

Located Capitalism in Afghanistan

There is no doubt that any analysis which focuses on Afghanistan has an enormous amount of complexity to deal with. This is quite independent of the chosen topic – this outstanding complexity exists when, for instance, analyzing realms such as education (Bittlingmayer et al. 2019; Naumann 2011, 2012), the role of ethnicity and resistance (Sahrai 2018), or development and peace (cf. Ganser 2016, S. 187–205); and this obviously also applies to an analysis of the current Afghan economy.

There are some aspects that make Afghanistan a nightmare for orthodox positivistic approaches. In the first place, there are hardly any valid data. Neither the official data from international organizations such as the International Monetary Fund, the World Bank, the World Trade Organization, UNESCO or the United Nations Developmental Program, nor the public data from the relevant Afghan ministries are able to deliver truly valid data (see Sigar 2017). This is often made invisible by creating colorful graphics and illustrations (see below). However, the reason for a structural deficit in terms of validity and reliability is that each statistical indicator – such as the share of illiterate people, the proportion of different ethnic groups or the unemployment rate – refers to an extrapolation of national averages, but in the case of Afghanistan (and of course not only here) the more or less precise number of people currently living in Afghanistan is unknown for various reasons. Nobody knows exactly how many Afghans are trying to emigrate to neighboring countries, Europe or North America; secondly nobody knows how many Afghans have been returned from Pakistan and Iran in the last ten years and how many of them will stay in Afghanistan for a long time nor does anyone know about the exact number of babies born per year. Therefore, it is impossible to find a valid denominator necessary for finding suitable criteria for building a representative data set. Furthermore, people living in remote areas of Afghanistan are hardly represented in the economic and social science research. Thus, every effort to count people in economic or social science is based on speculative assumptions and vague extrapolations.

Another point is the difference between the formal and the informal sector in national economy, which is not easy to identify in the case of Afghanistan. For example, there are only vague estimations of the share of the drug industry compared to the official Gross National Product of Afghanistan. Thomas Ruttig, for instance, a well-known specialist, estimated that between 2006 and 2011 the profit from drug industry amounted to 3 billion US dollars per year and that 14% of the population (!) was directly or indirectly involved in this production sector (Ruttig 2014, S. 21; footnote 21). Additionally, there is still a relevant number of Kucchi people living a nomadic (or semi- nomadic) life, although administrations have tried hard today and in the past tried hard to force them to settle. These people – estimated at one fifth of the rural population (!) – escape any statistical approach (Nashir-Steck 2019; UNEP 2009: 8). Today Afghanistan is still characterized by a simultaneity of feudal, pre-feudal and capitalist areas and fields of action which form a very complex mixture of economic and social structures (cf. Samimy 2017, S. 21), one reason why Sigrist used the designation *process of feudalization* in the 1980s (Sigrist 1986, S. 386). The periphery consists of farmers, nomads and simple craftsmen and represents the major part of the Afghan society. In this context, many scientists have good reasons to refer to feudal and so called pre-feudal conditions or ‚Asian’ production mode. The differentiation between feudal and pre-feudal is necessary because in

many villages and areas, money, used as a means of payment in order to facilitate the exchange of goods and services, came into circulation as late as in the fifties of the twentieth century. The conditions of tribal land ownership were characteristic for such tribally organized structures. Further, some form of 'pauschaler Naturaltausch', which can be translated as a blanket form of barter, possibly still occurs in some villages until today, just as the craftsmanship in certain villages is being executed by 'Deputathandwerker', which also means that the services and material of the craftsmen is being paid for by some form of barter, which leads to a constant and extensive exchange among the craftsmen and the rest of the village population (Sigrist 1986; Grevemeyer 1990).

Last but not least, since the *illegitimate war* against the Taliban since 2001 (cf. Ganser 2016: Ch. 12) until the withdrawal of the majority of foreign troops in 2014, the Afghan economy has shown a very rapid GDP growth and a significant decrease of the unemployment rate (ignoring for a moment the uncertainty of these measurements and the unequal distribution of power, resources and money). But after the withdrawal of the military forces it became painfully clear that the economic indicators have steadily deteriorated since 2014 which shows that the primary focus on military forces has led to a dead end in terms of economic growth and welfare (cf. a.o. Thielicke 2014b, S. 9; Haque 2018). A fatal effect on social and economic indicators also had the mistake of investing in luxury segments instead of reducing poverty and creating jobs (Baraki 2012).

