



**Bandits, Borderlands and Opium Wars:  
Afghan State-building Viewed from the  
Margins**

Jonathan Goodhand

DIIS Working Paper 2009:26

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## **ABSTRACT**

This paper explores the linkages between the drugs economy, borderlands and 'post conflict' state-building in Afghanistan. It does this through a fine grained historical analysis of Sheghnan, a remote district on the Afghan-Tajik border in the north-east. The paper charts the opening and closing of the border; the movement of people, commodities and ideas across the border; the effects of changing political regimes; the role of resources and their effects on local governance; and the complex, multifaceted networks that span the border and are involved in the drugs trade. The paper argues that the drugs economy has been an important part of the story of borderland transformation in Sheghnan. Because of drugs, borderlands are no longer marginal, but have become a resource to be exploited by the centre. As such the paper argues that examining the frontier may throw light on processes of state formation, state collapse and 'post conflict' state-building. A focus on borderlands means taking seriously the 'politics of place' and examining the diffuse dynamics and localised projects that feed into and shape processes of state formation.

## INTRODUCTION

This paper explores the linkages between the drugs economy, borderlands and 'post conflict' state-building in Afghanistan. It does this through a fine grained analysis of Sheghnan, a remote district on the Afghan-Tajik border in the north-east. The paper explores the historical development of the border and borderland through a number of different phases: first, its pre-state origins as an open border on the edges of contending empires; second, a closed border within a buffer state – a Cold War construct that divided Soviet and US spheres of influence; third, the prising open of the border after the collapse of the former Soviet Union and civil wars in both countries, during which the region reverted to its eighteenth century status as an open frontier; fourth, 'post conflict' peace-building in Afghanistan and Tajikistan, during which the uneven attempts by both countries to 'sharpen the edges' of the border influenced its institutions and economic practices.

The paper charts the opening and closing of the border; the movement of people, commodities and ideas across the border; the effects of changing political regimes; the role of resources and their effects on local governance; and the complex, multifaceted networks that span the border and are involved in the drugs trade. This paper argues that the drugs economy has been an important part of the story of borderland transformation in Sheghnan. Because of drugs, borderlands are no longer marginal, but have become a resource to be exploited by the centre. In a reversal of pre-war relationships, the centre is now dependent on economic activities in the hinterland. In other words, drugs have exerted a gravitational pull on the central state by attracting state actors out to the borderlands. Thus, in contrast to mainstream policy

debates, the paper suggests that the drugs economy in Sheghnan has at least contributed to the emergence of a measure of political order, and had significant developmental outcomes. The paper draws on Snyder's (2006) work on institutions of extraction to show how the bargaining processes between rulers at the centre and private actors on the periphery have contributed to complex interdependencies and the emergence of a new political equilibrium. Something not recognised in Snyder's model, which is developed in this paper, is how the existence of international and internal borders influences these bargaining processes. The borderland is treated as a spatial unit, which straddles an international border. The changing porosity of the border and the transnational networks that facilitate the drug economy are additional factors that need to be considered in the core-periphery bargaining game.

Finally, I argue that examining the frontier may throw light on processes of state formation, state collapse and 'post conflict' state-building. State formation is understood here to be an historical or immanent process, the largely unconscious outcome of conflicts, negotiations, compromises and trade-offs. State-building, in contrast, is understood to be a conscious, planned and often externally driven attempt to establish an apparatus of control. In this chapter, by studying immanent processes we call into question the idea that state-building simply involves the gradual diffusion of power outwards. An historical account of Sheghnan shows the decidedly non-linear process of state formation: it has occurred in fits and starts – a process that might be described as one of 'punctuated equilibrium' involving fragile power balances interspersed by periodic conflicts (Cramer and Goodhand, 2003). And the borderland is central to this story. A focus on borderlands

means taking seriously the ‘politics of place’ (Stepputat, 2001: 286) and examining the diffuse dynamics and localised projects that feed into and shape processes of state formation. Therefore mainstream accounts do not merely leave out the periphery – ‘they ignore a set of boundary conditions and exchanges which make the centre what it is’ (Scott, forthcoming: 16).

### **Wars, States, Borderlands and Illicit Flows**

In a study of brigandage and piracy from a world historical perspective, Thomas Gallant (1999), makes a convincing case for the role played by illegal networks of armed predators in facilitating the global spread and triumph of capitalism. Bandits were deeply insinuated in the process of state formation and state consolidation. As states expand they often leave peripheries poorly integrated into a central apparatus: ‘In these mountains and maritime fringes, weak state control can provide an opening for men of prowess – pirates, bandits, warlords or ethnic chiefs – to mediate between the centre and its margins’ (McCoy, 1999: 130). They acted as brokers between centre and periphery, facilitating capitalist penetration of the countryside by increasing monetisation, encouraging marketisation and providing a venue for upward economic mobility. Eric Wolf writes about the role of such brokers as follows:

They stand guard over the crucial junctures or synapses of relationships which connect the local system to the larger whole. [Brokers] must serve some of the interest groups operating on both the community and the national level. They cannot settle them, since by doing so they would abolish their own usefulness

to others. They thus often act as buffers between groups, maintaining their tensions which provide the dynamic of their actions (Wolf, cited in Blok, 1974: 7-8).

Through a process of either co-opting or crushing rural outlaws in frontier regions, states experienced a ‘border effect’ that strengthened their capacities. Put simply, ‘bandits helped make states and states made bandits’ (Gallant, 1999: 25). Many states today continue to be involved in the same processes of political and administrative pacification in their unruly borderlands – something that James Scott refers to as the ‘last great enclosure’. At a global level international peace operations may be driven by a similar impulse, to occupy and stabilise ‘ungoverned spaces’ often located at the interstices of one or more ‘fragile states’ (Duffield, 2007). Contemporary state builders may adopt similar tactics to their predecessors, for instance the Burmese drug lord Khun Sa, who played a catalytic role in state formation by forcing Rangoon to impose control over its frontiers (McCoy, 1999: 158).<sup>1</sup> Similarly, Snyder (2006) argues convincingly that although opium initially fuelled chaos in Afghanistan by providing a key source of income to rebel armies, after 1990 it contributed to the consolidation of a stable military regime that ended the civil war and forcibly imposed political order. In the same vein, Volkov (2002), argues that in the early 1990s in Russia, ‘violent entrepreneurs’ responded to (and helped create) the demand for protection from nascent businesses at a time of widespread insecurity. Over time the means of coercion was centralised in Tillyian fash-

<sup>1</sup> Arguably, if one views the Taliban as proto-state-builders, their control and taxation of the poppy economy was a factor that enabled them to extend their control over the country and concentrate the means of coercion.



ion as a result of the struggles for survival and domination between violent entrepreneurs and the state.

