the value chain process of price changes between the farmgate values to an external market like Eastern Europe must be analyzed. This analysis demonstrates how and why opium prices rise so dramatically outside of Afghanistan. Another critical part of this value chain examines the complicity of external countries in sustaining and expanding the transnational networks and prices. Here, the criminality of opium production and drug enforcement plays an integral role in the high prices. This analysis, combined with figures on returning refugees in Afghanistan, demonstrates the sustainment of opium production in Afghanistan and the expansion outside of it.

Value Chain Analysis

The profit from illicit drug production anywhere chiefly stems from its prohibition. Some of the costs of production for illegal drugs involve labor, transportation and places to cultivate illicit crops. In addition, these costs are driven higher by illegality because bribes, the use of violence, and the possibility of arrest increase the risk premium of engaging in illegal activities.[150] The value chain of opium in Afghanistan begins at the farmgate. Previous chapters demonstrate that an Afghan cultivator sells the crop at low prices, and often those involved in the cultivation do so as a means of credit. Once opium traders buy at the farmgate, they sell the product to larger-volume traffickers at opium bazaars and smugglers take the product to the border where the majority of heroin processing occurs (although this has increased within Afghanistan since 2001).

At this stage, there are several reasons why opium's price skyrockets. Farmers can be taxed on their agricultural products, eradicators are paid off in certain areas to selectively enforce an opium ban, opium traders have to bribe police, district officials, or political representatives for protection.[151] At border points where opium gets processed into heroin, the processing controller has even more payments to make. Territorial control becomes a significant cost for these actors and tax must be paid to the local warlord or strongman, Taliban representative, or government official to tacitly approve of the process. Opium processing requires precursor chemicals, chiefly acetic anhydride, and this must be brought to the processing location.[152] This in turn

[150] Barnett Rubin and Jake Sherman., "Counternarcotics' Ties to Stability: Afghanistan's False Promise of Eradication." *Center for International Cooperation,* (February, 2008), 17.
[151] Ibid., 21-23.
[152] Ibid., 21.

requires similar costs that opium traders incur when they go to buy opium and smuggle it, except this happens mostly outside of Afghanistan or near its borders. Heroin also must be protected as it transfers to the market because of its illegality. Border crossing, airfields, and waterways are some of the expensive ways in which heroin makes it out of processing stations and onto larger drug markets.

In addition to the costs that go into the purchasing of opium and manufacture of heroin, counternarcotics policies also affect these prices and destabilize areas where they are enforced. Clearly the marginalized and resource-poor farmer or laborer bears the risk of opium production because the opportunity cost for them is not high. However, the overall impact of counternarcotics policies such as eradication or alternative livelihood development requires more analysis. One school of thought states that if the supply gets cut off, then drug trafficking shall decrease. Unfortunately, this system contains flaws that actually have the opposite effect.

Eradication targets the cultivators of opium, in some cases wealthy landowners who have a high opportunity cost but more often than not it is the resource-poor farmers who suffer. Unlike the wealthier or politically connected landowners, resource-poor farmers either cannot afford bribes and lose their crop or lose the wage labor opportunity from opium harvesting.[153] Furthermore, eradication aims to lower the amount of opium supplied to traffickers thus lowering their revenue and encourages the wealthier landowners to plant something else. Eradication's major flaw is that it actually raises the revenues of traffickers, thereby encouraging actions that facilitate opium cultivation, such as selective enforcement and bribery.[154] So while the resource-

[153] Ibid., 24.
[154] Ibid p 25-26.

poor may be harmed and left with no recourse, the status quo does not change for other actors in the chain.

Consequently, eradication results in higher levels of instability for the actors that cannot afford bribes, plant other crops, or lose wage labor opportunities. Moreover, these actors make up a large portion of the opium production process. As the previous chapter demonstrates, most Afghan farmers or wage laborers engage in opium production because of its role in their livelihood. Eradication only serves to further destabilize this livelihood. At the same time, selective enforcement portrays state actors as guilty, illegitimate, and makes undermines stability and support for these actors. The following tables illustrate the value chain prices in Afghan opium and why the opium economy survives.