These are just some of the reasons why it is hardly possible to give a convincing theoretically sound and empirically satisfactory overview of the current economic situation and the particular theoretical question about the social embedding of capitalism in Afghanistan. The aim of this contribution, however, is much more modest. Actually, our goal is to start even thinking about the case of Afghanistan in economic or political-economic terms.

In order to shed even more light on the complexity mentioned above, we will present some of the official economic characteristics showing that Afghanistan is currently one of the poorest countries in the world (I). In a second step, we will take a closer look at some of the variations of a theory of capitalism and relate this to the case of Afghanistan (II). We will show that no popular approach from economic theory is really suitable for a country like Afghanistan. Furthermore, we will argue that it is mandatory to pay attention to approaches like ecological economy and illustrate this with the contradictory topic of climate change (III). We will close this article with some conclusions and recommendations (IV).

I. Afghanistan – the current economic situation at a first superficial glance

In this section, we want to present some of the available data that you can find on the Internet in five minutes. The broad picture shows a country that does not function in more or less any economic and/or political field. Even the World Bank, that is not known for its critical perspective and that has invested billions of US dollars in Afghanistan, has to consider that economy of Afghanistan is critical: "Economic recovery is slow as continued insecurity is curtailing private investment and consumer demand. Agricultural growth has been constrained by unfavorable weather conditions in the past years. The fiscal position has remained strong, driven by improvements in revenue performance, although the government remains heavily reliant on donor grants. Poverty has increased amid slow growth, security disruptions to services, and poor agricultural performance due to severe drought." (World Bank 2019)

There are some serious structural problems for Afghan national economy. One of the most obvious challenges of the last 25 years has been the tremendous growth of people living in Afghanistan. According to the World Bank, the population has increased from 12.25 million in 1990 to 35.54 million in 2017 (World Bank 2019)! Considering that Afghanistan has one of the youngest populations

worldwide, that the annual population growth is still very high (2.5% in 2017) and that population growth is unlikely to come to a halt in the coming years, it is very clear that the Afghan labor market is hardly able to serve all people with good job opportunities. It is estimated that 300,000 adolescents alone enter the labor market each year (World Bank 2019).

Furthermore, it is often claimed that there is a direct link between the growing insecurity inside the country on the one hand and the slowdown in economic development in recent years on the other. But this is only partially true. The Western allies were very much focused on defeating the Taliban militarily, as the prevailing basis of action was a regime change plan. Establishing a sustainable economy and creating sustainable jobs independent of foreign military presence were not a target of high priority. Moreover, only a fractional amount of money which was spent in Afghanistan circulates intra-economy in Afghanistan and can be labeled as a kind of „*self-help for the economies of donor countries*“ (Ruttig 2013, S. 11).

After the withdrawal of (most) foreign military forces, a very high number of jobs imploded in Afghanistan, leading to a sharp rise in the unemployment rate after 2014. Although the data in this area are very contradictory –reports of Afghan unemployment rates ranges from 1.54% (Statista 2019) to more than 40% (Tolo News 2016) – a recent statement of the World Bank seem reliable enough to quote: “Few Afghans have access to productive or remunerative employment. A quarter of the labor force is unemployed, and 80 percent of employment is vulnerable and insecure, comprising self- or own account employment, day labor, or unpaid work. Almost three-quarters of the population are below the age of 30, and roughly 25 percent are between the ages of 15 and 30. This large youth cohort of approximately 8 million is entering the labor market with little education and few employment opportunities. A natural consequence of the poor security situation and limited development resources, job creation has been unable to keep up with population growth, and good jobs are few and far between.” (World Bank 2019)

Additionally, the Afghan government is forced into a situation in which it cannot exist without international donors. The annual expenditure on police and military forces is higher than the tax revenue the government receives from the Afghan taxpayers. Consequently, there is hardly an autonomous political regime in Afghanistan but a government (no matter which party rules!) who depends heavily on the good will of the Western countries.

