

NATIONAL SECURITY STUDIES PROGRAM WHITE PAPER

A NEW DEAL: A PLAN FOR SUSTAINABLE AFGHAN STABILITY

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In Afghanistan, it is time to transition from “foreign-funded, Afghan-assisted” development to a sustainable, “Afghan-funded, foreign-assisted” program that reduces corruption.

Executive Summary

America’s strategic interest in Afghanistan and South Asia extends beyond the immediate denial of a safe haven for al-Qaeda. In a wider context, strategic opportunities converge in Afghanistan that could help to stabilize the region, expand a lucrative market for U.S. investors and exporters, help restore America’s credible influence in the Islamic world, reduce narcotics production, and maintain an environment nonconductive to extremism. Afghans recognize the need to diminish corruption and criminal activity (including the production and trafficking of narcotics), while at the same time creating jobs, improving the quality of life, and increasing literacy. And while they realize they cannot do this without outside assistance, they seek a sustainable path to self-sufficiency. Afghans not only want to eventually take the lead in providing their own security, they want an opportunity to sustain their own prosperity rather than receiving direct support and handouts that only perpetuate their vulnerability, poverty, and dependence.

Within the next several months, President Obama and the international community have an opportunity to shift the paradigm from “foreign-funded, Afghan-assisted” security and prosperity in Afghanistan to a sustainable “Afghan-funded, foreign-assisted” program underpinned by a financial mechanism for international oversight to counter endemic corruption. This paper proposes a sustainable, systemic, and coherent plan—modeled on FDR’s Civilian Conservation Corps—that would consolidate existing initiatives to address joblessness, infrastructure improvement, illiteracy, and microeconomic growth while offering a path to reconciliation and an income-generating alternative to opium poppy cultivation. This would be achieved with no increase in the U.S. presence, and would facilitate the eventual drawdown of U.S. military forces.

This Afghan-led, Afghan-funded program would be centrally managed from Kabul but implemented at the district level, province by province, paced by conditions on the ground. Funding would be drawn from an escrow

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account (with proven mineral resources and international funding as collateral), fiscal and governance oversight would be provided by a small, embedded monitoring team, and economic development (including job training) would be supported by public and private sectors of the international community. The model for this plan is proven, easily understandable, and characteristically American; its application would be uniquely Afghan. There is already interest among Afghan government ministers to adopt this model.^a

America 1933: The Model

Seventy-eight years ago, with the United States still reeling from the collapse of the stock market and the effects of the Great Depression, Americans desperate for positive change in their lives elected Franklin D. Roosevelt as president. Unemployment was at 25 percent. The country was beginning to feel the devastating effects of an environmental disaster—the Dust Bowl—that would decimate American farmland in the '30s through erosion and force a migration from the Plains, further exacerbating urban unemployment. But Roosevelt had a plan to combine two negatives—declining or neglected natural resources and high urban unemployment—into a single solution to revive the economy and restore national faith among the workforce.

In 1933, the U.S. Congress approved the Emergency Conservation Work Act, which led to the creation of the Civilian Conservation Corps (CCC). The new president

^a The draft Afghanistan Peace and Reintegration Program, published in April 2010 by the Afghan government (National Security Council and D & R Commission), cites in Annex F an Engineering and Construction Corps and an Agriculture Conservation Corps; the concept of an escrow account and the creation of an Afghanistan Development Corps have been cited by Director Kian of the U.S. Export-Import Bank in meetings with Afghan Minister of Mines Shahrani and Finance Minister Zakhilwal, U.S. Ambassador Eikenberry, U.S. Deputy Treasury Secretary Wolin, and then-Deputy Secretary of State Lew; the decision to create a secretariat for monitoring corruption was signed by President Karzai in the July 2010 Kabul Conference Communiqué.

vowed to have 250,000 young Americans in work camps by the end of that July. From FDR's inauguration on March 4, 1933, to the induction of the first enrollee on April 7, just over a month had elapsed. By 1935 there were about 500,000 participants working from 2,600 camps across the country. Over a period of nine years, 3 million young Americans (including 80,000 Native Americans) participated in a massive agricultural and reforestation program that not only restored the nation's natural resources but significantly reduced unemployment, taught more than 400,000 illiterates to read and write, and provided a vast recruiting pool at the onset of World War II. From 1933 to 1942, more than \$72 million in allotments were paid (at a rate of \$30 a month pay, with \$25 going to family allotments), easing the burden on families back home and helping to fuel the stalled economy. Specific accomplishments included: 3 billion trees planted, 20 million acres of erosion stopped, 84 million acres of arable land provided with drainage, and 97,000 miles of fire roads built.