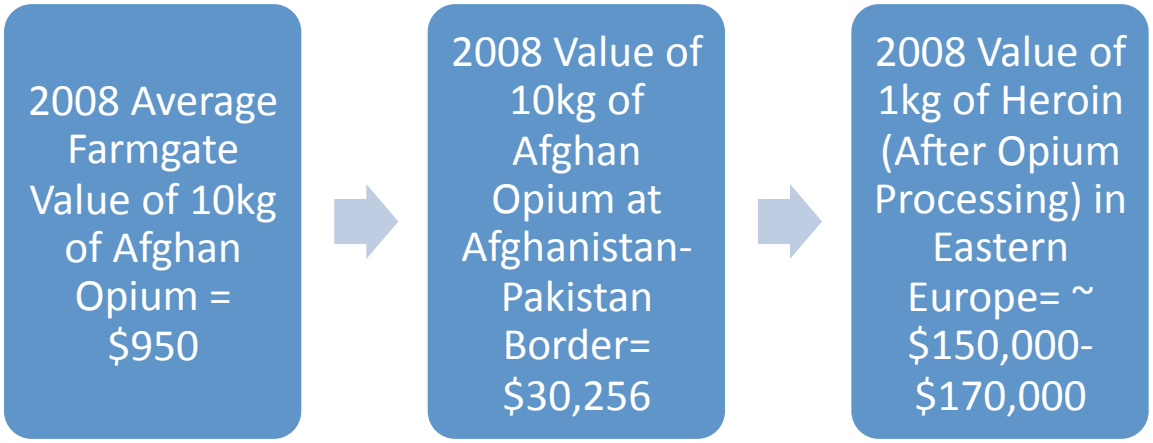
Table 1

1 kg of Afghan Opium	2002 Value ($US)	2008 Value ($US)	%Value Increase Between Farmgate and Border 2002	%Value Increase Between Farmgate and Border 2008
Afghanistan-Iran Border	5,000	3,270	1,401%	3,342%
Afghanistan-Pakistan Border	4,110	3,256	1,134%	3,327%
Afghanistan-Tajikistan Border	4,540	3,150	1,236%	3,215%
Average Farmgate Price in Afghanistan	333	95	-	-

[155]

[155] Statistics are from UNODC report "Addiction, Crime and Insurgency: The Transnational Threat of Afghan Opium." UNDOC, (October, 2009). The report displays the average farmgate price and the border price, but does not address the price markup from farmgate to border.

Table 2



[156]

The above graphics demonstrate several key factors about the price change and the complicity of external actors in Afghanistan's opium economy. First, Table 1 shows a dramatic difference between farmgate and border prices in 1 kilogram of opium. The value increase clearly underscores the fact that opium does not seem as profitable for farmers as was once thought, and explains why those higher along the value chain would benefit from its continued expansion. Furthermore, the difference between the 2002 and 2008 values at the border are substantial, but 2008 value change is greater than in 2002 when prices were higher. Even though opium prices fell overall in 2008, the value change increased substantially. This demonstrates

[156] Ibid., 66. Again, the price analysis in the UNODC report indicates these prices at each level, but does not compare them in a value chain format. The contrast also demonstrates the accepted estimate of price ratios, where ten kilograms of opium produces one kilogram of heroin.

that the farmgate seller receives far less than what a trafficker earns at the border and it also questions the validity of the premise that all farmers cultivate opium for its profitability.

Furthermore, Table 2 signifies the complicity of other countries in this process. Afghanistan's farmgate value does not amount to much. The border price rises dramatically but it is the price on the Eastern European market that truly denounces the current drug laws in external countries. The farmgate price of $950 in 2008 to a conservative market price at $150,000 indicates the enormously lucrative opportunity for those that control the drug trade. Even though the finished products in the graphic are different, it underscores that those at the bottom of the value chain, the farmers and wage laborers, receive the smallest portion of the available profits. Also, the activities required in bringing heroin to the market, and their subsequent illegality, help to determine this exorbitant price. With this contrast set forth, it becomes clear why the ineffective enforcement strategies of external countries not only fail to limit drug trafficking and consumption, they target those at the lowest end of the value chain and also fuel the macro-level systems that contribute to Afghanistan's opium economy.