Another and very serious problem is that Afghanistan has to import an incredible amount of goods, even wheat! The correlation of exports and imports is currently more than 1 to 10! The export volumes of around US-\$ 832 million was estimated for the year 2017/18 whereas the import volumes amounted to US-\$ 7.79 billion.¹ That means that there is an enormous negative trade balance and trade deficit financed completely by the international donor funds. Regarding the value creation, Afghanistan is still committed to the export of raw materials and agricultural products, while these raw materials are further processed elsewhere, bringing much more money than the raw materials alone.

Although in our view there was no comprehensive strategy for the establishment of an independent and sustainable Afghan economy by the Western allies, one strategy is identifiable which has been tried to be implemented over the past fifteen years. This strategy concentrates very strongly on education according to the official OECD-ideology of knowledge societies. The basic idea is that an increased number of well-educated people – which is synonymous for academics! – has a visible impact on the national economy and ultimately leads to general social welfare. Though this idea has

¹The main importing countries are India, Pakistan, Iran, Turkey and Iraq and most products are imported from Pakistan, India, China, Iran, Kazakhstan, Japan and Uzbekistan Das Länder-Informationsportal 2019.

been empirically proven wrong (see e.g. the financial crisis in Southern Europe), it is still the official ideology of more or less all Western countries. In this line of reasoning, Afghanistan educational policy, which is strongly influenced by U.S.A., Japan, Sweden, Canada, Germany and the OECD, among others, was the biggest goal of the interventions (Sahrai und Bittlingmayer 2015). Concentrating on education for a positive development of Afghanistan seemed to be the best way forward, as it addresses further goals like women's rights, civic education and the hope for a democratization of the country, in addition to the assumed implicit economic effects assumed. However, this strategy has not been very successful in the end – at least up to now –, considering in the last five years more and more schools have been forced to close or the brain drain from educated Afghans to Western countries.

All these structural problems of Afghan national economy are reflected in the fact that Afghanistan ranks lowest among all Asian countries according to the Human Development Index in 2018. In our view, all this is– at least to some degree – linked to the idea and strategy of a violent transformation Afghanistan into a type of Western national state, ignoring most of the historical and cultural features of Afghanistan. In the next section, we will concentrate on theoretical approaches to analyzing the appropriateness of economic approaches to the characteristics of the Afghanistan's' economy and society.

(II.) Some theoretical considerations about the limitations of economic theory for the Afghan case

The last twenty years have seen a tremendous change in economic science. While in economics there has been a very traditional contradiction between the two perspectives of business economy and national economy, the latter has changed its fundament and more or less refer to the same mathematic modelling techniques as orthodox business economy. This change was accompanied by the rise of neo-liberalism as the most popular economic approach based on the idea that the state and state power must be reduced to the minimum and replaced by the market as well as on the idea that there is no decisive difference between a company and a nation state. Although neoliberalism is often attacked (cf. a.m.o. Hirsch 1995; Duménil und Lévy 2002; Piketty 2014; Brown 2015; Dixon 2000), it is still one of the most influential approaches in national economy, particularly in development counseling. One of the most important theoretical constructions of the neo-liberal approach is the characterization of individuals as rational choice-actors who behave either in terms of cost minimization or profit maximization in their daily actions. Because of this basic model it is allowed to make no difference in describing individual behavior on the labor markets, the marriage market or the educational market.

Although the basic model of neo-liberalism, the general trend towards the mathematization of the science of national economy and the rational choice-model have been intensively criticized– both theoretically and empirically – (cf. a.m.o. as a critique on rational choice-models Adorno 1979; Bourdieu 1987; Green und Shapiro 1999) they are still popular and furthermore part of the standard economic consultancy in the context of developmental aid and cooperation. In the case of Afghanistan, these models are confronted with an economy based – at least partly – on fundamentally different principles such as mutual support, subsistence economy, and norms of reciprocity and/or kinship in terms of ethnic group affiliation. The Afghan economy is therefore not rightly called a market economy, since large parts of the economy, are not organized in terms of market mechanisms independent from the World Bank pituresk charts. Furthermore, the theory of rational choice-behavior is clearly not feasible to understand most of the action of the Afghan people in everyday life and neither their economic behavior.

