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| #1 report | NIE OPEN 6-2-04 NW/RAC 02-183 secret | 9 p 03/07/62 | A |
| #2 report | NIE OPEN 9-28-04 NW/RAC 02-183 secret | 14 p 01/22/64 01/22/64xxxxx | A |

FILE LOCATION

NATIONAL SECURITY FILE, National Intelligence Estimates
 37, Afghanistan
 Box 6

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NIE 37-62
7 March 1962

NATIONAL INTELLIGENCE ESTIMATE

Number 37-62

Afghanistan's International Position

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf
7 MARCH 1962

DECLASSIFIED
E.O. 13292, Sec. 3.5
NLJ/RAC 02-183
By sj, NARA, Date 5-25-04

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Nº 2

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AFGHANISTAN'S INTERNATIONAL POSITION¹

THE PROBLEM

To estimate probable developments in Afghanistan's international position during the next few years.

CONCLUSIONS

1. The relative weight of Soviet influence in Afghanistan has grown in recent years and Afghanistan has been increasingly isolated from the West. These developments have been greatly facilitated by the Pushtunistan dispute with Pakistan, in which the USSR has emerged as Afghanistan's principal source of diplomatic support. The Bloc has also been the sole supplier of large quantities of arms and a heavy investor in Afghan economic development. Although there is little reason to believe that the USSR will seek to cash in on its investment at an early date, it is now virtually assured of having the dominant foreign influence on Afghanistan's future. (*Paras. 15-17, 21-24*)

2. At the same time, Afghanistan will remain deeply concerned with the preservation of its independence and will continue to exercise its considerable skill in hedging Soviet influence. While probably already convinced that the US role will be a secondary one, Kabul will continue eager for US aid and maintenance of the US presence. In general, we are likely to have with us for a considerable future time an Afghanistan very like that we have known for the past few years. (*Paras. 21, 24*)

¹ We believe that the fairly detailed analysis and estimate of the internal political situation in Afghanistan which is contained in Section I of NIE 53-59, "The Outlook for Afghanistan," dated 22 September 1959, remains valid and that there is little of importance that could be added to it at the present time.

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DISCUSSION

I. FOUNDATIONS OF FOREIGN POLICY

3. Throughout much of the nineteenth and for the first half of the twentieth century, Afghanistan's international position was bounded by narrow horizons. On the north, it faced a powerful and expansionist Russian state. On the south and east, it had to reckon with British India, another power much greater than itself. Afghanistan's foreign policy during this period was almost exclusively aimed at preserving its independence. Its strategy was limited to playing off its powerful and mutually antagonistic neighbors against each other.

4. Afghanistan's international position was changed fundamentally in 1947 by the withdrawal of British power from South Asia and the partition of the Indian subcontinent. In the early 1950s, the pace was accelerated when a new generation of Afghan leadership, personified by Prime Minister Daud, came to power. Quick to read the lesson of history inherent in the troubles besetting many of the inflexible old-fashioned regimes of Asia and Africa, Daud gave new emphasis to the goal of modernization and economic development. He brought new vigor also to the cause of "Pushtunistan"² which Afghanistan began pressing publicly at the time of the partition of India. This issue has its base in deep nationalistic, cultural, and historical yearnings. At the same time, the growth of the UN, the intensification of the cold war, the shift in Soviet attitudes after Stalin, and the various changes and vicissitudes which Pakistan underwent, all provided Afghanistan opportunities for a much wider range of tactics in pursuing its objectives.

² See Annex for a description of the nature and course of the Pushtunistan controversy.

5. Differences do exist within Afghanistan both as to Daud's objectives and his tactics. Most of Afghanistan's diverse tribal and religious groups, although welcoming development projects which clearly add to their material well being, generally oppose those aspects of modernization which tend to upset traditional ways of life; some elements are indifferent to Pushtunistan; others, including members of the ruling elite, are reluctant to accept any major degree of dependence on the USSR as the price of modernization and development. However, Daud has been able to find substantial support for all of his programs, and his dynamic leadership has left little room for the development of alternative approaches.

II. THE FORMATIVE PHASE

6. The trend of Afghan foreign policy during the last decade has been quite clear. In the early 1950s, hopes for modernization were focused largely on the huge Helmand River development project in southern Afghanistan, which enjoyed substantial US financial and technical support. At the same time, Kabul repeatedly but unsuccessfully sought military aid and a security guarantee from the US. In 1954, Afghanistan accepted its first small Soviet aid projects: oil and grain storage facilities in the northern part of the country and a bakery in Kabul. (These were in fact virtually the first foreign assistance projects undertaken by the USSR outside the Bloc.) Soviet gifts of taxis and buses and assistance in paving the streets of Kabul followed. However, the ancient fear of the northern neighbor still remained acute, and Soviet activities were carefully restricted both in size and location.

7. Meanwhile Prime Minister Daud was injecting new life into the Pushtunistan con-

troversy. In 1952-1954 an Afghan propaganda barrage set the stage for invasions of Pakistani territory by dissident tribesmen. The prospect of increased Pakistani military strength based on US arms, and a political reorganization which integrated the Pushtun North-West Frontier Province into a unitary West Pakistan Province led to increasing friction between the two countries. This culminated in a government-tolerated attack on the Pakistan Embassy in Kabul early in 1955 and in retaliatory attacks on Afghan consular offices in Pakistan.