War economies and shadow economies may therefore be seen as part of the long and brutal politics of sovereignty. Illegality and the state have been constant companions, and control of illicit flows of revenue may actually strengthen the state. As Snyder (2006) notes, at one point in time lootable resources may be associated with state breakdown, but at another time with political order. The key, according to Snyder, is how institutions of extraction involving rulers and private actors develop around these resources. Four possible extraction regimes are posited – private, public, joint or no extraction – each leading to different outcomes in terms of political (dis)order. If rulers are able to build institutions of joint extraction, lootable resources can produce political order by providing the revenues to govern. Rulers may deploy sticks (coercion or legal instruments) to deny private actors independent access to resources, or carrots (amnesties, tax breaks) to encourage them to share and invest their revenues. Patronage and corruption may be part of the bargaining process, as Reno (2000) argues in his analysis of the political economy of weak states in Africa. This model is developed below in order to examine the effects of the opium economy on political (dis)order in a border region of north-east Afghanistan.

## **SHEGHNAN: A BORDERLAND HISTORY**

Sheghnan is a poor, mountainous district in north-east Afghanistan, situated on the border between Afghan Badakshan and the Oblast of Gorno-Badakshan of Tajikistan.

The border is defined by the Panj river<sup>2</sup> which originates in the Pamir Mountains and flows westwards into the Amu Darya and eventually fills the Aral sea. This drainage system has hosted trade for centuries between people living on both banks of the river, with primarily ethnic Tajiks living on the lowland western Panj and Ismailis along the highland eastern Panj. A number of Pashtuns, Uzbeks, Russians and Kuchis live among them.

Sheghnan has a predominantly Ismaili population of 33,000. Its traditionally agropastoral economy is subject to chronic food deficits due to land scarcity, a short growing season, geographical isolation<sup>3</sup> and more recently three decades of war, leading to increased migration. By Afghan standards the population is highly educated, a legacy of Soviet-era investments in education and more recently the Aga Khan's involvement in this sector. Government salaries as teachers are vital to the local economy and roughly 800 Sheghnis work outside the district in other parts of Badakshan province as government teachers.

### **Pre-state History and Early State Formation: From Open Frontier to Closed Border**

For most of its history Sheghnan has constituted a marginal borderland in a wider region of open borders and trade routes. The logic of state consolidation and expansion was dictated by extracting resources and manpower (Scott, 2000; Barfield, 2004). Therefore the burden of taxation fell on the 'state spaces' and because resource-poor, mountainous re-

<sup>2</sup> Panj meaning five, a reference to the five rivers that make up the Amu Darya/Oxus river.

<sup>3</sup> Until 2002 there was no road connecting Bashur, the district centre of Faizabad, the provincial centre, a distance requiring a three-day walk.

gions could not be profitably administered or easily subdued, they remained largely autonomous.

Mountainous frontier zones also constituted places of refuge from civilising projects in the valleys (Scott, 2000). Flight was the response to the state-building project of sedenterisation, extraction and simplification (ibid). The mountains became 'spaces of avoidance' because 'civilisations find it hard to climb hills' (ibid). Even today, Pashtun tribes in the hills and deserts draw a sharp distinction between themselves as people who do not pay taxes (*nang*) and those Pashtuns who live under state control (*qalang*) (Barfield, 2004: 267). As well as a means of escaping taxation, the hills constitute a place of refuge from political or religious persecution. In Afghanistan religious heterodoxy has tended to head for the hills, and the spatial pattern of settlement is characterised by Pashtun and Tajik occupation of the fertile lowlands and the Shi'ites (including Hazaras and Ismailis) occupying the remote high mountain areas.

Sheghnan's status as a marginal borderland was to change as it was incorporated into the emerging Afghan state during the nineteenth century. The reign of Abdur Rahman Khan (1881-1901) was a defining moment as semi-autonomous regions were subdued through internal conquest, and open frontiers became internationally recognised and internally policed borders. An Anglo-Russian commission demarcated Afghanistan's northern and western borders with Central Asia, Iran and China between 1876 and 1896, and in 1893 the Durand line was drawn up to demarcate the eastern limit of the Afghan administration. The British hoped that this would seal off their empire hermetically from the acquisitive interests of the Russians (Cullather, 2002: 47). Through a combination of military cam-

paigns<sup>4</sup>, alongside fiscal<sup>5</sup> and administrative re-organisation<sup>6</sup> Abdur Rahman centralised political and economic power in Kabul. Whilst 'non-state spaces' like the north-east were to an extent successfully colonised, they remained weakly incorporated into, and marginal to the Mohamedzai Pashtun-dominated state.<sup>7</sup>

In the 1920s Afghanistan's northern borders were closed off and economic relations in the Soviet-dominated Central Asia were redirected and amplified towards Russia. Russian officers were appointed to police the border on the Soviet side and Pashtuns were re-located from southern Afghanistan to do the same on the Afghan side, following a rebellion in 1925 by the Sheghnis in response to King Ammanullah's policies on taxation and conscription. Sheghnan remained a neglected and semi-autarkic region for much of the twentieth century. This can be contrasted with the eastern borderlands, which were politically sensitive<sup>8</sup> and economically significant because of cross-border trade and the proximity of neighbouring cities that catalysed domestic revenues, investment and cultural exchange.

<sup>4</sup> Including wars with the Ghilzai Pashtuns (1886-88), the regaining of control over Afghan Turkestan (1888) and campaigns in Hazarajat (1891-1893 and Kafiristan (1895-1896).

<sup>5</sup> For example he introduced new state minting machinery and increased and systematised taxation (Hanifi, 2004). Rahman Khan also benefited from British subsidies throughout his reign.