As a more appropriate approach to understanding the economic fundamentals in remote areas in Afghanistan and the asynchrony between urban and remote areas a study by Pierre Bourdieu could be helpful. His insights into non-capitalistic economic behavior seem much more plausible than constructing individuals as rational choice-actors. Bourdieu showed that the people of Algeria (a particular Arab tribe) resisted the capitalistic economic structures forced upon them by the French colonizers. From the perspective of French economists, people behave irrationally since they seem to ignore basic economic standards. But Bourdieu made visible the particular social rationality behind actions like borrowing an ox to a neighbor and offering the necessary food for the animal, too. Following the example of the famous social anthropologist of Marcel Mauss (Mauss 2016 [1923-1925]), Bourdieu was able to show the social structure beneath which was – and still is – referred to a complex system of honor, shame and exchange of goods and services (Bourdieu 1958; Schultheis 2017; Souza 2017). To the best of our knowledge, there is no current comprehensive ethnographic study of the rationality of the economic behavior of Afghan people outside the urban metropolises; in our view, a sensitive gap in the fact that ignoring non-capitalist forms of rationality does not lead to an appropriate understanding of – at least urban – a capitalistic Afghanistan.

Since the 1990s, a second popular approach has emerged in the national economy. Over the last thirty years, a broad consensus has emerged to understand capitalism as a comprehensive economic structure means that encompasses the analysis of state action. The book from 1990, “The Three Worlds of Welfare Capitalism” from Gøsta Esping-Anderson, has become a milestone in this understanding. The idea of different ways of capitalism – a conservative way (German and France), a liberal path (Great Britain, U.S.A.) and a social democratic way (Scandinavian countries) – has brought Western societies into a specific and implicit normative order of capitalist economic structures that are assumed to have more or less social pathologies (Esping-Anderson 1990). Esping-Anderson clearly advocates the social democratic path, but each path is connected by a strong nation state that guarantees a set of negative and positive rights for the populations for whom they are responsible.

However, although this idea of a variety of Western capitalisms, defined as different interpretations and historical traditions of welfare states, has become a mainstream in political economy analysis (cf. for a critique of this approach Streeck 2013; Piketty 2014), it is hardly applicable to the case of Afghanistan. The reason for this is not because Afghanistan does not have a highly developed welfare state, including unemployment insurance, pension insurance or health insurance. The more general notion of the welfare state also includes the education system or the transport infrastructure, i.e. it is basically comprehensive enough for states that have not developed a welfare state according to a Western model. The reason for this is rather that in the case of Afghanistan there is no such thing as a nation state for many reasons.

First of all, according to Max Weber, one of the core dimensions of a state is obviously not achieved: on today’s territory, that is connected with the state of Afghanistan, the monopoly on the use of force with the corresponding coercive apparatus like police and military is not successfully enforced by the state. Afghanistan is classified as a failed state by many international governmental and non-governmental organizations. But even if the ongoing – not officially declared – Civil War ends on the one hand the definition of the Afghan territory is still much contested as a result of the British colonial aspirations and the Durand-line (1893), arbitrarily dividing tribal areas into two parts – one part belongs to Afghanistan the other to Pakistan (at that time British-India); a common phenomenon within the policy divide et impera, which Sigrist calls *Ethnotomy* (Sigrist 1997, S. 35).

On the other hand, the idea of the nation state is not appreciated by a large group of Afghans and Afghan institutions (cf. a.o. Grevemeyer 1990; Kux und Tanham 2015; Sahrai 2018; cf. for a more

general critique of the nation state Sigrist 1995; Kößler 1995; Amborn 2016). The second reason is that in the long history of Afghanistan the extent of the power of the capital Kabul (or Herat and Ghazni in former times) was permanently contested (Grevemeyer 1990). Neither the founder of the Afghan Empire, Ahmad Schah Baba (1747-1772), nor his successors could manage to completely deprive the segmental forces of their power and to establish a central state (Ghobar 1980, S. 510; Spanta 1993, S. 42). Indoctrinated by these historical events, Abdurrahman Khan (1880-1896) made a try at uniting Afghanistan and to extend his reign to the entire territory. Yet, he as well did not manage to deprive the local rulers of their power in a way that the power of a central government, as a true central entity, could embrace his entire dominion (Tabibi 1981); a tendency which persists until today.²