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Although the CCC had no book of rules, it was a model of the efficiency to be gained from a flat, self-regulating service organization. Further, the second- and third-order rewards—reduced illiteracy, restored sense of pride, enhanced cohesion among disparate groups (including several tribes of Native Americans)—were as significant as the primary benefits: improved agriculture and forestry, and reduced unemployment. The intrinsic and tangible returns on investment were significant.

Afghanistan 2010: Facing Many of the Same Problems

Drawing parallels between Afghanistan today and the United States in 1933 may seem a stretch, but there are enough common challenges to suggest the CCC may be a model worth consideration. Afghanistan's challenges are legion, and when addressed individually seem overwhelming. Like Depression-era America, Afghanistan suffers from high unemployment and poverty, diminishing arable acreage due to drought, lack of adequate roads and highways, large and difficult geographic expanses, a devastated economy, a high rate of illiteracy, and a limited pool from which to recruit for the military and police. The applicability of the CCC model only gains in poignancy when we consider Afghanistan's unique tribal and ethnic disparities, diverse cultures, lack of national pride and cohesion, and the threat of violence from foreign extremists and domestic insurgents.

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Two-thirds of the population of Afghanistan lives on the equivalent of less than \$2 a day (average per capita income is approximately \$350); the average income for families that grow opium poppies has been estimated to be little more than \$10 a day. Approximately 42 percent of the population lives below the poverty line. Unemployment is estimated to exceed 40 percent. The literacy rate is just 36 percent. Only 23 percent of the population has access to safe drinking water, and only 12 percent has access to adequate sanitation.

The Plan: A New Deal in Three Parts

The plan consists of three component mechanisms, each required for transitionable and sustainable security and prosperity in Afghanistan.

- 1) Apply the "CCC Model." Successful counterinsurgency (COIN) operations in Afghanistan require collaboration among the U.S. Defense and State departments, the International Security Assistance Force, nongovernmental organizations, and the Afghan government. Several development initiatives are already being considered or undertaken as part of the "build" phase of COIN operations. Currently, however, there is no unifying and sustainable framework under which to consolidate these initiatives and eventually transition them to the Afghan government and its Ministry of Rural Rehabilitation and Development (National Solidarity Program). Among development projects currently being considered, perhaps the most promising in terms of widest and enduring application are the U.S. government's Inter-Agency Water Strategy for Afghanistan, the Distributed Essential Services program of the U.S. National Defense University, and the Policy and Strategy for Forestry and Range Management being undertaken by the Afghan Ministry of Agriculture, Irrigation, and Livestock.

An Afghan Development Corps would draw able-bodied, "insurgent age" Afghans chosen by local leaders to participate in self-improvement projects. Those selected for the program would have the choice of participating locally or away from their villages in centers designed to reinforce camaraderie and appreciation for the order and honor associated with discipline. The camp-like settings would be secured by the Afghan National Security Forces. During the day, participants would work on projects such as potable water development, sewage and sanitation, irrigation and water distribution; reforestation and land management; low-power and low-cost off-the-

grid electricity; and road construction. At night, local elders and Afghan instructors would teach basic mechanical skills, reading, and writing, and provide non-radical religious education to the workers. Participants and their families would receive a stipend (perhaps \$180 a month). There are already two Afghan government systems in place that could be used to prioritize these types of projects at the local level: Community Development Councils that select projects for the Rural Rehabilitation Ministry's National Solidarity Program, and the Agriculture Ministry's Community Based Natural Resource Management committees.