<sup>6</sup> Provinces were subdivided into smaller units and new governors appointed who were personally loyal to Rahman Khan. Rebellious Pashtuns from the south were exiled to the north and given rich agricultural lands, and subsequently became strong supporters of the government.

<sup>7</sup> As Roy (1990) notes the Afghan state was never able to escape its tribal and Pashtun origins and throughout its history has been ruled by Durrani Pashtuns.

<sup>8</sup> Due to the contested border, the Durand line and the insurrectionary tradition of the eastern tribes, Pashtuns in the border areas received special treatment and benefits through the Ministry of Tribal Affairs.

Although people and commodities could not cross the border, ideas and ideologies did, and during the Cold War period Sheghnan was influenced by wider political currents emanating from Kabul and beyond:

The majority of Ismaili elites maintained that only socialism could remedy their social and economic problems and they could see that their fellow Ismailis across the Oxus river in Gorno-Badakshan and those in Sinkiang in China apparently enjoyed a more comfortable life under socialism (Emadi, 1997: 114).

The 1960s and 1970s saw the growing politicisation of the Ismaili intelligentsia, who were attracted to Marxism as a result of the treatment of Ismailis by the Pashtun-dominated state and the visible improvements brought to Ismaili regions across the border.<sup>9</sup> Sheghnis joined either the Khalq, a pro-Soviet faction of the People's Democratic Party of Afghanistan (PDPA), or Saza, a Maoist-oriented ethno-nationalist party, which considered the national question (i.e. Pashtun supremacy) as being more important than the class question.

### **Cold War Proxy Conflict (1979-1992)**

In 1978 the PDPA regime came to power after a coup (the Saur Revolution) and embarked on a radical reform programme that provoked violent resistance in the countryside. A second coup followed in 1979, and with growing insurrection and a breakdown of social control, the Soviets invaded later that year.

<sup>9</sup> The Soviet Union developed Tajik Gorno-Badakshan by encouraging economic activity and promoting educational opportunity and infrastructure, precisely because of its remote but strategic borderland status.

Sheghnan was not affected by the intense fighting experienced by many other regions during this period and many Sheghnis look back upon this time as a 'golden age', largely because of the Soviet policy of elevating minorities. Sheghnis were promoted to high positions within the PDPA regime, with four becoming Provincial Governors, and many were trained as teachers or became high level functionaries within the party apparatus. Many Ismailis studied in the Soviet republic of Tajikistan or at institutions of higher education elsewhere in the Soviet Union. In 1987 President Najibullah's National Reconciliation government included both Khalqi and Saza groups in the new cabinet. Therefore during this period Sheghnis experienced improved material conditions and acquired a new political voice, with borderland elites becoming important brokers who were able to channel resources from the centre to the periphery. The borderland population was no longer so marginal.

### **Mujahideen Government (1992-1996) Followed by Taliban Rule (1996-2001)**

The fall of Najibullah's Soviet-backed regime in 1992 was followed by a *mujahideen*-led government in Kabul until the Taliban takeover of 1996. *Mujahideen* rule marked a new phase of the conflict, in which it mutated from a proxy Cold War conflict into a regionalised civil war. This transformed life in Sheghnan. State breakdown occurred on both sides of the border, and civil wars in Tajikistan and Afghanistan became part of a regionalised and extremely volatile conflict system, connecting zones of instability in Kashmir and the tribal areas of Pakistan, Afghanistan, Tajikistan, the Ferghana valley and Chechnya (Goodhand, 2004).

What had been a closed, heavily policed border, a construct of Cold War geopolitics, was now regularly transgressed by fighters, drug traffickers, traders, aid agencies and refugees. Afghans became increasingly embroiled in the politics of Tajikistan, and were divided between those who supported the Islamic Revival Party and those backing the Moscow-based Dushanbe regime. At various times *mujabideen* from both sides set up military bases in the other country.<sup>10</sup>

During this period the Sheghnis lost the privileged status they had enjoyed under the PDPA regime and once more became a marginal and increasingly threatened minority due to penetration of the region by *jibadi* groups from both sides of the border. The borderland itself was now a strategic resource, first as an area of sanctuary for the Tajik *mujabideen* and second as a key node in the expanding drugs economy.

The growth in opium production in Badakshan in the early to mid-1990s coincided with a number of structural shifts internationally and regionally (cf: Goodhand, 2000) including the end of Cold War patronage; the collapse of the Soviet Union; the civil war in neighbouring Tajikistan; the increasingly porous northern border; the growing monetisation of the economy (Rubin, 2000); and the end of Soviet wheat subsidies, which further impoverished the peasantry. Taken together, these shifts created top-down and bottom-up incentives to cultivate and traffic opium. Because military entrepreneurs could no longer rely on external patronage, they had to draw increasingly on domestic economic activities

<sup>10</sup> Ahmad Shah Massoud, for example, had bases in Kolyab, and he and fellow Jamiat commanders were regular visitors to Dushanbe. In October 2000 Russian defence Minister Igo Sergeev met with Massoud in Dushanbe to discuss the fight against the Taliban, after which Russia stepped up its deliveries of military equipment and hardware (Jonson, 2004: 74).

as a source of revenue. Drugs, contraband smuggling, asset stripping, appropriation of state land, predation and forced tributes, taxes and tithes were some of the self-financing strategies employed by military entrepreneurs. The absence of many viable economic alternatives in Badakshan, beyond the lapis and gemstone businesses, meant that control of the drugs trade was key to the successful mobilisation of capital and coercion.<sup>11</sup>

Between 1994 and 2000 there was a 43% increase in poppy production (Thompson, 2006: 170) and there are reports of traders from the leading poppy growing provinces of Kandahar and Nagahar, in the south and east respectively, coming to Badakshan in the 1990s in order to encourage and disseminate poppy cultivation and processing. Opium was primarily cultivated in the districts of Jurm, Argu and Kishum, which was increasingly refined in labs into morphine base and heroin within the province. In other words, as the opium industry became more firmly established, processing began to occur within the production chain.