8. The resulting crisis between the two countries was eventually settled with the encouragement and assistance of the US and Saudi Arabia, and was followed by two or three years of relative improvement in Pakistani-Afghan relations. However, the crisis generated several developments of fundamental importance for Afghanistan's future foreign policy. Pakistan restricted the flow of Afghan foreign trade through its territory, and this led to increased use by the Afghans of the Soviet transit route. The mobilization of the Afghan armed forces demonstrated that they were in a hopelessly decrepit state. Daud summoned a Loe Jirga, a broadly based representative group convoked in times of national crisis, which endorsed his Pushtunistan policy and gave him a free hand to obtain arms from any source. During their visit to Kabul in December 1955, Bulganin and Khrushchev offered a \$100 million line of credit to Afghanistan and publicly endorsed its Pushtunistan cause. Negotiations were also begun which led to the announcement of a military aid agreement with the USSR in the following year.

9. Since that time, the flow of Soviet aid has increased steadily. Another \$100 million in Soviet aid was committed for road, airfield, and petroleum development. The Bloc has supplied military equipment, with an estimated value of about \$115 million, at a

"cut rate" credit price of \$40 million. In late 1961, a further \$196 million aid commitment was made in support of the Afghan Second Five-Year Plan. US aid has also grown significantly throughout this period, totaling about \$140 million from 1955 through 1961. These heavy investments in economic development, coupled with increased centralization and the gradual expansion of welfare facilities within the country, are resulting in major strides toward modernization. Perhaps the most important has been the reorganization, retraining, and re-equipping of the Afghan armed forces under Soviet sponsorship.

10. Other trends were developing at the same time. The USSR became an increasingly important trading partner. Soviet aid activity broke out of the northern area to which it had originally been restricted and spread into many parts of the country. In addition to the virtual monopoly which they enjoyed with the military forces, Bloc technicians began to move into the fields of administration and education. By 1961, there were an estimated 2,000 of them scattered about Afghanistan. Whatever ideas the Afghans may originally have had of "balancing" Western and Communist aid appear to have given way to a reliance on the continuation of a significant Western presence in the country, although such a presence was much less extensive than that of the USSR.

11. Meanwhile, Pushtunistan was not forgotten. From 1956 to the end of 1958 relations with Pakistan were relatively good, leaders of both states exchanged visits, and Kabul probably began to hope for an eventual negotiated settlement of the dispute. The atmosphere changed again when, with the advent of General Ayub, Pakistan undertook a more vigorous program of centralization which involved integration of the Pushtuns into its national life and refused to discuss the Pushtunistan issue with the Afghans.

Both sides intensified their propaganda and subversion, and in the fall of 1961, diplomatic relations were broken and the border was closed again, leaving the Soviet route as virtually the only access for foreign trade.

III. THE PRESENT: PROFITS AND PITFALLS

12. There is much in Afghanistan's present position from which Daud and most politically conscious Afghans can draw satisfaction. A country with a population of only 12 million, it has managed to attract close to three-quarters of a billion dollars in foreign aid. Both the US and the USSR have made large contributions toward the modernization of the road network and the establishment of air communications facilities. New dams and canals are beginning to irrigate large acreages and to provide the power for modest industrial projects. In terms of equipment and status, the armed forces have moved from the early nineteenth into the mid-twentieth century in a half-dozen years.

13. Social progress has been slower. Traditions of personal rule and a scarcity of trained personnel have hampered administration, and the rural masses are just beginning to lose their medieval outlook. Ancient tribal and cultural conflicts are still strong, and participation in the affairs of the government has grown only slightly. However, the strength and achievements of the regime are apparent to all, and the new power of the army is for the first time a formidable inhibition to tribal revolt. Although in recent months there probably has been some loss of confidence in Daud among the small urban educated class, the regime is more stable now than it was six or eight years ago.

14. Afghan ambitions for Pushtunistan have not been achieved, and indeed have had a number of setbacks in the past year or so. There have been recent indications that Kabul may intend to abate its pressure, at least for the time being. However, its basic posi-

tion in the quarrel has been generally strengthened by its greatly increased military power and by new arrangements for trade and transit facilities with Iran, as well as those with the USSR, which reduce the leverage which Pakistan derives from its control over the transit route through Karachi. Even in the face of a closed border with Pakistan, the US has been found willing to cooperate in efforts to keep its aid program going. Meanwhile, under the combined pressures of Afghan subversion and local resentment against the Ayub's regime's encroachment on traditional tribal autonomy, unrest and agitation have increased in the Pushtun areas of Pakistan.

15. Yet even the most optimistic Afghan could hardly deny that his country has placed itself in a position where the USSR is able to exercise enormous influence on it should Moscow choose to do so. Militarily, Afghanistan is solely dependent on the USSR for a wide range of equipment and supplies for its new armed forces, as well as for instruction in the use of the new equipment. Hundreds of Afghan officers are undergoing Soviet training, and some of them at least must be assumed to have been affected by it. Over a period of time this is almost certain to have important implications for internal as well as foreign policy.

16. Afghanistan's economic dependence on the USSR is only slightly less complete. If the Five-Year Plan is to be completed, additional Soviet aid will be virtually indispensable. More than half of Afghanistan's foreign trade is now with the Communist Bloc (as against about 30 percent five years ago); petroleum imports come almost entirely from the Bloc, which has also been given the responsibility for exploration of indigenous petroleum resources and development of recent discoveries. Meanwhile, with respect to Afghanistan's non-Bloc trade, the USSR provides the only practical alternative transit route to that through Pakistan, which will

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remain subject to closure so long as Afghanistan maintains its Pushtunistan claims. It may be possible to develop a satisfactory substitute route through Iran, but this will be difficult and expensive and will take time.