The Afghan provinces and specially the tribal areas traditionally have a comparatively strong autonomy – that is the background for the intelligent suggestion to stop the proves of building a nation state, but to establish loose cooperation between highly autonomous regions (Kux und Tanham 2015). Regarding a federal contract, according to which the contracting parties obtain more freedom and equality through more sovereignty (Proudhons 1999, S. 95–102), federalism could be a pattern for the multiethnic and fragmentary society of Afghanistan.

Against this backdrop, the welfare state theory is not reasonable for the Afghan case because it is not realistic to expect that a nation state with Kabul as its capital will establish all sovereignty in terms of territorial, political and legal dimensions in the next fifty years. But this is the hidden premise of the welfare states theory and makes it – in our view – not applicable to the Afghan case. In fact, more and more Afghanistan experts and advisors are of the opinion that the implementation of a nation state in Afghanistan has failed according to one of the three models– this is the reason why the United States government recently agreed to start direct peace talks with the Taleban (cf. Sahrai 2018).

The state as the sovereign ruler of the whole society stands to some extent in opposition to orthodox Marxist positions that claim the state as a dependent actor and as part of the superstructure defined as an epiphenomenon of the economic basis of a society (Marx 1971). Although Marx and Engels and beyond Luxemburg, Lenin and the Austro-Marxist school have understood the relationship between economy and state much more complexly than often declared the traditional model of a fundamental economic basis and (more or less) directly derived parts or structures of society such as the political or the scientific arena is today difficult to defend, not only for the transformation of this approach in the case of Afghanistan.

Last but not least, poststructuralist approaches and the materialist state theory indicate that the economy and the state are extremely intertwined, so that addressing a theory of the state automatically means addressing a theory of economy and vice versa. The difference between these approaches and the theories of the welfare states is that poststructuralist approaches and

² Also, his successors Amir Habibollah (1901-1919) and King Ammanullah (1919-1929) attempted to further centralize and modernize Afghanistan. However, just as their predecessors, they dashed against the resistance of the local powers. Ammanullah even had to pay his radical reforms and his interference in the traditional, rural conditions with the loss of his throne. Even during the phase of the so called ‚golden times‘ under King Zaher Shah (1933-1973) Pashtun tribes were still favored, and nevertheless rebellions occurred frequently in the South and Southeast of the country. And under his cousin and brother in law Daud Khan (1973-1978), who proclaimed the republic, a short phase within which the country was facing peace and progress, with a secular constitution, a functioning administration and extension of infrastructure, even then Afghanistan solely appeared to be a national state.