Sheghnan became an important trafficking route. Drugs were transported through the neighbouring district of Baharak to Sheghnan and from there to Khorag and onto Osh in Kyrgyzstan. According to UNODC (2007) 18% of Afghanistan's heroin equivalent opiates are trafficked through Tajikistan<sup>12</sup> and the principal crossing points are:

<sup>11</sup> As Snyder and Bhavnani (2005) note, the overall resource profile of a country or region, particularly the availability of non lootable resources i.e. resources with high economic barriers to entry, has an important influence on the ability of rulers to extract revenue and establish political order. The centrality of lootable, rather than non lootable resources to the Badakshan economy, thus did not provide a favourable environment for the emergence of a centralised authority able to control and monopolize revenue extraction.

<sup>12</sup> It is estimated that 300-400 MT a year transit through Tajikistan ('Novaya Gazeta' 11 December, 2003, cited in Nourzhanov, 2005: 130).

- Ragh (Tangan)
- Shahri Buzurg
- Sheghnan
- Ishkasham

The relative importance of these different crossing points has fluctuated over time, reflecting changing governance arrangements and regulatory regimes on both sides of the border. In the 1990s Sheghnan and Ishkasham were the principal routes, with opium going through Gorno-Badakshan, Tajikistan and on to Osh in southern Kyrgyzstan.<sup>13</sup> Subsequently the crossing points at Shahri Buzurg and Ragh have become more important because of the development of Afghan-Kolyobi trafficking networks and proximity to the Tajik capital, Dushanbe.<sup>14</sup> After 1996, even though there was no Taliban presence in the province, opium produced in Taliban areas was trafficked through areas controlled by its opposition, the Northern Alliance. Badakshan's strategic position within the drug industry was heightened by the Taliban's edict of 2000 outlawing opium production. Demonstrating its footloose, flexible nature, cultivation migrated across the internal border between Taliban and Northern Alliance-controlled territory. The ban precipitated a tenfold increase in prices. This, in addition to a longstanding drought, increased the in-

<sup>13</sup> It is reported that there has been a recent trend for a growing proportion of drug shipments to go to China because prices are four to five times higher than for the Central Asia route (Fenopetov, 2006: 88).

<sup>14</sup> The modes of crossing the border vary from swimming and wading across the Panj river, to boat crossing, sometimes involving large-scale incursions of up to 120 persons with armed escorts and communications units, to crossing via legal checkpoints such as the 'Friendship Bridge' in Khorag. The town of Darvaz on the Tajik border marks a clear dividing point with the vast majority of opiates to the east of this point going via the Parmir highway to Osh, whilst to the west – with the area around Moscovsky being key – most transits through Dushanbe (Townsend, 2006: 71-3).

centive for farmers to switch to opium cultivation in Badakshan.

The border therefore became a resource to be controlled and fought over, and Sheghnan became a 'drug intensified borderland' (Gootenberg, 2005) transforming political and economic dynamics in the district. During this period drug smuggling in Sheghnan remained largely a cottage industry, shown by the interdiction of hundreds of small-time couriers who lacked the resources to bribe border officials. At all levels including cultivation, processing, and trading, there were many actors and low barriers to entry. Its organisation was highly decentralised and extremely fluid, reflecting the political dynamics in Badakshan at that time.

In the early 1990s Badakshi Tajiks from the *mujabideen* moved into Sheghnan in order to gain a foothold at the border. Khalqi and Saza factions in Sheghnan attempted to leverage support from different *mujabideen* groups whilst the latter exploited these long-standing conflicts as a tool of governance. In 1996 this led to large-scale fighting in which 180 Sheghnis and 200 Tajiks died. By the end of the 1990s governance in Sheghnan was characterised by a complex mosaic of fiefdoms in which mini-sovereigns fought one another for control of the border. This also reflected the factionalisation of the *mujabideen* more generally. Although at the time Badakshan was primarily controlled by Jamiat-e Islami (one of the seven resistance parties), this patrimonially based and unstable coalition was subdivided into the Rabanni and Massoud factions (Giustozzi and Orsini, 2009). And at the local level there was a multitude of medium- to small-scale commanders. In order to accommodate warlord interests, in 1992 Rabbani, then president of Afghanistan, subdivided the 13 administrative di-



visions into 27 units. This pluralisation of regulatory authorities on the border (Roitman, 2005) led to a regime of 'private extraction' whereby private economic actors enjoyed exclusive, unregulated and untaxed control over the income generated by resources (Snyder, 2006).

### **THE 'POST-TALIBAN PERIOD' AND THE CONTEMPORARY DYNAMICS OF THE DRUG ECONOMY (2001-Present)**

The removal of the Taliban by the US-led coalition at the end of 2001 and the highly internationalised state-building effort that followed had a significant impact on local politics and the position of the Ismaili community. First, the 'grand bargain' represented by the Bonn Agreement represented a significant power shift from southerners (the Pashtuns) to northerners (though Tajiks, particularly Panjshiris, were the main beneficiaries of Bonn).<sup>15</sup> Second, the new constitution explicitly recognised language rights and freedom of religious expression, giving Ismailis, a historically persecuted group, a certain level of confidence in the new dispensation. Third, the transition enabled a significant expansion of the Aga Khan support programme in Afghanistan (this followed a meeting between the Aga Khan and President Karzai in 2002). Therefore to some extent the north-east experienced a peace dividend, unlike, for instance, the south of the country. Fourth, the security situation improved on both sides of the border; in both countries wars had ostensibly ended with peace settlements and new

<sup>15</sup> Many of the key military leaders in the US-backed Northern Alliance originated from the Panjshir, the home area of Ahmad Shah Massoud.

'unity' governments were in power. With this transition came changed regulatory authorities on both sides of the border. As explored below these transformations have exposed new tensions around how to 'deal' with the border; whilst 'peace' has opened up opportunities to strengthen cross-border economic links and regional integration<sup>16</sup>, it has also prompted a strong statist impulse to police and securitise the border, in order to counter threats posed by drugs, terrorism and so forth.<sup>17</sup>

Post-Bonn political consolidation has occurred largely through what has been described as a process of 'warlord democratisation' (Rubin, 2006). In other words military strongmen have been co-opted into (rather than excluded from) the new political arrangements. To some extent in the north this appears to have worked, with Badakshan experiencing an initial 'security premium', manifest in the removal of checkpoints and a decline in internecine fighting between militias in the province. Regional strongmen who had built up a 'strategic edge' militarily and economically during the war years have risen to prominence at the provincial level, entering the new administration as governors, district managers and so on, or becoming elected representatives as parliamentarians and provincial councillors. Most warlords regard the state as a desirable resource to control and have access to (Schetter et al., 2007: 11).

