



The Middle East Journal

Afghanistan and the USSR

Author(s): R. K. Ramazani

Source: *Middle East Journal*, Vol. 12, No. 2 (Spring, 1958), pp. 144-152

Published by: [Middle East Institute](#)

Stable URL: <http://www.jstor.org/stable/4322997>

Accessed: 15/10/2011 10:30

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



Middle East Institute is collaborating with JSTOR to digitize, preserve and extend access to *Middle East Journal*.

<http://www.jstor.org>

AFGHANISTAN AND THE USSR

R. K. Ramazani

AFGHANISTAN, lying at the triple junction of the Far East and Middle East with Soviet-dominated Central Asia, has been one of the major targets of the recent Soviet economic offensive in the underdeveloped countries of the world. The complete economic and political domination of that country by the Soviet Union, if established, may well jeopardize the position of the West in the area between the Mediterranean and South China Seas.

One of the four remaining non-Communist countries bordering on the USSR, Afghanistan is committed to a policy of neutrality under the Treaty of Neutrality and Mutual Non-Aggression with the Soviet Union of June 24, 1931,¹ extended in December, 1955. This neutrality possibly derives to some extent from Afghanistan's long tradition of isolationism, and from an uneasy consciousness of her vulnerable border position.

An examination of postwar developments reveals clearly, however, that the present position of Afghanistan derives, to a more significant extent, from intensive Soviet economic activities in Afghanistan during recent years. Afghan neutrality is regarded by the Soviet Union as an important step toward the attainment of its objectives in South Asia and the Middle East. The opportunism, insidiousness and remarkable flexibility which constitute some of the most dominant characteristics of the Soviet economic policy in underdeveloped countries can find, perhaps, no more striking illustration than the example of Afghanistan.

I

Afghanistan, following the end of the Second World War, demonstrated an unprecedented desire for quick economic development. She sought United States and United Nations assistance. The United States has made grants of about \$15 million in the last five years for technical assistance. The U.S. has also granted another \$10 million (plus a loan of \$5 million) to improve air transport. Export-Import Bank loans

1. For the authentic text in Persian and Russian with French and English translations see, League of Nations, *Treaty Series*, No. 3611, Vol. 157 (1935), pp. 370-381.

◆ R. K. RAMAZANI is a member of the Woodrow Wilson Department of Foreign Affairs of the University of Virginia. This paper is the result of research undertaken as a part of a systematic inquiry into Soviet foreign economic relations at the Department. Responsibility for data and analysis rests solely with the author.

to Afghanistan, beginning in April, 1950, have amounted to \$39.5 million. The major portion of this sum has been expended on the Helmand-Arghandab Valley project, the most vital irrigation project in the country. The first stage of the project, consisting of soil drainage survey and the building of the Kajaki and Arghandab dams and the Boghra-Marja-Shamalan canal system has already been completed.²

Afghanistan was also one of the first applicants for U.N. technical assistance, covering 17 projects. Technical assistance since 1949, provided through UNTA, ILO, FAO, UNESCO, ICAO and WHO, has indeed materially helped the economy of the country. In 1957, for instance, Afghanistan received nearly \$1 million in U.N. technical assistance in the fields of agriculture, health and public administration.³

Despite the valuable assistance furnished by the United States and the United Nations, Afghanistan is fundamentally dependent upon her own resources for economic development funds. Exports, mainly karakul and wool, constitute nearly 12 per cent of the gross national product. At least half of Afghan imports, at present, are finished cotton and rayon. The proportion of capital goods imports is climbing rapidly as Afghan economic development plans, formalized in a Second Five-Year Plan adopted by the *Majlis* in 1956, become of greater significance to the overall economy. Foreign trade has been increasing steadily in the postwar period and has usually produced an export surplus. In the light of the continuous dependence of Afghanistan's economic development expenditures on her earnings by exports, the main source of capital for the country, the vital nature of foreign trade for the nation's overall economy is apparent.