To facilitate the sustainability of the Afghan Development Corps, four regional training centers would be established, where Afghan instructors would guide the studies of participants. These regional centers (proposed for Lashkar Gah, Herat, Mazar-e-Sharif, and Jalalabad) would offer business, technical, and vocational training. Training would support the goals of the national, provincial, and district governments—over the short, medium, and long terms—regarding development, industry, the economy, and governance. Programs would vary in length, but the focus would be on developing the knowledge, skills, and abilities necessary for durable and self-sustaining communities and districts. Families of the young Afghan participants would be paid a monthly stipend, while the students would be provided room, board, and transportation. Training for the instructors, brought together from across Afghanistan, would be in core disciplines and in pedagogy, so that they know not only specific content but also how to teach the various course offerings. It is anticipated that a sponsor from a Muslim nation^b could play a significant role in providing training.

^b Kazakhstan has already expressed interest in donating funds for such training in Afghanistan. Donors from within Turkey or Persian Gulf nations could also be sought.

2) Establish an escrow account. The U.S. Geological Survey has reported that Afghanistan has considerable proven mineral and rare earth element resources (recent estimates range from \$1 trillion to \$3 trillion). With the prospect of Afghanistan developing a capable labor pool, adequate infrastructure, and a viable mining industry, natural resource concessions represent a predictable national revenue stream that could be captured within an escrow and collateral account residing outside Afghanistan. Such an account, augmented by international donor funding, could then serve as a safety cushion to be leveraged in obtaining credit. Credit could be extended for a variety of purposes, with reasonable assurance of repayment from the balance in the escrow and collateral account. This mechanism would provide liquidity to finance the Afghan Development Corps and training centers.

3) Provide anti-corruption monitoring and stewardship. In July 2010, President Karzai agreed to establish a Joint Monitoring and Evaluation Committee with a permanent secretariat, to be fully operational in three months. Using this as the mechanism, embed an international team of governance and economic experts (U.S., coalition, World Bank, U.N., Afghan) in the Afghan government (at the central, provincial, and district levels as appropriate) to provide “stewardship” and monitoring to counter the popular perception of corruption, restore public faith in the government, and ensure that funds from the escrow account are used to benefit the people of Afghanistan.

Applying the Model

Applying the CCC model to Afghanistan would require sensitive consideration of cultural, religious, ethnic, political, geographic, and demographic differences. Most important, the plan must be recognized as having Afghan ownership. (Americans will immediately empathize with the desire to achieve self-sufficiency through hard work). As in 1933, the program would best be managed centrally (in this case, from Kabul) and executed locally through

regional or tribal leaders. It might be advisable to have involvement in the training centers and camps by other, more progressive Muslim nations that could help integrate non-radical Islamic teaching into the curricula and through social interaction.

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The Afghan government already has the infrastructure in place to administer an Afghan Development Corps. The National Solidarity Program (NSP) was created in 2003 by the Ministry of Rural Rehabilitation and Development to improve the ability of Afghan communities to identify, plan, manage, and monitor their own development projects. The NSP takes a community-managed approach to rural infrastructure and reconstruction in an attempt to limit corruption and encourage citizen participation. The program is currently active in Community Development Councils in more than 23,000 communities nationwide. These councils offer a convenient mechanism through which to implement the CCC model.

The Afghan “New Deal” would select fighting-age youth from across the country and provide them an alternative—positioning them to be the *human* capital for sustainable economic development. The *financial* capital would be offered by Afghanistan’s strong balance sheet in terms of its natural resources. Risk cannot be eliminated, only mitigated. Mitigated risk can then be measured, priced, and monitored for corrective action or further loss mitigation. With an escrow and collateral account that resides outside Afghanistan, risk would be externalized and reasonable assurance of repayment could be safely assumed. This mechanism, when harmonized with International Monetary Fund requirements, would facilitate non-concessionary lending to finance Afghanistan’s economic development. The Afghan New Deal offers the

strong potential for a revived Afghan economy. The concept of externalized risk is an inclusive concept. Escrow accounts can be established by all export credit agencies, or even commercial lenders, to facilitate trade finance. Trade can be in human capital as well. The same mechanism can be used to finance services such as training.