materialistic state theory take a much more critical view of capitalism and the state as a system of power relations, but in contrast to orthodox Marxist positions they do not understand the state as a mere reflection of the economic structures (Poulantzas 2002; Hirsch et al. 2001; Hirsch 2005; Demirović 2007). Furthermore, these approaches do not believe in the welfare state as a human rights-based institution and a fortress created to protect people from the worst consequences of capitalist economy. Poststructuralist approaches and the materialistic state theory assume the opposite approach and declare the nation state in its current form to be a necessary precondition for the survival of the capitalist economy and society, without causing critical social and/or revolutionary movements. However, the advantage of poststructuralist approaches and materialist state theory is that both theoretical frameworks do not take the existence of the state for granted. In the tradition of Michel Foucault and furthermore in the work of Antonio Gramsci, the state is not only a system of law and order, administration and institutions, but a form of contradictory social practice which is highly contested. In Gramsci's work this contested arena of the state centers on the production and conquest of hegemony. In opposition to the Western states in Afghanistan, there was hardly been a time in history when the hegemony over the legitimacy of the mere existence of an Afghan national state was fully established. Currently, the ongoing trials of establishing the hegemony of an Afghan national state – by Western states and by military force and an armada of advisors and think tanks – are very visible. But again, the ongoing (undeclared) civil war shows how contested this hegemony still is. The ideology of the state is so strong in the minds and heads of Western people that they cannot imagine an alternative future of common living– even for Afghanistan. In an interview with Wolfgang Plasa, a well-known German trade counselor who has been working since many years in Afghanistan since many years, this particular mental structure became very obvious: “There is no doubt that there will be an Afghan national state in the future. Nowadays, the institution of the nation state is the only one that is worldwide taken into account as a frame for societal cohabitation.” (Jung 2018: 38:07 - 38:40) It is not difficult to show that this statement is empirically wrong (cf. a.o. Amborn 2016), but this is not the crucial point. This statement (and numerous others there) very clearly represents the Western hegemonic thinking: There is nothing reasonable and feasible except a national state and its capitalist economy. If there is anything else, it will be devalued and must be overcome. This is in the line with the traditional approach of catching-up development which has proved empirically and theoretically wrong for decades, but is still the current hegemony. Let us sum up these theoretical perspectives of a located capitalism in Afghanistan: The neoliberal approach is not reasonable to understand most of the actions of Afghan people. The theory of welfare-capitalism needs an uncontested national state to be plausible, which is obviously not the case in Afghanistan. An orthodox Marxist perspective is problematic because capitalistic structures are not fully implemented in Afghanistan – just think of the importance of subsistence economy and nomads. More promising are approaches either in the social-anthropologist tradition, in the poststructuralist tradition or in the materialistic theory of the state-approach. In these three approaches, the state is reasonably depicted as an extremely contested arena. But to our knowledge, there is still much to be done to understand a thing like a located capitalism in Afghanistan. Besides this theoretical considerations about the right approach to touch capitalism in Afghanistan, an analysis of Afghan economy must, however, be strictly interdisciplinary. There must be an interdisciplinary agenda that could be orientated towards the programmatic agenda of the Frankfurt School from the 1930's, which had as the purpose to understand capitalism (and fascism) and its reproduction in Western Europe (cf. Horkheimer 1988 [1931]).

In order to simply start this interdisciplinary approach, in the next section we want to address insights gained from an analysis of environmental economy, a discipline of particular importance for Afghanistan. We do not pretend that the environmental economy is the best way to start analyzing located capitalism in Afghanistan. However, it serves for us as a – more or less arbitrary – starting point.

III. Dimensions of the climate change on the economic impact

For 60% of the Afghan population, agriculture is the basis of their livelihood. Taking this fact under consideration, one can imagine the tremendous impact of ecological devastation, natural disasters and extreme weather conditions such as aridity, earthquake and sandstorms on the living conditions of the people and their social and economic development. The melting of the Himalayan glacier, posed by continued global warming and severe drought at the same time could result in desertification of farmlands in some areas of the country. Compared to 1999, scientists expect average temperatures to rise by up to 4°C by 2060 and a decrease in rainfall as well as droughts that could be *“the norm by 2030, leading to land degradation and desertification”* (UNDP 2018).

But even now, because of the severe drought, 220,000 people have been displaced from their homes and 3.3 million people have been confronted with food insecurity at an emergency level, a fact that was explicitly considered as a note in the agenda of the United Nations. In the same agenda *“the urgent need to address the impacts of climate change in Afghanistan, and emphasizes the need for local, subnational, national, regional and international action to enhance efforts to build resilience, especially for the most vulnerable, by investing in resilience, including disaster risk reduction, strengthening adaptation strategies and enhancing joint risk assessments and risk management strategies, including early warning systems in the country to monitor environmental changes”* is underscored (United Nations General Assembly 2018: 12). The correlation between climate change and economic conditions can be demonstrated by the example of the drought in Herat, where the entire harvest was lost as a result of lack of rainfall and a large part of the population had to escape and was pushed into extreme poverty.

For all these reasons, Afghanistan is continuously ranked among the countries most vulnerable to climate change (Kreft et al., 2016; Aich et al., 2017). Several factors, such as country's climate characteristics; high dependency of its economy on agriculture and limited adaptive capacity, are decisive in this regard.