17. The net effect of all of this has been the increasing isolation of Afghanistan from the West. It relies heavily on the Soviet Union both for the means to carry forward its program of modernization and for political support on the Pushtunistan issue. Its relationship with the US has been clouded by the latter's special ties to Pakistan. There do not seem to be any issues likely to lead to conflicts between Afghanistan and the USSR such as have occurred between Nasser or Nehru and the Bloc. There is no Afghan Communist Party, no territorial dispute, and no competition for influence in neighboring areas.

18. We have no evidence of Soviet attempts at subversion; even diplomatic pressure, when applied in one cause or another, appears to have been gentle. For the present at least, Moscow seems to be interested in convincing the Afghans that their two countries have common interests and common enemies rather than that Afghanistan should adopt the Soviet system. In addition, of course, the Afghans are aware of their value to Moscow as an example of Bloc benevolence in the underdeveloped areas; some of them may have concluded that Moscow is more concerned with excluding hostile Western influence than with extending its own.

19. Daud almost certainly believes that the Afghan will to independence is sufficiently strong and that his security arrangements are adequate to contain any subversive efforts which the Soviets are likely to make. With respect to relations with Pakistan, the Afghan leadership almost certainly believes it can increase or decrease the tempo of the Pushtunistan campaign to suit the needs of the moment. It is anxious to develop a new

transit route through Iran, to maintain economic ties with West Germany, and to find a way to continue the US aid program despite the closing of the Pakistani border. Nevertheless, we believe that Afghanistan's freedom of action in international affairs—especially its freedom to undertake actions offensive to the USSR—has been progressively reduced.

IV. THE OUTLOOK

20. We do not believe that, for the next few years at least, there will be any fundamental change in Afghanistan's objectives of modernization and Pushtunistan, or in the conviction of its leadership that these can be pursued without jeopardizing the country's independence. As far as the international outlook is concerned, the Afghan leadership will continue to look to both the US and the USSR for contributions to the development program; the leadership is unlikely to see any very immediate threat to Afghanistan's independence from either the US or the USSR; and it will remain convinced that the USSR is its sole source of Great Power support on Pushtunistan. The tempo of the Pushtunistan campaign will probably rise and fall as circumstances dictate, but Kabul will almost certainly continue to press its demands in the hope that Pakistan can one day be brought to concede some kind of Afghan interest in its Pushtun territories.

21. The drive for modernization and economic development will continue. The USSR's proximity and its apparent willingness to continue to invest heavily in Afghan development will virtually guarantee it the dominant foreign position in the country's future. Kabul will remain eager for the US to maintain its presence and to make a contribution to the Afghan development program; however, it is probably already resigned to the US role being a secondary one. Should the US make extraordinary efforts to develop a new transit route through Iran,

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the Afghans would probably be encouraged, regarding this as a clear manifestation of US intention to maintain a presence. By the same token, they would almost certainly continue intransigent on Pushtunistan.

22. Should the US aid program for any reason be greatly reduced or terminated, the Afghans would tend to regard such action as motivated by US desire to support its Pakistani ally. Initially, they would probably react defiantly and might seek even greater support and assistance from the USSR. If, in time, they became convinced that a total lack of balance in foreign relations posed an imminent threat to the country's independence, they might be more forthcoming in seeking a settlement with Pakistan.

23. The Afghans will continue to be aware of the problems involved in protecting the country's independence, but, as long as the USSR refrains from overt threats or active subversion, some of the traditional security safeguards will probably be subordinated to progress on modernization, and the lack of balance between opposing foreign presences in the country is likely to be more generally accepted. This process is likely to be aided

by the aspirations of an emerging urban educated class; it might be accelerated should Daud pass from the scene and be succeeded by relatively weak national leadership.

24. This is not to say that we believe Afghanistan is destined to move into satellite status in the near future. The determination to remain independent will continue to be more widely and deeply felt there than in many countries of Asia, and among many members of the ruling elite in recent months there appears to have been a resurgence of concern at the degree of dependence on the USSR. Afghans at all levels will continue to have considerable skill in hedging Soviet influence and slowing its rate of growth. The government will almost certainly remain alert to recognize and exploit any changes in Pakistani or US policy and in the general international scene which could be utilized to promote its own objectives. Finally, there is at present little reason to believe that the USSR will soon be moved to try to cash in openly on its investment in Afghanistan. In short, we are likely to have with us for a considerable future time an Afghanistan very like the one we have known for the past several years.

ANNEX

PUSHTUNISTAN

1. The Pushtunistan quarrel between Afghanistan and Pakistan grows out of Afghanistan's claim to an interest in the six million *Pushtuns*, or Pathans, who inhabit the northwestern part of West Pakistan. These people are of the same ethnic stock and speak the same language as the dominant element in Afghanistan.

2. Much of the territory in Pakistan which they now occupy was under the rule of Kabul and the ancestors of the present Afghan royal family in part of the eighteenth and nineteenth centuries before it was lost, first to the Sikhs and then to the British. Although Afghanistan formally accepted the present border, called the Durand Line, in a treaty with Britain in 1893, the Afghan Government has persisted ever since in trying to maintain influence among the Pushtun tribes on the eastern side of the border.