Opium Networks in Afghanistan

Another important piece of Afghanistan's opium economy consider focuses on its established networks that opium travels on and the consequences of enforcing bans on what goods can and cannot travel across them. To begin with, a clarification needs to be made regarding networks within Afghanistan. The UNODC lauds "poppy-free" provinces, but does not consider the migration of work between the north, south, and east. With the more effective opium bans in northern Afghanistan, wage laborers travel east and south in search of work during harvest seasons. Outside of Afghanistan, opium travels to Pakistan via the Northwest

Frontier Province and Balochistan. The Baloch area of Pakistan shares a 1,200 kilometer border with Afghanistan, including Helmand and Kandahar provinces. From Pakistan, heroin travels into India through Punjab, Rajasthan and Gujarat. The train system of Samjhauta Express between Lahore, Pakistan and Amritsar, India has been a primary transit point for drug traffickers.[157]

Furthermore, Iran and Central Asia are also transit points for Afghan opium. Iran borders Pakistan and Afghanistan and also serves the European market for heroin.[158] In addition, the Iranian coast presents a useful maritime trafficking avenue and the smuggling networks established in Iraq have begun to smuggle heroin due to weakened security along Iraq's borders since the U.S. invasion in 2003. As far as Central Asian countries are concerned, Tajikistan accounts for most of the heroin that travels to Eastern Europe and Russia. The breakdown of security during Tajikistan's civil war between 1992 and 1997 coincided with the increased opium production in Afghanistan at the time, thus facilitating trafficking between the countries.[159] The delineation of these networks helps to conceive the routes that Afghan opium takes into external markets, but an overlooked aspect of these networks deals with illegality along the borders.

The Afghan opium economy's border trade not only reaches many external countries, the illegality of opium changes the relationships of those that utilize these borders. For example, Heart imports and exports numerous goods to Kazakhstan and Uzbekistan and those are counted as official revenues. However, opium production plays a central role in the actors engaged in it

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[157] Chouvy, *Opium: Uncovering the Politics of the Poppy*, 84-85.
[158] Ibid., 85.
[159] Ibid., 86-88.

are not trading, they are illegally smuggling.[160] The previous chapter explained that Helmand did not produce any official revenues from its border, but substantial revenues are accrued by the border police and strongmen that operate near main roads. The selective enforcement of goods across certain borders means that someone will have to pay to avoid this law, thus allowing for unofficial revenues to be earned by those entrusted with border enforcement.[161]

In addition to the illegality that affects relationships, the concept of trafficking routes and its opposite, border enforcement and systems to limit access, can be seen as mechanisms for power. While the previous chapter demonstrates that state and non-state actors may compete for control over opium production, they can also compete for control over these routes, where large profits are available with regard to opium.[162] The consequences of this are twofold: state and non-state actors compete for control in ways that encourage armed conflict and increase instability, or they mutually benefit from each other but perpetuate the relationships that marginalize Afghans with limited access to resources.

Refugees

While the return of Afghan refugees does not consider extensive opium networks, the sheer number of returnees has potential consequences for opium production. The unemployment levels in Afghanistan are high, with over half of the capable workforce out of jobs.[163] In addition, there are large numbers of Afghans returning to the country since the U.S. invasion in

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[160] Ibid., 89.
[161] Ibid., 90-91.
[162] Ibid., 91.
[163] Michael Nicoletti INT 500 "The Return of Afghanistan's Refugees since 2000: Unemployment and the Rise in Opium Production" Dr. Shailja Sharma DePaul University June 2009 p 8. Data retrieved from "UNHCR Global Report 2007-Afghanistan." *United Nations High Commissioner for Refugees*. 1 June 2008. Web. 16 Nov. 2009. <http://www.unhcr.org>.

2001, as Tables 3 and 4 illustrate. These tables demonstrate that Afghanistan experiences substantial refugee flows, and combined with the overall unemployment rate, the potential for these returning a refugee to engage in opium production seems high. It also indicates the scale in which the amount of social and family ties was disrupted. Furthermore, in areas where opium production is prohibited, many of the returnees have since left Afghanistan for Pakistan or Iran in search of employment.[164]

Recorded Years of Afghan Refugees returning from Pakistan and Iran

2000	292,500
2001	26,000
2002	1,792,500
2003	644,900
2004	939,700
2005	750,700
2006	387,800
2007	373,900

Refugee Situation as of January 2010

Refugee Context	Number of Refugees
Refugees	2,887,123
Asylum Seekers	30,412
Returned Refugees	57,582
Internally Displaced People	297,129
Returned IDPs	7,225
Total	3,279,471

Afghanistan's opium economy contains diverse internal dynamics that influence farmers' decisions to cultivate opium. However, the counternarcotics policies of external countries drastically increase the price of opium as it leaves Afghanistan. Moreover, marginalized farmers

[164] Illicit interview with David Mansfield, September, 2010.

and laborers bear the brunt of eradication policies as these policies target them and actually increase the revenues available for those higher in the value chain. The value chain analysis clearly demonstrates the complicity of external countries, intentional or not, in the sustainment and expansion of the opium trade. It also fosters the collusion between state and non-state actors that is wrongly attributed to the inherent nature of the drug trade, when in reality this relationship grows because of the criminality of opium and the high prices that result from ineffective enforcement.

