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## **Economic Federalism a Desirable Option for Economic Development of Afghanistan!**

### **Abstract:**

Afghanistan is an underdeveloped country. Its economic development potential is fundamentally related to thorough political and economic reforms including the foundation of growth and development platforms. A stable government and political system are essential prerequisites for any development platform in this country. Undoubtedly a stable political system can be ensured by a decentralized structure. The experience proved that the centralized system of government for 270 years and especially in the last century could not bring Afghanistan economic development and social stability and prosperity, despite the availability of sufficient natural and human resources. Many Afghan scholars believe that if the people of Afghanistan come to an agreement and choose a decentralized political system (preferably a "federally democratic system" and accordingly choose a suitable economic system and model, subsequently within the framework of the new economic system, a targeted economic policy and economic development programs, the ground would be paved for growth, specify and implement the ways of organizing economic

development. "Dividing Afghanistan into economic zones and specialization" which I call "economic federalism", is a new term to be used in the economic literature in Afghanistan. It can be a favourable option for the economic development of Afghanistan. When the political platform, a decentralized political system, preferably a "federally democratic system" is provided, in that framework, the division of zones and specialization in regional units, i.e., federal institutions, will be funded. Alternatively, it will be established and implemented based on the special potential and advantages of the regions or zones. I name this method "economic federalism", a term that in our economic literature will be considered an innovation.

## **Introduction:**

As mentioned in the abstract, Afghanistan is not only backward in political and economic structure but also in social and cultural fields. Its development, therefore, in general, and its economic development in particular should be accorded priority in the government's developmental plans. Based on several years of how flows are formed within the economy in centralized political systems, I concluded that: \* "Afghanistan's economic development depends on stable national government (decentralized political system) → capitalist economic system, model Mixed → economic policy (targeted and comprehensive) → economic development program (national and strategic) → industrial revolution → division of Afghanistan into economic zones and specialization → effective use of geographical location and regional projects and..."! \*\*

## **Problem Design:**

Since "dividing Afghanistan into "specialized economic zones or specialization of economic zones" is recognized as a necessary prerequisite for the nation's economic development in research to accelerate the process of economic development. Afghanistan needs to be divided into economic zones given economic, geographical, demographic, cultural and social peculiarities. It is of significant importance to focus on selecting economic areas based on their growth potential in each specialised economic zones which means differentiating the potential specialization in the economic zone.

Whenever economic zones are based on their special advantages such as agricultural production, tourism attraction, horticulture, animal husbandry,

location of an industrial complex, location of mines, climate, etc., its outcomes will help to lead to the direction of balanced economic development for the well-being of all. Provided that the selection of zones is based upon its profitability and free from any politically motivated preferences, but purely with a scientific approach and experience which are commonly used globally.

The creation of economic zones and specialization leads to the division of work, coordination and effectiveness. The regional and inter-regional specialisation provides the opportunity for each region to focus on its strengths to obtain the most possible outcomes at a minimum cost. This basic approach has its background in the historical experience of the international division of labour among countries. It was observed that specialization not only in a country but also in many countries proved to bring out maximum benefit from spending fewer inputs; limited to its strengths with the utilisation of low-cost available production factors the possibility of obtaining the greatest outcome can be provided. Under capitalism, the international division of labour suffers under the pressure of import taxes and other trade barriers, hence the group of countries that relations are reciprocal bilateral, remove trade barriers and tend to enter into closed blocs in such a way as to compensate for large inward openness with less outward openness. Communist countries still mostly formed such closed blocs. In the past that is how the Council for Economic assistance (Comecon) worked, it was a manifestation of the strong economic cooperation between the Soviet Union and the bloc of communist countries, especially since there was enough sense of patriotism in various countries to have their heavy industries. Afghanistan can benefit from this experience following its needs and in the field of its specialization in the framework of "economic federalism" or a decentralized economic system, preferably, a "federally democratic economic system" because coordination, efficiency and effectiveness are very important.