3. With the withdrawal of the British from India in 1947, there was some opposition in the Pushtun areas to the transfer of their territory to Pakistan; and Kabul supported a demand that the Pushtuns be given a chance to opt for an independent state of Pushtunistan. Afghanistan has continued to agitate the issue, though without any clear and consistent definition of the boundaries of the territory in question or the precise status which the Afghans seek for it. Pushtunistan has at times been defined by Kabul to include more than half of all the territory of West Pakistan, and there have been suggestions that the new state would ultimately find its destiny in a union or an affiliation

with Afghanistan. At other times, the Afghan rulers have hinted that they would be satisfied merely with some kind of recognition by Pakistan of an Afghan interest in the Pushtuns and/or some kind of special status for the Pushtun areas within Pakistan.

4. The intensity of Kabul's campaign for Pushtunistan has fluctuated over the past 15 years, but there has been persistent propaganda support and supply of money and arms to tribal leaders in Pakistan and occasional infiltration of Pakistani territory by Afghan irregular forces.

5. The Pushtuns of Pakistan have an acute sense of distinctiveness from the other peoples of the country; virtually all of them have resented to some degree the government of Pakistan's efforts to integrate them into the national life and to bring their territories more directly under central control. The great majority of the roughly three million "settled" Pushtuns who live in the Indus Valley lowlands are certainly loyal to Pakistan rather than Afghanistan. The two to three million who dwell in the hills immediately adjacent to the Afghan border are primarily concerned with resisting control by any outside authority.

6. Pakistan, bolstered by its sound legal claim to the Pushtun area and its superior armed forces, has generally simply refused to acknowledge or discuss Afghan demands. Tension between the two nations was reduced somewhat in 1957 and 1958 when, during an exchange of visits by their leaders, there ap-

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peared to be movement toward discussion and perhaps even negotiation of Kabul's claims. After General Ayub came to power in 1958, however, a stronger Pakistani Government stepped up the process of integration and centralization of the Pushtuns and refused to consider Afghan claims. This trend was intensified in 1961 and 1962, when in the face of increased Afghan agitation and subversion, Ayub brought new areas of tribal territory under administration.

7. There is virtually no chance of a settlement of the Pushtunistan issue during the next few years. It is clear that even in the absence of Afghan agitation, the Ayub regime would have little sympathy toward Pushtun

aspirations for a special status within Pakistan. The Pakistan Government, not without reason, regards Afghan claims with respect to the Pushtun area as an attack on the integrity of the country. Thus it is almost certain that the Ayub regime will take no action which would constitute explicit recognition of any special Afghan interest in the area. Aside from this particular controversy, Pakistan and Afghanistan have much in common; and if ever goodwill could overcome truculence and provocativeness, it is conceivable that the two sides could be led to take actions which, without compromising their formal positions, could effectively dispose of the issue.

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NIE 37-64
22 January 1964

NATIONAL INTELLIGENCE ESTIMATE
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Afghanistan

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22 JANUARY 1964

DECLASSIFIED
E.O. 13292, Sec. 3.5
NLJ/RAC D2-183
By cbm, NARA, Date 8-31-04

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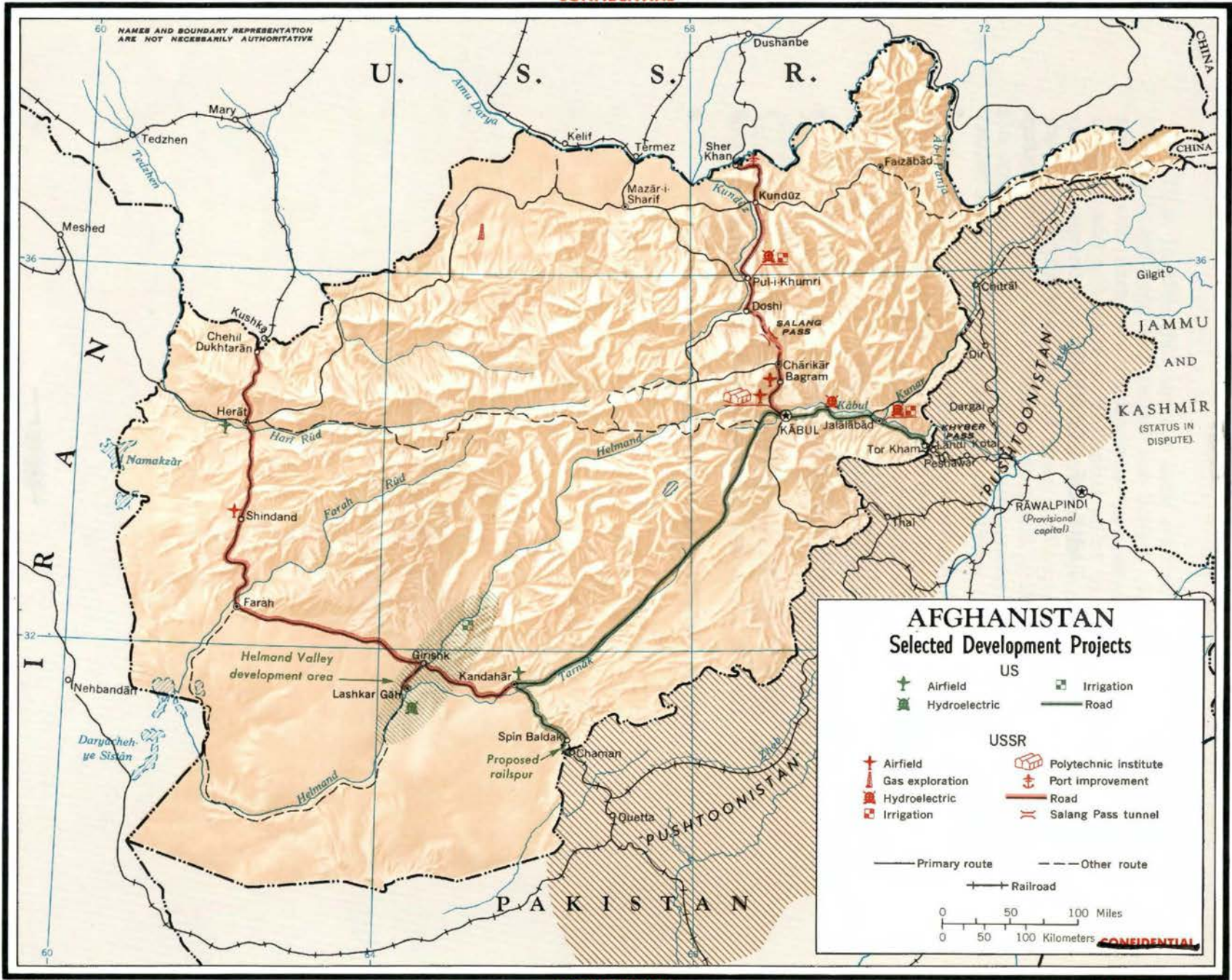
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AFGHANISTAN