<sup>16</sup> The Aga Khan programme, for instance, has built several 'friendship bridges' which cross the river and has initiated a number of cross-border markets.

<sup>17</sup> Russian troops were positioned on the Tajik side of the border until 2004, after which they were replaced by Tajik forces. Fears of corruption, drug trafficking and terrorism have led to increased international aid to secure the border including \$4 million of foreign assistance towards 'integrated border management'. The European Union, for example, started funding the Border Management Programme for Central Asia (BOMCA) in 2003.

In parallel with the political transition, there has been a significant growth in the drug economy driven by a range of micro and macro factors. First, the Taliban's opium ban caused a tenfold increase in prices, which in turn created strong incentives for more wealthy farmers to allocate land to poppy. These factors were reinforced by the end of a drought, which meant an increased availability of wheat and a freeing up of internal and external markets (Mansfield, 2007). Second, the CIA's policy of providing several hundred million dollars to commanders, in order to buy their support in the 'war on terror', had the effect of flooding the money market. The Afghan currency halved against the dollar in two months. This rapid deflation created incentives to unload US dollars into other currencies or other profitable investments. Since the US offensive occurred during poppy planting season, dollars were quickly recycled into loans to farmers to finance next spring's poppy crop. Third, coalition forces initially adopted a *laissez-faire* policy towards drugs, born out of the strong tension between counter-insurgency and counter-narcotics objectives. Counter-insurgency efforts require good local allies and intelligence, and local warlords are unlikely to provide either support or intelligence to those who are destroying their businesses (Felbab-Brown, 2005). Fourth, unlike previous phases of the conflict, when opium was essentially a licit commodity, its criminalisation had the effect of keeping prices high because of the associated 'risk premium' and forcing those involved in the opium industry to look for protection beyond the state – and there is no shortage in Afghanistan of non-state 'specialists in violence'. Consequently, military entrepreneurs have been able to generate political capital (and revenue) by providing protection to

the peasantry and traffickers from state-led counter-narcotics efforts. Furthermore disarmament, demobilisation and reintegration (DDR) programmes had the effect of pushing many mid- to low-level commanders into a closer relationship with the opium industry (Shaw, 2006). Unlike the more senior regional strongmen, they did not have the option of a transition into politics.

Figure 1 provides a stylised summary of the actors located at different levels of the opium chain, their roles and incentives for involvement.

Figure 1. The Afghan drug chain: Actors, roles and incentives

<i>Actors</i>	<i>Roles</i>	<i>Incentives / Motivations</i>
Farmers	Poppy cultivation by land owners and poor farmers or share croppers. (Around 350,000 farm households)	Poor farmers/share croppers – paying off debts, spreading risks – part of the coping economy. Landowners who either cultivate or rent out their land are able to profit/accumulate.
Wage labourers	Landless labourers – including skilled harvesters and semi skilled labourers.	Itinerant populations who follow the poppy harvest around in order to earn seasonal incomes – again part of the coping economy,
Small opium traders	District level traders who collect opium resin from the farm gate or small-scale shopkeepers who purchase in the bazaar and then sell onto the wholesalers. Around 15,000 buy and sell raw opium at the farm gate or at 'opium bazaars'.	Small scale entrepreneurs – many are involved on a part-time basis, handling small volumes (maybe less than 100kg per year). This may provide them with a small profit.
Wholesalers and refiners	Small number of wholesalers who may also run laboratories, where opium is refined into morphine or high grade heroin.	Trade in large quantities and organise the movement of drugs across the border. Able to make considerable profits.
Smugglers	Transport drugs across international borders – often drawing on ethnic/social networks that straddle the border e.g. Baluch tribesmen on the Iranian border.	Motivations vary – low level smugglers may be indebted and are involved as a coping/survival strategy. Larger, more organised and better connected gangs are able to profit/accumulate.
Local warlords/ Commanders	Provide protection and gain rents, employ militia fighters and may 'sponsor' processing facilities.	Maintain military position, pay fighters, protect spheres of influence.
Government officials	Receive bribes in return for favours in law enforcement. Generate rents through the threat of the implementation of counter-narcotics policies.	Maintain or extend political power base. Accumulate as quickly as possible whilst in office.

Source: Adapted from Byrd and Jonglez (2006: 130)



The drug economy has been a central factor in the emergence of a new political equilibrium and power sharing arrangements. Access to decision making power over the political control of the border has become central to the workings of Sheghnan's political affairs. A stake in the border affords opportunities to profit from cross-border trade, including heroin, opium, gemstones, luxury cars and consumer goods (Theuss and Gardizi, n.d.: 13).

The logistics and supply chain mechanisms associated with cross-border trade have shifted from being a fragmented and dispersed cottage industry, whereby individual traffickers carried no more than 40 kg heroin in rubber dinghies (by night) to a far more orderly, regulated and consolidated system. Reflecting broader national trends, the drug industry has become more professionalised and vertically integrated. Dealers communicate with one another across the river via satellite phone or mobile communication. In order to operate they are likely to need down-country partners in Baharak and Faizabad who may operate as *hawalla* dealers (Theuss and Gardizi, n.d.: 14). These shifts in the drug economy at the border were summarised by a Sheghni teacher as follows: 'In the last ten years the currency has changed from afghanis to dollars and opium has changed to heroin.'

It has been estimated that drugs produce an annual turnover of up to \$40 million at the Sheghni border (Theuss and Gardizi, n.d.). There is a three- to fourfold increase in prices as heroin crosses the border. Typically consignments are exchanged for US dollars, luxury four-wheel drive vehicles<sup>18</sup>, bottles of vodka, consumer goods or basic necessities

<sup>18</sup> According to interviewees at a rate of 13kg of heroin per car.

such as flour. When traffickers cross the border it is common for them to carry their own weapons, and gun fights between smugglers and border guards are reported to be common (Townsend, 2006: 83). Domestic sales of Afghan opiates in Central Asia amount to no more than \$30 million compared to the profit from their export to Russia and the rest of Europe, which is estimated at \$2.2 billion (Fenopetov, 2006: 7) though it should be noted that all figures on drugs should be treated with a certain level of caution (Mansfield, 2006).