Such a financial mechanism is consistent with President Obama’s National Export Initiative, which seeks new markets for U.S. exporters. Turning Afghanistan’s natural resources into an engine of economic development and national wealth creation is not only an attractive opportunity for the Afghan government, it is an opportunity to encourage U.S. investment in a growing regional market. FDR’s New Deal provides a proven model to systemically address the development of a skilled labor pool, infrastructure improvement, illiteracy, and struggling microeconomies, while in the case of Afghanistan also countering the effect of radical madrassas, Taliban propaganda, and opium poppy cultivation.

Afghanistan’s multi-ethnic tribal society demands a decentralized approach to economic development. Under the New Deal construct, the U.S.-initiated Provisional Reconstruction Teams could align their efforts with the National Solidarity Program and the Community Development Councils under a unifying model aimed at the gradual transition of economic development performed by foreigners to projects designed and performed by Afghans. This would further provide an “exit strategy” for these reconstruction teams to eventually transfer their work to Afghans. Whether initiated in Herat, Balkh, Faryab, or Baghlan province, a pilot program should be assessed as a first logical step in testing the efficacy of the Afghan New Deal in an environment that gives it a reasonable chance for success, while security efforts remain the focus in areas of higher risk.

In the pilot program, Afghans between the ages of 17 and 25 would be recruited from communities across the country. Each participant would get a daily “wage” that would be

accrued over the month and provided as a stipend directly to his family. With the help of the U.S. Treasury Department (and perhaps the IMF or World Bank), a dedicated, nationally managed electronic banking and disbursement system would be developed to ensure that allotments were delivered (or credited) to the families of the participants. Such a system is already being tested to disburse payroll to the Afghan National Police.

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Local jirgas, or councils, in conjunction with the National Solidarity Program and Community Development Councils, would help identify projects for each local camp in order to tailor the work to the needs of their communities. Assuming that many participants would be from these communities, this would also ensure that the allotments would help grow the local economies. Afghan security forces would be responsible for construction, security, and management of each camp. Eventually, the camps would become “self-policing,” meanwhile increasing the number of young Afghans exposed to the discipline and responsibilities associated with the security forces of the Defense and Interior ministries. The absence of a U.S. or NATO military role would almost certainly reduce the likelihood that these projects and camps would be targeted by Taliban or foreign extremists.

As noted previously, an ancillary benefit of these camps would be the opportunity for education in a non-corrosive environment. As in the CCC, literacy would improve. But also, participants could be exposed to non-radical religious training. This training would be informally conducted by local elders, thereby increasing the employment opportunities beyond the 17-25 age group. Additionally, if culturally acceptable, the establishment of female camps might be considered as part of a second-phase pilot

program, enabling education related to hygiene and water management.

It is difficult to foresee the downside of a pilot program—guided by cultural and ethnic constraints, with proper oversight to deter corruption—that applies the CCC model to Afghanistan. An Afghan Development Corps and training centers, funded through an escrow account using Afghanistan’s own mineral wealth as collateral, with anti-corruption oversight provided by a team of experts, would provide Afghans the means to counter extremism, eliminate safe havens for terrorism, and provide for their own domestic security and prosperity. The desired effects would include a reduction in unemployment, the development of agriculture and national infrastructure (roads), enhanced security, a sense of ownership in local community projects, improved literacy, an increased pool of security force candidates, a source of income other than from opium poppy cultivation or Taliban support, an injection of funds into local economies, and exposure to learning outside the madrassa system. As part of a larger strategy that targets narcotics production and terrorist infrastructure, this plan offers a sustainable mechanism to address the root causes of instability and to effectively counter support for extremism. In a wider context, the implications of this plan and a more stable Afghanistan would continue to serve America’s enduring interests of security and prosperity in the region well into this century, while demonstrating the efficacy of American values and reinvigorating the U.S. leadership role as a beacon of hope.

Recommendations

Use FDR’s Civilian Conservation Corps model to establish an Afghanistan Development Corps and training centers that would provide a systemic approach to sustainable economic development and security. Provide a mechanism for Afghan funding through the establishment of an escrow account, with proven mineral reserves and donor funds as collateral. To manage the escrow account, create a combined Afghan-international monitoring team to counter corruption at the central, district, and provincial levels.

Encourage the Afghan government to incorporate this plan into a strategic partnership agreement with the United States and NATO to provide for a transition from U.S.-ISAF security operations in Afghanistan to sustainable Afghan-led security and development.



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