CONCLUSIONS

A. For the last decade, Afghanistan has been undergoing a substantial economic and social modernization. Since the removal from office of Prime Minister Daud in March 1963, modernization has started in the political field as well, under a cabinet which for the first time in 30 years is not headed by a member of the royal family.

B. The new cabinet has no political base save in the support of the King and royal family, who remain the source of power. For the moment at least, they favor political reform. The question is how they will react to increasing pressure for change, as and when modernizers within and outside the government wish to move farther and faster than the monarchy deems prudent. We believe there is at least an even chance that the monarchy will stay sufficiently abreast of the times to avoid violent upheaval.

C. The Afghans will continue eager to take assistance from both Bloc and West, but will make every effort to see that neither acquires inordinate influence. They have done this successfully for ten years and should be able to continue, despite the fact that virtually all military assistance has come from the Bloc. Under the new government, tolerable relations with Pakistan have been restored, and both sides will try to keep tensions under control, though flareups are always possible and can, as recent experience shows, have damaging consequences for Afghanistan.

D. If further large-scale foreign aid is forthcoming, as seems likely, Afghanistan should make increasing economic progress, on the base of a substantial infrastructure created over the past decade. But it is still a very underdeveloped country and will long be hampered by lack of trained people and shortage of domestic revenue. The USSR, which has in recent years become Afghanistan's chief trading partner and its major source of aid, will continue in these roles, but this will probably not be translated into decisive political influence.

DISCUSSION

I. BACKGROUND

1. Afghanistan is in the midst of a far-reaching process of change which has made deep inroads into traditional social values. For the ten years prior to March 1963, the government was run by Prince Daud, a cousin of the reigning King Zahir, and a strong-minded, autocratic man who did much to modernize the country but who brooked no opposition to his policies. He obtained extensive economic assistance from both the USSR and the West and used it to start building the infrastructure necessary to develop the Afghan economy. With Bloc assistance, Daud also modernized the armed forces. The 1950's saw great progress in other fields equally necessary to successful modernization of a traditional, tribal, and largely agricultural society. There has been a substantial improvement in the amount and quality of education, and women in the cities have to a great degree come out of purdah. These developments have given greater social mobility to groups and classes hitherto relegated to a subservient role. Nevertheless, Afghanistan remains an underdeveloped country, hampered by deep ethnic divisions among its people, and lacking the administrative mechanism and talent to cope with Kabul's ambitious designs.

2. Daud—assisted by his brother Naim, the Foreign Minister—continued the traditional Afghan policy of maintaining a balance between those great powers capable of affecting Afghan interests. In the past, this had been accomplished by a deliberate isolation, keeping foreign powers at arms length. Daud and Naim, recognizing the need for financial and technical help in modernizing the country, welcomed the assistance of both Bloc and West, but sought to keep the influence of either from becoming inordinate. Economic aid has come from both the Bloc and the West; military aid has come almost entirely from the Bloc. Large numbers of Soviet advisors have come to Afghanistan and several hundred Afghans have been trained in the Soviet Bloc. These programs have created attitudes favorable to the Soviets, but they have been balanced to a considerable extent by sizable Western aid and educational programs. The presence of foreigners has opened up a hitherto remote and backward country, which had been deeply suspicious of outsiders, to all kinds of modern techniques and concepts.

3. In the political field, however, traditional patterns continued to prevail during Daud's tenure as Prime Minister. To Daud, government was essentially a matter of making decisions, giving orders, and being obeyed. The arbitrary methods which worked so well in putting drive into economic development became police repression when applied to

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politics. The extensive use of secret police methods and of arbitrary arrest was the more unpopular—particularly among the growing educated population—because it followed a short period of liberalization in the early 1950's. In the government itself, ministers and officials feared to take initiatives and in most cases even to discuss matters freely with Daud. Administration suffered as the government's sphere of activity widened beyond the point where a narrow oligarchy could adequately direct it. More and more, the contrast between economic and social progress on the one hand and political repression on the other began to trouble educated Afghans as well as some in the royal family.