The foreign trade of Afghanistan, however, is crucially conditioned by the country's geographical location. Afghanistan is landlocked, is without rail transportation and is therefore anxious to develop her air transport extensively. Only three main overland transit routes exist: To Iran, the USSR, and Pakistan. The route through Iran is long, tortuous and expensive. Traditionally, the Soviet Union has not permitted Afghan trade through its territory. The route through Pakistan to Karachi, the most extensively used in the past *and* the most natural transit route for Afghanistan, is thus the jugular vein of that country's foreign trade. In 1954-55 alone, for instance, about 80 per cent of both imports and exports of that country were carried along this route.⁴

2. U.N. *Economic Survey of Asia and the Far East*, 1955 p. 52.

3. U.S. Department of Commerce, *Basic Data on the Economy of Afghanistan*, Part 1, No. 55-74. See also U.N. Technical Assistance Committee, *Seventh Report of the Technical Assistance Board*, New York, 1956; and U. N. *Report on the Training Center of Vital and Health Statistics* (Doc. St./STAT/SER. M/24).

4. U.N. *Economic Survey of Asia and the Far East*, 1954, p. 61.

However, the suppurating sore of "Pushtoonistan" has poisoned Pakistan's relations with Afghanistan since 1947 and has, at times, created tremendous foreign trade difficulties for the latter. When Pakistan was about to be created the Afghan Government demanded a plebiscite in the Northwest Frontier Province to determine whether the disputed area of Pushtoonistan would become an independent state or remain with Pakistan.⁵

Afghanistan's demand is based in part upon past control of the Afghan Empire over the area. The so-called Durand Line of 1893 (the basis of the border of the new state of Pakistan) between British India and Afghanistan had split the Pushtu-language area between these two countries. The Afghan ruling family belongs to this Pushtu element which, in fact, comprises only one-third of the inhabitants of Afghanistan. So far, Pakistan has indignantly rejected any proposal for a plebiscite in Pushtoonistan, charging that Afghanistan's real motivation is annexation of the Pushtu-inhabited area rather than the creation of a truly independent and sovereign state. This bitter dispute threatened Afghan foreign trade seriously in 1950 and again in 1955.

II

In 1950 Pakistan cut off the importation of petroleum products into Afghanistan for about three months, by closing Afghanistan's main transit route. Under these circumstances, and in dire need of petroleum, Afghanistan relaxed her traditional cautious and suspicious attitude toward her northern neighbor. She agreed resignedly, if not reluctantly, to expand her trade with the Soviet Union in a four-year trade agreement signed in July, 1950. Under this agreement the Soviet Union undertook to export oil products and cotton cloth, among other commodities, while Afghanistan would export wool, cotton, etc.⁶ The Soviet Union also offered the services of its own oil-prospecting technicians,⁷ after having been assured of an indefinite suspension of the U.N. project for oil exploration.

The Afghan Government had long set itself the goal of an oil production sufficient to satisfy the home market.⁸ In pursuance of this goal that government requested the U.N. as early as 1949 for assistance in oil exploration. At the beginning the Soviet Union watched the U.N.

5. See, Crocker, H. E., "Afghanistan, a Buffer State," *Contemporary Review*, June 1, 1953, pp. 343-346.

6. *Foreign Assistance Activities of the Communist Bloc and Their Implications for the United States*, 85th Congress, 1st Session (March, 1950), p. 80.

7. *Christian Science Monitor*, September 2, 1950.

8. See Mr. Yafali's speech, *U.N. Official Records of the General Assembly*, Seventh Session, Second Committee, 1952.

activities in Afghanistan quietly, but later it vigorously protested against the U.N. mission, condemning the "suspicious attitudes of the Americans" serving on it.⁹

The 1950 trade agreement marked only the beginning of intensification of Soviet economic activities in Afghanistan. By early 1952 Afghan-Soviet trade had doubled,¹⁰ and the Soviet Union had opened a trade office in Kabul. In 1952 also the construction of four oil tanks having a general capacity of about 1200 cubic meters was started. *Vnesbniiaia Torgovlia*, the official Soviet foreign trade journal, commenting on the Soviet technical assistance to Afghanistan prior to 1953 stated in part that Soviet specialists in the fields of entomology, veterinary medicine, and in the exploitation of oil resources had been sent to that country. Furthermore, the Soviet Union had built the largest cotton cleaning plants in the country, and had delivered metal poles and wires for the establishment of over 1000 kilometers of telegraph and telephone lines. All this Soviet assistance, the journal concluded, had received "high praise from the Afghan people."¹¹