Chapter 7- Conclusion

The goal of this research is to present readers with a critical understanding of the context of opium production in Afghanistan. Another significant piece of this research is to evaluate the relationship between instability and opium production in Afghanistan. The most effective way to undertake this effort was to analyze the relationship between the political, social, and economic history of Afghanistan and its illicit opium economy, with a focus on the latter's dynamic and changing role. I have laid out the physical properties of the poppy, its monetary profits, the power relationships, and the transnational networks of the opium trade. Within this analysis, several conclusions and recommendations can be offered for future research on opium in Afghanistan.

Overall, opium production in Afghanistan became a rural livelihood strategy for several reasons. First, the country's state of permanent warfare altered political, social, and economic relations prior to the Soviet invasion. The country was predominantly rural and isolated from a central state with limited economic wealth. However, armed conflict increased urbanization, forced migration, destroyed arable land and infrastructure, disrupted long-standing kinship networks, ushered in the Mujahedin, the Taliban, and flooded a mostly subsistence economy with money and weapons. With these changes in mind, opium production became a viable rural livelihood strategy because of its physical properties, Afghanistan's geography, and the dynamic profits, power, and networks associated with opium production.

First, the notion that opium profits motivate farmers to cultivate the crop must be abandoned. Each chapter's focus dispels this myth. The poppy plant has certain physical properties that make it an attractive crop for farmers. Also, the poppy travels easily and can be

stored for long periods of time and also provides ample opportunities for wage labor. Furthermore, the geography of Afghanistan and access to market centers also plays a crucial role in a farmer's determination to cultivate crops. Opium is not always more profitable than licit crops and usually only the very resource-poor solely cultivate this whereas others take advantage of more diverse crop portfolios.

The truth is that basing an analysis solely on profits from opium and ignoring the context of geography and power relations dilutes the quality of one's analysis. Yes, the global drug trade is enormously profitable, but not for the majority of those involved with opium production in Afghanistan. Afghan farmers are diverse in their own right, with not everyone only growing opium or utilizing crop substitution as a viable alternative. Farmers with more wealth and nearby market centers can multi-crop and hire workers in land sharing agreements. However, marginalized and resource-poor Afghans often cultivate opium as a means of access to credit. These groups receive a fraction of the price of the final crop before they harvest as a method to make ends meet. In this context, opium is a rural livelihood strategy that is highly dependent on resources such as favorable geography, access to irrigated land and thriving markets, and diverse crops. Afghans who are unable to take advantage of these are likely to experience increased opium dependency. Another dynamic aspect of Afghanistan's history and the opium economy is the structural power relations that exist. These power relationships are complex and highly contextual. The case studies of Nangarhar, Helmand and Balkh illustrate this diversity. The illicit opium economy is a vehicle for state and non-state actors to accumulate power. The power they compete for or share determines part of the instability within these regions. In some cases, the government officials with the ability to enforce opium bans can maintain political capital, but these positions are not guaranteed. Furthermore, the land dispute in Achin demonstrates an

example of how the power structures can be utilized to increase instability for a certain agenda. Most importantly, the Afghans involved with opium production benefit the least with regard to power relationships and experience the most hardship with regard to opium bans and instability.

Lastly, the transnational networks symbolize flaws in policy towards Afghanistan. External countries' counternarcotics policies, specifically the Western-backed eradication campaign, sustain and expand opium production. These policies not only increase revenues for those higher in the value chain, they target those at the bottom of the chain. This counter narcotic policy addresses the supply of opium, and by extension targets the people who cultivate the supply. Eradication may impose some opportunity cost on wealthy landowners, but for resource poor farmers and laborers, the ones targeted most by eradication, there is no other choice but to cultivate opium. The value chain also shows the highest prices when heroin reaches international markets, thus demonstrating that criminality significantly contributes to the risk premium of opium production. This criminality is imposed ineffectively by external actors and also fosters collusion between state and non-state actors that operate near the starting points of Afghanistan's smuggling networks.

The combination of these points presents two recommendations for future analysis on opium in Afghanistan. The first point is that any research or policy recommendation must view opium production within the context outlined above, and that it is a rural livelihood strategy for the majority of those involved with it. The implementation of eradication and crop substitution does not address this at all. Eradication clearly has systemic flaws that hinder its effectiveness. Crop substitution, often dressed up as alternative livelihood campaigns, assumes that substituting opium for another crop will benefit farmers. This research demonstrates that successful farmers diversify their crops and have access to relatively vibrant economic centers. Investments in

infrastructure would allow more farmers to reach these economic centers and for better irrigation to reach agriculturally based population centers.