4. The Afghan royal family is an organism which has long shown a remarkable cohesiveness and internal loyalty. During Zahir's youth and for many years thereafter, a single member of the family has in effect been delegated the responsibility for ruling. Daud seemed to forget that he ruled not as an autocrat, but rather as the representative of the family, and his attitude apparently became irksome to the King and other family members.

5. They also grew increasingly concerned at the economic and political costs to Afghanistan of Daud's intransigence in the dispute with Pakistan. Daud's truculence in asserting Afghanistan's special interest in the Pushtun tribes of Pakistan had led to the closing of the border and had increased Kabul's dependence on the Soviet Union for trade and aid. The King and other influential Afghans became convinced that no accommodation with Pakistan was possible as long as Daud retained power.

6. The royal family seems also to have reached a consensus that it would have to give the growing middle class a larger share in the government of the country. Daud, for his part, had proposed to cope with desires for political liberalization by organizing a one-party political program under his personal leadership. The King refused to permit this, and the dispute precipitated Daud's removal. In essence, the King and the royal family appear to have become convinced that Daud's leadership has exhausted its possibilities and that the country would benefit from a dramatic change in government.

7. The King appointed as Prime Minister, Muhammad Yusuf, a commoner with no ties by blood or marriage to the royal family. This was accompanied by public pledges that the family would no longer engage in politics. A constitution implementing these pledges is now being drafted and is scheduled for adoption in 1964. This new policy constitutes a fundamental break with the traditional pattern of Afghan politics. These political changes, coming on top of the economic and social changes already well underway, are ushering in a period of ferment which may last for many years.

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II. POLITICAL SITUATION AND PROSPECTS

8. Afghanistan presents the unusual spectacle of a monarchy attempting to bring political modernization to a country still overwhelmingly conservative in outlook. This movement is being carried out under the King's leadership by people representing a small but growing middle class with modern education and ideas. Among them are such figures as Prime Minister Yusuf, Assembly President Abdul Zahir, and Interior Minister Kayeum. By and large, this group looks at Afghanistan as a nation rather than as a collection of tribes. Despite its small size, it is important because its members are those with the education and attitudes essential to carrying out the economic and social programs begun under Daud. Its membership is confined mostly to the cities, especially Kabul, and its influence is limited by its lack of a political base independent of royal support.

9. Conservative forces overwhelmingly outnumber the modernizers, but the conservatives' position is far different from what it was a decade ago. Once-powerful religious leaders have either died or seen their political influence curtailed. The power of the great Pushtun tribes, which make up nearly half the population, has declined markedly. The central government now has a modern army and no longer needs to play off tribe against tribe to retain power. Nevertheless, these conservative forces still constitute a formidable drag on the monarchy's efforts at modernization.

10. In the struggle between conservatives and modernizers, the King and the royal family remain the ultimate power in Afghanistan. They continue to receive the respect and allegiance of the tribes and local chiefs and the loyalty of the military and security forces. King Zahir Shah, who for 30 years had remained largely in the background, has emerged as the champion of political liberalization. Whether he continues in this role will depend on his persistence in placing the full power of the crown behind the reform program.

11. The retirement of Daud, and the appearance of a government headed by a commoner, have heightened expectations among the politically conscious. In Kabul, and to a lesser extent in other cities, people generally greeted the resignation of Daud as the dawn of a new era. Achievements have fallen a good deal short of the exaggerated expectations of the intelligentsia, and they have already begun to complain that the Yusuf government is not accomplishing very much. However, police repression has ended, and the atmosphere has become more conducive to political discussion and debate. The role of the national assembly has been enlarged, and the press has been encouraged to speak out more freely. These moves, while not far-reaching, are essential steps toward the creation of a more open political system.

12. The next year or two will be a period of adjustment and trial as the new government continues its efforts to slowly augment its own authority and to master the techniques of rule. The departure of Daud left a power vacuum that the King has not yet filled, and the cabinet has hence lacked the firm support it needs to function effectively. However, a year has passed without overt interference by Daud, and the new men are gaining confidence in the possibilities of achieving social and political progress. There will undoubtedly be strains between modernizers and conservatives over the pace and scope of this progress. Delays and even setbacks are not unlikely if the King vacillates on the reform program.

13. A major question for Afghanistan's political future is the problem presented by Daud himself. For a man of thrusting and autocratic temperament who for so long held such complete authority, Daud appears to have accepted his demission remarkably peacefully. There are many who do not believe that he will sit idly by, while a constitution is promulgated which would exclude members of the royal family from political office. Hence, even a year after Daud's fall from power, the question of his intentions, and his capabilities, looms large among the concerns of the modernizers in Kabul.

14. The first forum in which Daud can urge his views is within the royal family. Here, away from the light of public discussion, there is ample scope for compromise. We believe that the tradition and discipline of family solidarity will prevail and that the dispute will be resolved at this stage, probably with at least some limitations on the eligibility of family members to hold major political office. Daud's efforts to modify the constitution are likely to be concentrated in the period before the draft is made public, since his field of maneuver will be greatly restricted thereafter. In the event of serious conflict the King would be likely to prevail, and Daud, making this estimate, would be unlikely to force the issue.