Drug dealers have adopted a number of strategies in order to secure a stake at the border. At the micro level dealers may sell drugs to families who have an addict (there is an addiction rate of up to 30% in many villages) and/or to already impoverished families, leading to progressive indebtedness. Pressure is subsequently placed by the creditor to pay off the debt through the distress sale of assets. The drug dealers may take advantage of this situation to marry the daughter of the family and use the wife's house as a base for drug trafficking. Drugs tend to be stockpiled in the villages rather than in the district bazaar and marriage can be a strategy for gaining a privileged position in the trafficking supply chain, thereby integrating the opium business into local social systems.

At the micro level, then, one can identify various forms of non-state regulation, a point of continuity with earlier phases of the drugs trade. However, during the post-Bonn period, new state-non-state hybrid regulatory authorities have emerged, mirroring closely Roitman's characterisation of shadow networks in the Chad Basin: 'The state is at the very heart of the proliferation of unregulated economic exchanges as well as the pluralisation of regulatory authorities' (Roitman, 2005:

204). At the district level the state apparatus has been co-opted, with politico-military entrepreneurs enrolling into key positions such as the *woliswol* (district) head, police chief, head of border security etc. These positions tend to be occupied by Tajiks, whilst Sheghnis occupy second-tier positions including the deputy *woliswol*. They are therefore the junior partners in a principal-agent relation. Faizabad-based Tajik networks have begun to establish a structurally more permanent and predictable control over the political affairs of Sheghnan, through appointments from the provincial centre. This has enabled them to establish surveillance and institutionalise more predictable forms of co-option. Whilst the state apparatus does not come close to a Weberian model, rulers are surprisingly effective at making things happen in the periphery through their state and non-state networks – for example deploying the threat of, or actually carrying out, drug interdiction or eradication in order to discipline particular groups or individuals.

To be a player in the drugs industry and to retain a stake at the border, one must have patrons at the national level. In particular, this means establishing relationships with those in power in the Ministry of Interior, particularly the police and border police. A police chief in a poppy growing area reportedly needs to pay \$100,000 to retain his job for a six-month period (when their salary is \$60 per month) (Baldouf, 2006). The Ministry of Interior has been described as a ‘shop for selling jobs’ (Wilder, 2007) confirming its reputation as one of the most corrupt ministries, just as the President’s Office and the Ministries of Finance and Commerce are also key players. Political entrepreneurs who want to be seen as ‘legitimate’ have a remote control engagement with the drugs trade that involves working through buffers lower down the chain.

As Shaw (2006: 198) notes it is impossible to operate in the criminal ‘underworld’ without patronage in the political ‘overworld’. The complex inter-relationships between state and non-state, ‘legal’ and ‘illegal’, centre and periphery that characterise the cross-border drug trade are illustrated in the case study below of Aziz, a key broker on the Sheghnan border.

### **Case study of Aziz: A Borderland Entrepreneur**

Aziz<sup>19</sup> is the key drug dealer in Sheghnan. He is a Sunni Pashtun from Sarobi in eastern Afghanistan, who went to military academy before the war. He was a commander in the Soviet-backed Afghan national air force and became a leading Khalqi and a personal friend of Najibullah and other PDPA leaders. He took refuge in Pakistan in the mid-1980s and on his return in the mid-90s established a foothold in the cross-border drugs trade.

Over time he has established relationships with a diverse network of provincial and national level actors. Interviewees said that he is well known in the Jurm district of Badakshan, where he buys opium in the bazaar and takes it to Shiftan village for processing. He is also involved in trading precious stones, antiques and commodities such as flour (see below) and his trading networks extend to India, Pakistan and Dubai. He has a co-worker from the Panjshir called Haji Mhd Shah. He has a house in Khair Khana, a wealthy neighbourhood of Kabul.

He has also forged strong links with players across the border, his primary business partner being an Ismaili Parmiri who fought

<sup>19</sup> The name has been changed in order to protect his identity.

in the United Tajik Opposition and was involved with arms and drug smuggling during the civil war, but has moved increasingly into the gemstone business in recent years. He has licit connections with Chinese commodity traders and is alleged to have high-level contacts with criminal networks in Tashkent, Osh, Almaty and Moscow.

At the time of the research in August 2006, Aziz had moved across the border and was living in Khorag, capital of Gorno-Badakhshan, Tajikistan, probably in an attempt to establish a foothold in the Central Asian trafficking networks higher up the value chain. More recently he married the daughter of his business partner from Khorag. Like his partner, he has shifted increasingly into the gemstone business, sidestepping the Tajik government's restrictive regulations by smuggling the stones across the border into Afghanistan.

Aziz's principal means of accumulation, at least initially, was through the drugs trade, which he was able to do by gaining a strategic edge during the war years because of his diverse political contacts and access to violence/protection. However, his actions have not been purely predatory and he appears to be conscious, particularly as an outsider, of the need to build local legitimacy. One indication of this may be his otherwise inexplicable actions in 2005, when he imported large quantities of low-cost flour and flooded the local market at a time of severe food shortages. In doing so he undercut the local market and brought down flour prices. Theuss and Gardizi argue that these actions can only be understood as part of a conscious strategy by Aziz to build legitimacy and a support base amongst the peasantry. This indicates a recognition on his part that his strategic edge depends on the ability to mobilise political

and social capital. A strategy that depends purely on access to the means of violence and predation and an exclusive focus on the drugs trade is high risk and unlikely to be sustainable in the long term.

In summary, Aziz has skilfully mobilised capital, coercion and legitimacy. His key strategies have included (adapted from Theuss and Gardizi, n.d.):

- Building broad-based political networks, on both sides of the border;
- Diversifying economic activities to include gemstones, antiques, flour and fuel, as well as drugs. Thus a combination of licit and illicit commodities flow through the same networks;
- Forging relationships of vertical patronage with key high-level officials, particularly within the Ministry of Interior and the provincial administration;
- Establishing client relations with key district level state actors;
- Deploying financial muscle by bribing officials and taking informal taxes from low-level traffickers; and
- Building legitimacy with societal groups/peasantry through displays of benevolence.