Further credit for capital goods and technical assistance was provided in 1954 when the Soviet Union granted at least \$8 million credit to Afghanistan.¹² Having by 1954 completed the construction of eight gasoline storage tanks, the Soviet Union then signed an agreement for a loan of \$3.5 million to Afghanistan at 3 per cent interest to be applied to the construction of two wheat silos, in Kabul and Pul-i-Khumri, a flour mill and a bread-baking plant. The loan, to be spent on Soviet equipment and technical services, was repayable in United States dollars, or in karakul, cotton and other commodities at the rate of \$1 million a year.

Another loan, \$5.6 million, was granted in the same year and was to be repaid in deliveries of cotton and wool over a five-year period beginning in 1957. This loan has been used in part to purchase Soviet materials and equipment for the construction of silos, a mill, a mechanized bakery and for asphaltting the streets of Kabul. It has also been expended on Soviet specialists who are in Afghanistan to teach Afghan workers how to operate the "grain combine"¹³ located on the outskirts of Kabul.

The Soviet Union also agreed to commence construction of a 60-mile

9. Teaf, Howard M., Jr., and Peter G. Franck (eds.), *Hands Across Frontiers*, p. 32.

10. *Vnesbniiaia Torgovlia*, 1954, No. 5, p. 3, as cited in *Soviet Technical Assistance*, 84th Congress, 2nd Session, (July 12, 1956), p. 8.

11. *Ibid.*

12. This figure was given publicly by the Ambassador of Afghanistan to the U.S., *New York Times*, January 16, 1954.

13. The grain combine is a group of installations consisting of an elevator able to store 20,000 tons of grain, a mill with a daily output of 60 tons of high-quality flour with semolina separated out, a bakery with a daily output of more than 50 tons of bread and pastry products, warehouses, a reservoir, a garage, etc. *Izvestia*, July 25, 1956.

pipeline from Termez in the Uzbek Soviet Socialist Republic across the Amu Darya (Oxus) River to the Afghan city of Mazar-i-Sharif. This pipeline, which will have an annual capacity of 30 million gallons of gasoline will be paid for through the barter of cotton and other commodities.¹⁴

III

Soviet economic activities in Afghanistan reached their peak in 1955, again subsequent to a grave intensification of tensions between that country and Pakistan over the question of Pushtoonistan. When Afghanistan learned in March, 1955, about the plan of the Government of Pakistan to merge the provinces of West Pakistan—including the area of Pushtoonistan—into a single administrative unit, Sardar Muhammad Da'ud Khan, the Prime Minister of Afghanistan, bitterly protested against any such action.

A month later, in April 1955, the Pakistan consulate in Jalal-Abad was attacked by Afghan street demonstrators. In retaliation, the Afghan consulate in Peshawar was attacked and the Afghan flag burned. Finally when Pakistan decided definitely to implement her plan on the merger of provinces, the Afghan Government recalled its Karachi envoy from his post and the Government of Pakistan did the same.¹⁵

Following these events Pakistan closed her border to Afghanistan for the second time, this time for a period of five months. Disastrous consequences from this action inevitably followed for Afghanistan's economy. Afghanistan's exports, especially of fruits, were substantially reduced. Her imports of consumer goods and the capital goods required for development projects were injuriously delayed. Her earnings from exports which, as stated above, constitute the main source of capital for the country and on which development expenditures materially depend were sharply curtailed.

Despite all this, the Afghan Government did not immediately turn to the Soviet Union for a right of way through its territory. Rather it continued earnestly to negotiate with Iran for a right of way across that country to the port of Chahbar, on the Persian Gulf. This would have required the improvement of 3600 miles of Iranian roads,¹⁶ too costly and time-consuming a project to furnish any prompt and effective solution to the vital transit problem of Afghanistan.

In the face of this economic strangulation the Afghan Government

14. *New York Times*, June 3, and July 30, 1954.

15. See, N. Von Ostrowska, "Afghanistan, the Soviet Union, and the West," *Bulletin* (Institute for the Study of USSR), December, 1955, pp. 17-22.