15. If, as seems likely, this issue is resolved without a conflict between the King and Daud and a modernist government stays in office, Daud could, at a later date, use the claim of weak political leadership to reassert his power. Indeed, if the King felt his experiment in political reform was not proving successful, he might agree to Daud's return. Moreover, it is probable that Daud would prefer to return under the aegis of the King rather than through an open confrontation which would jeopardize royal family solidarity. If Daud did again become head of the government, progressive elements would regard it as a serious blow to the prospects for political progress in Afghanistan.

16. The new constitution will probably include provision for a more representative national assembly with greater authority. Afghan progressives apparently envisage also the establishment of a two-party system with a government party and a loyal opposition. In view of

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Afghanistan's lack of political sophistication, however, progress toward parliamentary democracy and development of a meaningful party system is likely to be very slow.

17. As time goes on, Afghanistan's rulers will find it more troublesome to cope with the problems which emerge from the impact of modern ways on a traditional, technologically backward, and illiterate society. Modern education, the introduction of even small-scale industry, the lessons taught by Soviet and Western technicians, are already raising expectations among elements directly affected by the development programs. It will probably not be longer than five to ten years before these fermenters come to affect the political scene far more than they have to date.

18. The outcome will be largely dependent on the manner in which the monarchy reacts to increasing pressures for change. Modernizers within and outside the government will, on occasion, wish to move farther and faster than the monarchy deems prudent. In such case, the monarchy will be faced with difficult political decisions, and the temptations to stand pat will be great. The King derives his political strength from his position as head of the royal family, and he cannot alienate his kinsmen unless and until he is willing and able to establish a new power base. This latter possibility is not likely for some years to come. Hence, a split within the family could prove perilous, but we think it probable that the family will maintain its solidarity. So far, both the King and the family have been foresighted in taking the first steps necessary to permit orderly change. We believe that there is at least an even chance that they will stay sufficiently abreast of the times to avert violent upheaval.

19. If an explosion did take place, the attitude of the armed forces could become crucially important. They are by now almost entirely Soviet-equipped and largely Soviet-trained. There is no sign that their allegiance has thus far been affected. In time, foreign influences and modernizing political trends may make them less reliable as a bulwark of the government. Under present circumstances, however, we are pretty well satisfied that their loyalty runs to the King, and that they would support him if his authority were openly challenged.

III. ECONOMIC SITUATION AND PROSPECTS

20. Afghanistan has made considerable progress in developing the infrastructure for a national economy and in expanding governmental control over revenues and foreign trade. In the course of the first Five-Year Plan (1956-1961), the government spent about \$350 million on the development of transportation, electric power, irrigation, and education. During the second Five-Year Plan (1962-1967), the Afghans plan to spend about \$800 million, of which about \$235 million has already been expended. This Plan is devoting an increased proportion of ex-

penditure to agriculture and industry. About two-thirds of the funds spent so far have come from foreign sources, with the Bloc providing nearly twice as much as the West.

FOREIGN ASSISTANCE TO AFGHANISTAN: 1950-1963
(in millions of US Dollars)

| ECONOMIC | EXTENDED | DRAWN |
|--------------------------------|-----------------|----------------|
| Total | 800 | 432 |
| Bloc | 509 | 253 |
| USSR | 496 | 244 |
| Czechoslovakia | 13 ^a | 9 ^a |
| Free World | 291 | 179 |
| US | 234 | 176 |
| West Germany | 57 | 3 |
| MILITARY (excluding discounts) | | |
| Bloc | 27 | 27 |
| USSR | 20 | 20 |
| Czechoslovakia | 7 | 7 |

^a These figures include a \$7 million military workshop complex.

21. The basic economic situation continues to be good for an under-developed country. Afghanistan is not rich in resources, but neither is it saddled with a large, rapidly growing population. Although much of the land is mountainous or desert, the country is able to raise sufficient food to feed itself in years when weather is reasonably good. There is considerable scope for increased production through the use of irrigation, fertilizer, and modern agricultural techniques. An all-weather road net, improved airport facilities, and rail spurs from the USSR and Pakistan will greatly facilitate movement within the country and improve access to foreign markets. A trade transit route through Iran is being developed as a further alternative to the Soviet and Pakistan routes. Finally, economic expectations are still limited, and the government has to satisfy demands from only a relatively small segment of the population.

22. Despite the large investments in developmental works, there has been no significant increase in national income, production, or export trade. During the past several years, governmental regulation and interference seriously retarded private investment. Export trade has been erratic, partly because weather has caused wide fluctuations in the output of export commodities, and partly because of the two-year closing of the Pakistan-Afghanistan border. Government plans have given a low priority to the development of import substitution industries, and imports have risen steadily except in 1962 when the border closure caused a sharp drop. Governmental inefficiency and a shortage of trained workers have constituted a drag on development of both industry and agriculture.

23. The new government is likely to introduce somewhat more flexibility into the development program and to encourage private initiative. A currency devaluation and the abolition of cumbersome multiple exchange rates have improved Afghan export prospects, as has the opening of the Pakistan border. A total of \$365 million in unutilized commitments from the West and the Bloc are available to carry out the development program. The Afghans will almost certainly make substantial progress toward their planned goals, although they will continue to be hampered by lack of trained people and by a shortage of domestic revenue.