The country possesses an arid and semi-arid continental climate (Savage, et al., 2009) and a recent analysis by Aich and Khushbeen (2017) suggests that the climate in Afghanistan has changed since the second half of the 20th century. In particular, the average annual temperature has increased by 1.8 °C; and the average precipitation has decreased, although with higher heterogeneity across space and seasons. Meanwhile, the frequency of extreme weather events such as drought and flood has increased.

Afghanistan is traditionally an agrarian country. Although agriculture accounts for about 22% of the national GDP, it remains an important sector as a source of livelihoods for the poor rural population (The World Bank, 2018). It is estimated that around 79% of the population is engaged in farming, herding, or both (UNEP-Afghanistan, 2003; Baizayee et al., 2014). The agriculture sector in Afghanistan is particularly vulnerable to climate changes. Increased soil evaporation, reduced river flow, and less frequent rain during peak cultivation seasons impact agricultural productivity and crop choice availability (Savage et al., 2009). Hence, in this contribution, we mainly focus on studying the impact of climate change on agriculture. Specifically, we investigate the economic effects of climate

change on agriculture. Understanding the magnitude and mechanisms of such an impact is necessary to designing and practicing appropriate response policies (Kurukulasuriya & Rosenthal, 2003).

To the best of our knowledge, there is only one study (Mendelsohn, 2014) dealing with the economic impact of climate change on agriculture in Afghanistan. Mendelsohn (2014) uses studies on Chinese agriculture to estimate the potential effects of climate change on agriculture in the rest of the Asian continent, including Afghanistan. Based on Mendelsohn (2014), further warming would be beneficial for agriculture in Afghanistan. Insights from such studies are crucial to understand the extent of the problem and to develop appropriate mitigation and adaptation strategies. However, the aggregate nature of such studies makes it very difficult to provide evidence in terms of impact on crops revenue and effective adaptation strategies at local or household levels. Local understanding of the effect is necessary as the effects depend strongly on the topology of the different areas. To address this gap (to some extent), we use household-level data and weather information to study the economic impact of climate change on farm's revenue in the Central Highlands of Afghanistan, one of the five climate zones in the country. A well-established economic model (the Ricardian model)—first proposed by Mendelsohn et al., (1994)—is used to investigate the climate-farm revenue relationship. Our sample consists of 1,504 farmers from across Bamiyan, Diakundi, and Ghazni provinces.

The results of the Ricardian model yield significant yet complex impact of climate on crops net revenue. The results are reported in Table 1.

The impact of precipitation in the wet season is non-linear (with the minimum value attained at around 100mm) with a negative marginal effect (at the mean). The result at first glance is unexpected. The wet season is the main precipitation period in Central Highlands. The amount of snow/rainfall in this season is crucial for water availability during the rest of the year. Hence, it is expected that more precipitation during the wet season shall be beneficial. An analysis of the climate data suggests that the 34 years average precipitation during the wet season is significantly higher in Ghazni (79mm) compared to Bamiyan (41mm) and Diakundi (47mm). Ghazni was hit by recent droughts (during the 2000s) most which have caused the crops revenue to decrease dramatically. In Bamiyan on the other hand, Baba Mountain Range houses tens of glaciers and sustains snow all year around — both of which are decisive to supporting water resources in the province. This support from the Baba Mountains coupled with further warming, has caused the farming business to flourish in Bamiyan. Because of the non-linear effect, however, a notable increase in the amount of precipitation—that takes the mean above 100mm—would cause the marginal impact to be increasing in most of the areas—including in Ghazni.

Table 2: Ricardian Analysis of Climate Sensitivity of Crops Net Revenue

Dep. Var: Crop Net Revenue per acre	Model 1
Wet season precipitation	-633.574*** (124.706)
Semi-Wet season precipitation	1626.996*** (369.045)
Dry season precipitation	-2095.970*** (304.329)
Wet season Pre squared	5.679** (2.273)
Semi-Wet season Pre Squared	-12.357 (15.535)
Annual temperature	3273.007*** (509.486)
Annual temperature squared	20.213 (136.508)

_cons	13831.172*** (1995.253)
Obs.	1,415
Adj. R-squared	0.136

Notes: Standard errors are in parenthesis. *** p<0.01, ** p<0.05, * p<0.1. The climate factors are mean centered.