16. Peter G. Franck, "Economic Progress in an Encircled Land," *The Middle East Journal*, Vol. 10 (Winter, 1956), p. 58.

turned to the Soviet Union for assistance. A transit agreement was promptly concluded, and Afghanistan acquired the right of duty-free transit for her goods over Soviet territory.¹⁷

Subsequently, the trade between the two countries increased substantially.¹⁸ The protocol on commodity exchange, signed on August 27, 1955, provided for the export of, to mention a few items, petroleum products, rolled ferrous metals and building materials by the Soviet Union, and the export of wool, cotton and raw hides by Afghanistan.¹⁹ The value of exports to the USSR in 1954-55 was approximately 19 per cent of the total exports of Afghanistan.²⁰ This showed an increase of seven per cent over that of the previous year.

In 1954-55 about half of Afghan cotton, three-fourths of its wool, one-fourth of its hides and more than nine-tenths of its oil seeds were exported to the USSR, which supplied four-fifths of the imported sugar, two-thirds of the imported iron and steel products, more than one-third of the imported cotton piece goods, one-fourth of imported construction materials and one-tenth of the petroleum requirements of the country.²¹ The 1953-54 trade deficit of Afg. 156 million with the USSR was changed into a surplus of Afg. 57 million in 1954-55.²²

December 18, 1955, marked the high point of Soviet economic assistance to Afghanistan. At the end of their three-day state visit to Afghanistan Premier Bulganin and Mr. Khrushchev offered a long-term loan equivalent to \$100 million to the Government of Afghanistan,²³ amounting to about five times the total revenue of that country during the 1954-55 fiscal year. The offer of this loan was accompanied by a gift of a one-hundred-bed hospital and fifteen buses to the city of Kabul.²⁴ An agreement regarding the \$100 million loan, signed on January 28, 1956, provided that the USSR would export equipment and materials for cooperative ventures in development of agriculture, building of irrigation projects, etc. Afghanistan would repay in export goods, within 30 years, in twenty-two equal annual installments at two per cent interest.²⁵

Another agreement also concerned with the loan, signed on March 1, 1956, provided that the Soviet Union would supply materials, equipment and technical aid for the construction of two hydroelectric stations, three vehicle repair factories, irrigation works, a physics and chemistry labora-

17. *U.N. Economic Survey of Asia and the Far East*, 1955, p. 55.

18. N. Von Ostrowska, *op. cit.*, p. 17.

19. *Review of Soviet Press*, August 27, 1955.

20. *U.N. Economic Survey of Asia and the Far East*, 1955, p. 55.

21. *Ibid.*

22. *Ibid.*

23. *Soviet Technical Assistance*, 84th Congress, 2nd Session (July 12, 1956), pp. 11-12.

24. *Ibid.*

25. *Ibid.*

tory, reconstruction of the airport at Kabul, construction of a new airport at Bagram and a highway across the Hindu Kush mountain range. Further, Soviet specialists and technicians would supervise the construction of these projects and would train local labor.²⁶

On the same day that the offer of \$100 million loan was made, the Treaty of Neutrality and Mutual Non-Aggression of 1931, mentioned above, was extended for ten years. Later developments also indicated clearly that the Soviet Union has no intention of confining itself solely to economic activities in Afghanistan.

On August 25, 1956, the Afghan Prime Minister announced in Kabul that the Soviet Union had agreed to give military aid to Afghanistan.²⁷ An eight-year easy-installment agreement for arms was signed between Afghanistan on the one hand, and the Soviet Union, Czechoslovakia,²⁸ Poland,²⁹ Hungary, and East Germany on the other. The \$25 million credit granted under this agreement is to be repaid in Afghan goods. Already, eleven jet aircraft, a Soviet Ilyushin-14 plane for the King's use, and two Soviet helicopters have been delivered to Afghanistan.³⁰

IV

From the foregoing considerations three points appear clearly: (1) The present close economic link between Afghanistan and the Soviet Union is unmistakably a result of the frustration of the former's anxious and laudable desire for rapid and extensive economic development. (2) The vexatious and harassing problem of Pushtoonistan has, more than any other single factor, given rise to that frustration. (3) The Soviet Government, constantly alert to any favorable opportunity, has skillfully exploited Afghanistan's economic predicament in an attempt to draw her closer to itself and away from the West.