Within the framework of the economic zone, Afghanistan needs an industrial revolution for its economic development. In other words, Afghanistan's economic development depends on the industrial revolution which means accelerated industrialization. Initially, industrialization of the country cannot be possible without basic knowledge in modern science such as (chemistry, physics, mathematics, geology, and biology) and acquiring the development of basic knowledge and provision of infrastructure.

Only writing and publishing scientific articles in magazines, and publishing books, being common in Afghanistan, does not mean scientific progress. Technology, product development and economic progress are some "progress

indicators" to achieve scientific progress. Now the question is, "how many articles written and published have turned into inventions and discoveries in the field of new technology, development of production and economic progress? Which part of Afghanistan has progressed in science and technology and the production of goods and services? "The answer is none. Is it possible to continue in the same traditional fashion, remain a consumer and look for others to assist us or is it possible to think of a solution?"

The industrialization of the country needs a national development plan in which different national economic sectors should be connected and linked together in one place in a parallel way and simultaneously. In such a way that the implementation of one sector serves as a foundation for another one as a chain.

Likewise, it is very important to consider local and national compatibility and organic links between new economic zones in the plans. For example, the development of agriculture as the backbone of Afghanistan's economy today requires water. Containment of Afghanistan's waters is the basis for the growth of agricultural products and energy production, environmental improvement and industrial development. Industrial development is the basis for the creation of infrastructures, modern highways, the construction of railways and the extension of power lines. Roads and railways connect districts to provinces, provinces to each other and the centres of the country to neighbouring countries at border and port points. In general, leadership enables the government to dominate the country's geography, politically, economically and strategically. It makes it possible to better manage conflicting and sensitive points (natural resources, water, ethnic extension and religious polytheists, etc.), providing a better opportunity for the implementation of regional projects (TAPI, Casa 1000; railway line (Uzbekistan-Afghanistan-Pakistan through Hairatan, Mazar-e-Sharif, Puli-e-Khumri, Kabul, Torkham and Peshawar), transit of commercial goods, etc. Whenever Afghanistan can secure and ensure political stability in the country, can take advantage of regional projects as the best opportunity and initiate to implementation of its economic development plan.

It is noteworthy that Afghanistan has geopolitically unique peculiarities and has been faced with conflicts in the course of history such as territorial and border disputes with neighbouring countries. Rivers (like Helmand, Harirud, Kunar, Kabul, etc.) contain natural resources and runoff from high elevations in Afghanistan and flow to neighbouring countries of Iran and Pakistan. hindering another country can be dangerous. Therefore, conflict-causing platforms in the country are a reality that needs to be managed, any shortcomings in the

management of these platforms provide the ground for external intervention and exploitation. The management of conflicting platforms requires knowledge of political geography to be taken into consideration. If the governments of Afghanistan are unable to manage these platforms, and avail of their opportunities, the neighbouring countries will undoubtedly take over the initiative to manage and use them based on their interests against Afghanistan. That will lead to threats and headaches. Caring for and maintaining the balance of relations with neighbours is a vital principle. Any government in Afghanistan should be aware of the geopolitical, geoeconomic and geostrategic importance of its region to be able to play a constructive role in its management, because of its direct impact on the economic development of Afghanistan.

The most important factor in carrying out development projects depends on the creation of determination and a national strategic vision in the country's leadership. Then lay out a national development plan in the framework in which all development goals are defined and prioritized based on time reference and priority. The plan should be implemented according to the predetermined monitoring indicators. It is also important that local and national organic linkages fit between economic regions. In short, it should contain all features of a good national development program, (in terms of comprehensiveness, distinct and simple goals, flexibility, economy, having standards, being balanced, applicability, timing, and the possibility of monitoring and evaluation)

Thus, the development of the industrial and economic revolution should be closely linked to government formation and nation-building in Afghanistan. The creation of nation-states in advanced countries helped strengthen the combination of national economies with the participation of people. It united the masses of people in national territories. Establishing a relationship between the nation and nationalism in the new sense - is an essential element of new nations and also nationalism as an ideology of the industrial revolution. It is the industrial revolution that unites a large geographical unit, which usually has an imperial structure into a coherent national unit within the national borders as well as economic borders and customs borders.