Aziz is perhaps the archetypal mid-level broker who in the Afghan context is so crucial to both the drugs trade and the systems of local governance. Whilst his power is contingent on actors further up the political chain, he has the capacity to both make things happen and prevent them from happening on the periphery. Aziz and others like him are simultaneously the connective tissue and the source of friction between core and periphery.

## **INSTITUTIONS OF EXTRACTION AND POLITICAL NETWORKS**

Following Snyder (2006) a joint extraction regime has emerged, whereby rulers and private actors must negotiate with one another in order to share the revenue generated by poppy. Each can deploy a combination of sticks and carrots in order to deter the other from establishing a monopoly over the revenue streams from opium. State actors can use the threat of coercion through the deployment of the Afghan National Army, the police and border police. Like protection rackets they create a demand for protection – against threats from itself and from non-state actors who are competitors in the drugs industry. They can also threaten a ‘no extraction’ regime by deploying counter-narcotics instruments, including eradication by the counter-narcotics police. The Ministry of Interior in effect operates as a shadow ‘Ministry of Opium’ by controlling key positions in drug producing and smuggling areas. Private actors cannot gain and maintain a foothold in the industry without securing patrons within the state at the district, provincial and central levels (Goodhand, 2008).

However, state actors do not hold all the cards. Borderland elites still have militias in spite of patchy DDR programmes, and this gives them considerable bargaining power. Furthermore poppy as a diffuse, high value, easily transportable and illegal commodity, which is largely cultivated in borderland regions, is a difficult commodity for state actors to monopolise, lending itself to joint or private extraction regimes. Finally the porosity of the northern border and the footloose nature of the industry make it extremely difficult for rulers to establish monopoly control. Therefore, in effect, principals franchise out monopoly rights on the

border to agents in return for a share of the profits.

The institutional arrangements around the border have not changed in gradual linear fashion but through a process of what was described earlier as ‘punctuated equilibrium’. The shift from Cold War to civil war conflict involved a sudden rupture, followed by the emergence of a new (though fragile) equilibrium. Violence – structural, symbolic and physical – has been central to border practices. It has been deployed as a tool of governance by Tajiks, who exploited intra-Sheghni divisions to establish control of the border. However, the nature of violence has changed in the post-Taliban period. In many areas it is now essentially about maintaining market share and securing contract compliance. Violence is bad for business and can be understood as a sign of market dysfunction. An increase in violence may be an indicator that law enforcement is having a disruptive effect on drug networks. As Volkov (2002: 122) notes in the case of Russia, when wielders of force become owners of capital their ability to control their domain comes to depend on the logic and rules of economic activity. In other words, ‘the more criminal groups strive to control the emerging markets, the more the markets control and transform these groups’. Violence is likely to be most intense in the ‘grey zones’ where boundaries are disputed and networks become weaker.

The drugs trade involves multi-sited and heterogeneous cross-border networks, which tend to be far more eclectic than politico-military structures; that is, they cross ethnic, religious, political party and socio-professional divisions. Although kinship is an important source of trust in a non-legal business environment, market principles require that crime networks reach beyond these narrow means of securing and enforcing trust.

Drugs networks include the Sheghni elite of former military commanders aligned to PDPA factions at the local and provincial levels; Tajiks linked to Jamiat; Pashtun MOD generals with a territorial overview; and on the Tajik side government KGB and border control operations. These networks are geographically dispersed and operate at different levels/scales, connecting Khorag, Dushanbe (in Tajikistan), Bashur, Baharak, Faizabad and Kabul (in Afghanistan) and are underpinned by ties of kinship, or *jibadi*-era socio-professional (military) relationships. In other words, the opium trade, rather than being simply grafted onto pre-existing networks, has played a constitutive role, acting as a binding agent, dissolving or reconfiguring intra- and inter-group boundaries and conflicts and creating complex interdependencies between groups. Rather than conceptualising the opium industry as a single chain, or a pyramid structure, it may be more accurate to view it as a number of interconnected but constantly mutating networks.

These networks are underpinned by distinct hierarchies of authority and power relations, linking production, consumption and exchange. And as with other markets in Afghanistan, there tend to be low barriers to entry at the bottom end, but more restrictions and forms of control further up the chain. Furthermore, these networks tend to be compartmentalised – no one has complete oversight and both enforcers and smugglers are only partially sighted.<sup>20</sup>

The drugs industry, then, is far from anarchic. Rather, it is underpinned by various forms of state and non-state regulation, which involve the mobilisation of capital, coercion and legitimacy – including indebtedness, ad-

diction, bribes, gifts, violence, marriage and public displays of benevolence. It involves collaboration and collusion between state and non-state, which has become increasingly formalised and even institutionalised in the post-Bonn period, to the extent that today, the removal of key actors within the system would, arguably, have little effect on the overall functioning of the system – which makes nonsense of arguments that the drugs industry can be countered by removing a few ‘bad apples’.

International actors do not stand apart from these processes – they are part of the complex bargaining game. Links to international actors are deployed strategically by state and non-state actors. For instance the legitimacy and bargaining power of regional commander Nazar Mhd is boosted by the fact that he provides his militia to the German Provisional Reconstruction Team in the provincial capital of Faizabad. The threat of US airstrikes may be used by state officials in order to discipline unruly non-state actors.<sup>21</sup>

## BORDERS AND BORDERLANDS

Borders are a central part of the story; both the international border and the internal boundaries and changing front lines between different factions that emerged during the war years. Every time drugs move from one regulatory authority to another there is a premium to be paid. Therefore states are not the only regulatory authority. Non-state actors, such as Aziz, may mimic

<sup>20</sup> Studies of drug smuggling networks in the UK come up with similar findings (Pearson and Hobbs, 2001).