Accurate determination of the implications of Afghanistan's present close economic relations with the Soviet Union is at best a difficult task. Nevertheless, some observations may be ventured. Economically speaking, it must be admitted that the Soviet economic activities in Afghanistan could meet, to a satisfying extent, the immediate wants, if not the fundamental needs, of that country. The construction of the oil pipelines, gasoline tanks, grain silos, bakeries, and the paving of the streets of Kabul would mean, in plain terms, better and a greater variety of

26. *Pravda*, March 4, 1956.

27. *New York Times*, September 5, 1956.

28. On August 22, 1954 Czechoslovakia granted Afghanistan \$5 million credit for eight years at three per cent interest. For details see, *Foreign Assistance Activities of the Soviet Bloc and Their Implications for the United States*, 85th Congress, 1st Session (March, 1957), p. 81.

29. On August 30, 1956 Poland concluded a trade agreement with Afghanistan, see *Ibid.*

30. *Ibid.*, p. 82.

bread, more electricity and better streets for the Afghan people. Furthermore, the combination of these means of production with the benefits derived from trade with the Soviet Union could measurably increase the output of Afghanistan.

The short-run profits derived from trade with the Soviet Union should be balanced against Afghanistan's commitments to repay the USSR, Czechoslovakia, Poland, Hungary and East Germany in goods for the credits they have granted her. Repayment in goods of about \$150 million in credit will inevitably require the earmarking of substantial quantities of Afghan wool and cotton as well as opium, dried fruits and skins and result in a serious strain on the international economic position of Afghanistan for many years to come.

However, the biggest item of these credits is that of the \$100 million, which has not been extensively used thus far.³¹ But the fact of its availability to the Government of Afghanistan is no slight temptation. Since Afghanistan's Second Five-Year Plan is to be financed in part by borrowing from abroad³² such temptation may become increasingly difficult to avoid, unless some offers of financial assistance, at least as attractive as those made by the Soviet Union, are forthcoming from other sources.

It is clear that Afghanistan, in establishing close economic ties with the Soviet Union, has not been motivated by any political or ideological predilections toward that country. Nevertheless, it is not justifiable to assume that such ties can have no political implications. It is true that the Prime Minister of Afghanistan told the Soviet leaders emphatically and seriously that his country would accept the Soviet assistance "provided that it is not linked to any political obligations."

While it is also true that Afghanistan has not so far entered into any alignment with the Soviet Union, she has definitely accepted a significant obligation toward that country. On the same day that she accepted the \$100 million she also undertook, through the extension of the Treaty of Neutrality and Mutual Non-Aggression of June 24, 1931, not to become "a party to any alliances or agreements of a military or political character,"³³ a most conspicuous political string attached to the Soviet economic assistance.

To Afghanistan this obligation may seem eminently compatible with her independence and sovereignty as well as her long tradition of neutrality. To the Soviet Union, however, it is a most desirable political return that its calculated economic assistance to Afghanistan since 1950 has

31. Reportedly about \$10 million has been used. *New York Times*, August 29, 1957.

32. *U.N. Economic Survey of Asia and the Far East*, 1955, p. 53.

33. Article II, for the text of the treaty see note 1, *supra*.

finally yielded. Neutralization of Afghanistan is, for Moscow, a matter of many beneficial possibilities. It can assist the successful attainment of the short-run objective of the Soviet South Asian and Middle Eastern policy which only begins in Afghanistan and ultimately aims at Calcutta and Cairo.

This short-run objective, according to Mr. Khrushchev,³⁴ is the destruction of the Baghdad Pact alliance. Afghanistan, politically neutralized and economically dependent upon the Soviet Union, can well serve as a wedge between Iran and Pakistan, two members of the Pact. Until the destruction of the Baghdad Pact alliance is ensured, the Soviet Union may conveniently tolerate Afghanistan's view on neutrality and her determination to preserve her territorial integrity and independence. Whether the Soviet Union would still maintain this attitude if and when that objective were effectively achieved will remain to be seen.

34. He made this statement publicly while in Kashmir, on his way to Afghanistan. *New York Times*, December 17, 1955.



AFGHANISTAN AND ITS NEIGHBORS
(see page 144)