24. The present sizeable Soviet involvement in the economic life of Afghanistan is unlikely to diminish significantly. The Afghans are generally satisfied with Soviet performance in economic aid and will almost certainly want it to continue. There is a backlog of promised Soviet assistance, including facilities to exploit the newly discovered gas deposits in northern Afghanistan. The Soviet Bloc is the source of about 55 percent of Afghan imports. The Bloc's share of Afghanistan's export trade has risen from about a fourth in 1956 to a third in 1962 and will probably go higher to meet debt-servicing obligations. However, the Soviet Union is far from having a stranglehold on Afghan

AFGHANISTAN'S IMPORTS AND EXPORTS ^a
(in millions of US Dollars)

| | ----- MILLION OF US\$ ----- | | | |
|-------------------------------|-----------------------------|------|-------|-------------------|
| | 1956 | 1960 | 1961 | 1962 |
| Total Exports | 57.6 | 84.9 | 68.0 | 76.0 |
| Soviet Bloc | 15.8 | 19.7 | 21.4 | 25.4 |
| USA | 17.5 | 20.5 | 11.6 | 14.3 |
| West Germany | 3.7 | 11.8 | 10.8 | 14.0 |
| UK | 5.3 | 10.3 | 10.4 | 11.8 |
| India | 9.2 | 10.5 | 5.4 | 6.7 |
| Pakistan | 4.7 | 8.5 | 4.7 | 3.8 |
| Other Western Countries | 1.4 | 3.6 | 3.7 | NA |
| Total Imports | 55.3 | 85.2 | 108.4 | 86.9 |
| Soviet Bloc | 18.2 | 45.1 | 56.2 | 54.4 ^b |
| USA | 9.4 | 9.2 | 18.4 | 6.4 |
| West Germany | 8.4 | 4.9 | 6.7 | 4.3 |
| UK | 1.0 | 1.8 | 1.3 | 2.2 |
| India | 4.8 | 12.8 | 10.9 | 13.1 |
| Pakistan | 3.3 | 3.4 | 3.0 | ... |
| Other Western Countries | 10.1 | 8.0 | 11.9 | NA |

^a Import and export figures are based on the trade statistics of Afghanistan's principal trading partners. Total trade is probably somewhat higher, since Afghanistan carries on some trade with numerous other countries.

^b No figures are available for 1962 imports from the USSR under the Soviet grant aid program. This figure includes an estimated \$15 million, or slightly more than in 1961, to cover such imports.

trade, and obligations to the Bloc appear to be within Afghanistan's capacity.

IV. THE INTERNATIONAL POSITION

25. The most important objective in Afghan foreign affairs is the maintaining of friendly relations with both East and West, partly as a means of safeguarding Afghan independence and partly to keep open all possible sources for the aid needed to modernize the country. A second major objective is the protection of Afghanistan's historic interest in the Pushtun tribes of Pakistan, although this is less stridently proclaimed since the departure of Daud.

26. In its policy of balancing off the West and the USSR, the Afghan Government has been notably successful in obtaining about the maximum aid the country can profitably use. The Bloc has almost completely dominated the military assistance field and has furnished considerably more economic aid than the West, but the US has also made substantial contributions to Afghanistan's economic development and maintains a significant economic presence. Although the Afghan Government has agreed to let the Soviets build and operate a technical school, the US is expected to retain a virtual monopoly in the education field. Recently, the Afghan Government indicated it would like the West to assist Afghanistan further in the training of military officers.

27. Soviet economic and military aid has not been translated into significant political influence. While the Soviets have probably gained greater acceptability for themselves among the Afghan people generally, they appear to have felt that direct pressure or subversive tactics would be self-defeating. The Afghans have always been alert to the danger from Russia and will remain concerned to assure that reliance on the Bloc for assistance does not become total dependence.

28. Despite complaints about the size and the implementation of the US aid program, the Afghans will remain eager for Western assistance both for its intrinsic value and as a counterweight to the Soviets. Western political concepts appear to predominate in the minds of the modernizers. This fact and the traditional Afghan love of independence make it likely that Afghanistan will successfully continue to maintain its political integrity.

29. King Zahir and the Yusuf government moved rapidly to improve Afghanistan's relations with Pakistan in the early months after Daud's resignation. Freed of the former Prime Minister's personal commitment to the Pushtunistan issue, the Kabul government moderated its propaganda line of inciting the tribes in Pakistan to violence. Pakistani President Ayub, involved in an acrimonious dispute with New Delhi and convinced that his firm policy had succeeded in its objective of bringing down Daud, was disposed to be accommodating.

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30. Thus, in May 1963 the two sides reached agreement to restore diplomatic relations and reopen the border. We believe that Kabul and Karachi each sees its interests best served by continued good relations and will make a substantial effort to keep emotions under control. Nevertheless, each side continues to harbor a deep mistrust of the other, Afghanistan has not given up its quest for a special relationship with Pakistan's Pushtun tribes, and tensions could rise quickly. An occasion could be provided by the upcoming renegotiation of some details of the 1958 transit agreement between the two countries.

31. Afghan relations with Iran have generally been good, although in times of drought or flood there have been disputes over the sharing of the waters of the Helmand River, which flows from Afghanistan to Iran. During the closure of the Pakistan border, the Afghans, urged by the US, turned to Iran for an alternate route for their exports. Economic development in the Herat region of northwestern Afghanistan might foster further transit trade through Iran. In the political field, the Shah was a helpful mediator in the Afghan-Pakistan dispute. All things considered, the present amicable state of relations between Iran and Afghanistan seems likely to continue.

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