The development of the industrial revolution is very important for the formation of the modern nation-state and the communication facilities it creates. It breaks ethnic restrictions, and for this reason, in countries where this industrial revolution has not happened and modern industrial infrastructure has not been found, the realization of the national project is very difficult to occur, especially in a country like Afghanistan. We are witnessing this situation because the real

material infrastructure connecting the native and ethnic structures did not exist and does not exist even now. The feeling of belonging to the ethnicity and region in a limited geographical sense is stronger than the feeling of belonging to the nation and the macro-geographical unit that the state-nation constitutes, at the beginning of the 20th century, it was very naive. Because there was no real infrastructure, that is, railways, roads, and factories came first, and then the economic relations and economic exchange of the country turned into a connected unit. A powerful and regulating government could manage these issues to some extent. But cannot reach the national government, the nation, the stage of democracy and civil society. Therefore, the growth of infrastructure was not in balance with the growth of superstructure in Afghanistan at that time, and such a deficiency does exist even in today's conditions of the country.

## Conclusion

The major impediment to the formation of a national government in Afghanistan has been a centralized political order with its restraining structure. Consequently, political and economic discontinuities have arisen, and as a result, its natural and human resources are untouched or face the risk of being looted and wasted, and finally, the country has not progressed, prosperity and stability remain unachievable under this condition.

While the principle and logic of economic knowledge dictate that the economic process cannot be continuously influenced by politics. If necessary, politics can move in pursuit of economic interests. The economy cannot be politicized forever, politicizing the economy leads to the opposite result.

The plan and proposal of "dividing Afghanistan into economic and specialized zones" which can be called "economic federalism" (if the use of this term is not considered heresy) are compatible with a decentralized political system, preferably "democratic federal" and can be an optimal option for the development of Afghanistan so it should be selected. There is a large scale of democracy in this system, "freedom and expansion of power and influence", which is one of the important goals of the economic system, is compatible with it. Historical experience has confirmed that democracies, compared to dictatorships, have been a suitable platform for the utilization of the diversity of talents, increasing labour productivity, and economic and scientific development. It is now clear to everyone that economic development in a democratic way is more efficient and productive than tyranny. Innovation and culture of production, the culture of critique and exploration, improvement of

ideas, goods and services, and management of democracy require high motivation. Freedom of thought is the basic pillar of progress. So, a creative and innovative mentality can be provided in the atmosphere of freedom and creative and innovative culture.

In an ambience of the space for freedom and the expansion of power and economic influence, the ground is provided for the recruitment of labour in the domestic market. Likewise, brain drain is prevented and the national capital is not lost. While in centralized systems, the freedom and functioning of the regions are limited by the central government. The effort and desire to motivate material performance and autonomy on the part of local departments and units have been continuously raised. Experience has shown that governments in centralized systems were more corrupt and prone to corruption than governments in decentralized systems. Likewise, there is more freedom in decentralized systems.

In conclusion, Afghanistan needs to establish a decentralized system, dividing the country into economic and specialization zones; industrial revolution; education and knowledge development. It is very important to consider the importance and political geographical location, modern society and all infrastructures and services revolve around it.

Lastly, when a decentralized political system, preferably (federal democratic) is established in the country, which is inevitable, then the central government can use the tax and budget system to plan economic development programs at the national level. Also, the central government can implement it and benefit from the advantages of economic federalism in economic zones. This type of model of economic development is based on import substitution (development of domestic production including the assembly of cars and other goods. It is based on the development of production for exports; in other words, the strategy of product development for import substitution and the strategy of development for export, finally reach development, prosperity and stability.

Dr Dastgir Rezaei “ 13 Scorpio 1401/ 4 November 2022.

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