More precipitation in the semi-wet season is useful (1,626 AFN/mm). Since the quadratic term of precipitation in this season is not significant, the impact can be regarded as linear. Although most of the precipitation in Central Highlands happens during the wet season, the complementary rainfall during the semi-wet season, especially in spring, is extremely important for enriching water resources. Due to snow in winter and early spring, the soil has its maximum capacity to absorb water in mid and late spring. Hence, rainfall in this time is absorbed and enhances underground water reserves. Furthermore, spring is usually the start of the cultivation period for which further rain is mostly useful. It should be noted, however, that a significant increase in rainfall during the semi-wet season—that makes the quadratic term significant—would cause the marginal effect to decrease at some areas. The reason is that exceeding rainfall, on the one hand, would exceed the holding capacity of the land and would cause floods and landslides and, on the other hand, would alter proper cultivation and productivity.

Precipitation in the dry season is negatively associated with the revenue (-2,069 AFN/mm). Similar to precipitation in the semi-wet season, the quadratic term of the precipitation in the dry season is insignificant—in fact, it was dropped from the model due to its high collinearity. During this season, the soil is very dry and has its minimum capacity to absorb the rainwater. Hence a moderate rainfall could quickly turn into flash flooding, damaging the farms and products, killing the livestock, and destroying farmers' property.

The higher annual temperature is beneficial. A 1 °C increase in annual average temperature would increase the net crops revenue (per acre) by AFN 3,273. The quadratic term of the annual temperature is not significant; hence, the impact can be regarded as linear. The positive and significant (both statistically and economically) warming effect on revenue is due to the cold climate of the region. Mendelsohn (2014) reports a similar effect for the whole of Afghanistan.

Combining the estimates of the Ricardian model with future climate scenarios suggest that a mixed effect of climate in 2100 on crops net revenue. The changes would be most beneficial for the farmers who adapt to climate change, and it would adversely affect the revenue of the farmers who would not adapt. With this optimistic scenario we want to come to a short conclusion in the final section.

IV: Conclusion

The comprehensive question of located capitalism, which is the frame for this special edition, is extremely complex for the case of Afghanistan. In this paper, we have addressed the topic of located capitalism in Afghanistan from very different and not yet necessarily connected angles. First, we wanted to show that more or less each statistical number is associated with a high degree of uncertainty. But there is a broad consensus to classify Afghanistan as a failed states – irrespective of the continuing optimism of institutions such as the World Bank. In a second step, we refer to various theories of economics and capitalism (neoliberalism, welfare-capitalism theory, orthodox Marxism, poststructuralism, materialist state theory and social anthropology) and analyzed very superficially the appropriateness of these approaches to Afghanistan. In our view, a mixture of post-structuralist, materialistic and socio-anthropologist elements is promising, but will certainly have to develop evolve in the near future. In order not to stick to general theoretical approaches, we have switched to the field of environmental economics und analyzed the possible effects of (already visible!) climate

change in Afghanistan. We hope that we can develop the analysis of located capitalism much further – this paper should serve as the very beginning – and we will refer to the Frankfurt School as an adequate, reasonable and appropriate frame of orientation. Future analysis of a political economy of Afghanistan has to take into consideration a long list of dimensions and relationships. We think that the following aspects should be found on the list (without pretending that we have a complete list!):

- The relationship between politics, military and policy
- The significance of remittances
- The significance of the tremendous investments in education for the economy (cf. Bittlingmayer et al. 2019; Sahrai und Bittlingmayer 2015)
- The economic relationship between rural, semi-urban and urban areas
- The significance of ethnic relationships for economic development
- The role of natural resources and the multinational enterprises for the economic development
- The economic, security and cultural interests of foreign countries, particularly the neighbors of Afghanistan (Thielicke 2014a)
- The significance of transnational ties and relationships of Afghan people for the cultural and economic development
- The structure of the current economy
- The relationship of local, regional and global markets in Afghanistan
- The relationship between religion, beliefs and economic behaviour.

You see easily that there is a lot more to add but even this short list shows the necessary complexity an analysis of the Afghan economy needs to develop. But as we above: this paper is just a starting point and we aim to deliver further papers in order to address the demanded complexity.

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