The final point concerns instability in Afghanistan. Opium production is but one factor in a complex set of dynamics that influence instability. The opium economy provides basic needs, extra income, enormous revenues, and political capital that are utilized to entrench state and non-state actors. It also causes state and non-state actors to compete or share control of territory and opium profits. The competition can be in numerous forms, but armed conflict increases instability. When state actors benefit from the drug trade at the expense of others, their stance loses its legitimacy. Non-state actors can offer protection against the state, which likely decreases stability. They can also work with the state to enjoy the benefits of the drug trade. Until policy focuses on the majority of those that are involved in opium production and provides viable alternatives, instability will likely keep fluctuating to the detriment of Afghanistan.

Appendix A: 2007 Profit Tables

Opium Profts 2007					
Inputs		Amount	Unit	Cost/Unit	Total Cost
Seed		0.5	kg	0	0
Farm Power		4	hour	400	1,600
DAP		1	bag	1,200	1,200
Urea		1.5	bag	700	1,050
Hired labor weeding		10	Person/day	200	2,000
Hired labor harvest		30	Person/day	350	10,500
food					1,800
total cost					18,150
total yield		10	ser (1.2kg)	4,500	45,000
stern for fire					1,500
grain		50	ser	100	5,000
net return/jerib		10	ser	4,500	33,150

Wheat Profits 2007					
Inputs		Amount	Unit	Cost/Unit	Total Cost
Seed				0	0
Farm Power		2	hour	400	800
DAP		0.5	bag	1,200	600
Urea		1	bag	700	700
Hired labor		family	Person/day	150	0
total cost					2,100
total yield		120	ser (1.2kg)	80	6,400
wheat straw		240	ser	35	8,400
net return/jerib		120	ser		15,900

Maize Profits 2007					
Inputs		Amount	Unit	Cost/Unit	Total Cost

Seed		2	kg	80	160
Farm Power		3	day	300	900
DAP		0.5	bag	1,200	600
Urea		1	bag	700	700
Hired labor		family	Person/day	0	0
total cost					2,360
total yield		100	ser (1.2kg)	60	6,000
Stern for animals		100	ser	30	3,000
net return/jerib		100	ser	60	6,640

Potato Profits 2007					
Inputs		Amount	Unit	Cost/Unit	Total Cost
Seed		50	kg	100	5000
Farm Power		4	day	300	1,200
DAP		0.5	bag	1,200	600
Urea		1	bag	700	700
Hired labor		family	Person/day	0	0
total cost					20,000
total yield		600	ser (1.2kg)	70	42,000
net return/jerib		600	ser	4,500	34,500

Okra Profits 2007					
Inputs		Amount	Unit	Cost/Unit	Total Cost
Seed		1	kg	50	350
Farm Power		4	day	300	1,200

DAP		1	bag	1,200	1,200
Urea		2	bag	700	1,400
Agrochemicals		1	liter	500	500
total cost					4,650
total yield		800	ser (1.2kg)	50	40,000
net return/jerib		800	ser		33,350

Rice Profits 2007					
Inputs		Amount	Unit	Cost/Unit	Total Cost
Seed		3	kg	100	300
Farm Power		3	day	300	900
DAP		0.5	bag	1,400	700
Urea		1	bag	700	700
Hired labor		6	Person/day	200	1,200
total cost					3,800
total yield		80	ser (1.2kg)	150	7,200
rice straw		25	bar	100	2,500
net return/jerib		80	ser		5,900

Cotton Profits 2007					
Inputs		Amount	Unit	Cost/Unit	Total Cost
Seed		1	kg	120	120
Farm Power		1	hour	500	500
DAP		0.5	bag	1,200	600
Urea		0.5	bag	700	350

Hired labor		20	Person/day	150	3,000
total cost					3,800
total yield		65	ser (1.2kg)	230	14,950
firewood					3,000
net return/jerib					13,850

Appendix B: Total Imports by Country (Kazakhstan & Uzbekistan via Mazar-e-Sharif)

Total Imports By Country (US$ Millions)	2007	2008	2009
Kazakhstan	85	74	165
Uzbekistan	144	167	501

[165]

[165] Afghanistan Central Statistics Office. http://www.cso.gov.af

Map of Afghanistan Used Throughout Thesis

Afghanistan

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