<sup>21</sup> For instance in 2003 there was a drug seizure of 400kg of heroin in Sheghnan. When provincial strongmen tried to stop the seizure to protect their own businesses, the General overseeing the intervention threatened the strongmen with instant reprisals by American airstrikes (Theuss and Gardizi, n.d.: 30).



the state, and in some respects (for example by importing cheap flour) act in more statesmanlike ways than the state itself. This calls into question the simplified binary division that Janice Thompson in her study of mercenaries and sovereigns draws between illegitimate private violence and legitimate public violence (Thompson, 1996). On the border Aziz plays a critical ‘straddling’ role by connecting different spaces and (state/non-state) regulatory authorities.

Historical changes in the regulatory authorities along the Afghan-Tajik border have been crucial in shaping political and economic processes in Sheghnan. Although the intensity of flows of people, commodities and ideas back and forth across the border has varied at different historical moments, it is important to conceptualise the territory on both sides of the international border as a single territorial unit. For example the drugs trade involves a triangular relationship between the district centres of Baharak and Bashur in Afghanistan and provincial centre of Khorag in Tajikistan. The intensity of interactions across the border may at certain times be greater than those between centre and periphery in the same country. For central state actors and international state-builders, borderlands constitute ambivalent spaces that are simultaneously sources of wealth and insecurity. But, as argued earlier, political and economic transformations on the margins play an important role in making the centre what it is.

When there was an open border and decentralised political structures, drugs flowed across the border in a ‘capillary action’. With the consolidation of the drugs economy and increased controls at the border, there has been a funnelling effect so that drug consignments are larger and move through major crossing points – including the bridges built

by the Aga Khan – where only those with the right connections can operate.

These trans-local, multi-dimensional networks are underpinned by asymmetrical power relations. The more militarised and tighter the border controls, the greater the incentives for transgression. There appear to be growing instances of Afghan drug dealers migrating across the border to Tajikistan in order to move up the value chain.

### **Drugs as a Catalyst for Development and State Formation?**

Whereas in the pre-war period the border regions suffered from a political economy of neglect, during the war years they became important strategic resources and sites of accumulation. The post-Bonn construction boom is largely funded by drug money, so to a great extent economic activities in the hinterland are responsible for the peace dividend experienced by the centre. Whilst much of the accumulated proceeds from the drug economy are invested outside the country, in drug producing and trafficking areas there are visible signs of inward investment and there has been a recycling of money into licit businesses. The opium economy has produced significant increases in rural wages and income and is an important source of credit for poor rural households. Opium profits fuel consumption of domestic products and support imports of high value goods. Whereas other markets in Afghanistan are extremely fragmented, the drugs economy represents the nearest thing to a national market, involving multi-ethnic networks and a strong north-south integration. According to Byrd and Jonglez (2006) the opium economy has had a stabilising effect on the currency by having a significant net positive impact on Afghanistan’s balance of payments.<sup>23</sup> The IMF (2005) has warned

that successful counter-narcotics efforts could adversely affect GDP growth, the balance of payments and government revenue.

To what extent are opium-fuelled growth and the new interdependencies between centre and periphery representative of immanent processes of development and state formation? Were the political and economic transformations wrought by the war and the drugs economy the motors for a process of primitive accumulation, in which the plunder of resources led to the transfer of surplus from peasants to bureaucrats and businessmen? Afghanistan has certainly experienced some major transformations during the war years, including a shift from subsistence agriculture to an export-based cash crop, the growing differentiation of the peasantry and a rapid accumulation of resources by political and military entrepreneurs. Perhaps the specialists in violence, drug traffickers and businessmen who prospered during this period represent an emergent capitalist class. Certainly drug networks are based on cross-cutting ties that transcend kinship relationships. And as Giustozzi (2007) notes, many of these actors have now invested too much in the 'peace' for them to seek a return to war. What has emerged, at least in certain parts of Afghanistan, can be characterised as a 'limited access order' (North et al., 2007). A dominant coalition creates co-operation and order by limiting access to valuable resources – in this case the revenue streams from the opium economy. The creation and distribution of rents therefore secures elite loyalty to the system, which in turn protects rents, limits violence and prevents disorder most of the time (North et al., 2007: 8). However it is important to note that there continues to be a strong tension between the centrifugal economic forces of the opium trade and the centripetal political thrust of internationally

supported state-building. And counter-narcotics policies tend to heighten these tensions and arguably undermine the emergent interdependencies between centre and periphery.

## CONCLUSION

This paper has traced the story of how Sheghnan has changed from being a marginal, neglected borderland into what might be characterised as a 'central periphery'. It has been argued that the borderland is not only reflective of power relations at the centre; it is also constitutive of these power relations. The emergence and growth of the drug economy has been a crucial part of this story. This case study calls into question an influential policy narrative that associates lootable resources such as drugs with insurgency, warlordism and state collapse. In the Afghan case, however, the expansion of the drug economy has tended to parallel the emergence of the last two regimes with state-like ambitions – the Taliban (when poppy cultivation expanded from 10 to 23 provinces) and the Karzai government (when cultivation expanded from 24 to 32 provinces). There may therefore be a need to distinguish between the various factors that led to the emergence and consolidation of the drug economy. Drawing upon Snyder, this paper has analysed the institutions of extraction that evolved during different periods of Sheghnan's history in order to understand the relationship between drugs, political (dis)order and the role of the border.

For peripheral elites, drugs have enabled them to accumulate resources and build a power base. This in turn gives them a stronger fall-back position in the bargaining game with the centre. Drugs generate the funds to lubricate political relationships, buy votes or

government positions and maintain fighters. Drugs also play an important role in attracting the state outwards towards its borderlands. Historically the lack of wealth and marginal location of mountainous borderlands made these areas unprofitable for the Afghan state to administer (Barfield, 2004). But for state elites today, the drug economy has transformed the border regions into high-value assets, which they aim to control, regulate or capture. On the other hand an open frontier is likely to act as a brake on the state's capacity to make society more legible through census making, taxation etc.

Interest groups within the state now seek to exploit resource-rich peripheries. In a situation of parcelled sovereignty, they do this through tacitly allowing the monopolies of local strongmen, thus creating networks of loyalty and complex interdependencies amongst peripheral elites. Whilst in some respects the state appears to be weak and fragmented, actors within the state have considerable capacity and power and they are able to 'make things happen' in the border areas and govern by remote control – a form of governance from a distance.



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