Exploring the Socio-Economic Effects of the Cold War and Interference by Great Powers on Afghanistan and Pakistan

Muhammad Muzammal Farid

Dwight School Seoul, 21 World Cup Buk-ro 62-gil, Mapo-gu, Seoul, South Korea 03919; 2300363@dwight.or.kr

ABSTRACT: This study carries a comparative analysis of development among the South Asian Nations before the Russian invasion of Afghanistan, and similarly before and after 9/11. The Cold War significantly impacted Afghanistan and Pakistan through prolonged conflict and foreign intervention. The USSR's 1979 invasion of Afghanistan to support the communist government against US-backed Mujahideen lasted until 1989, causing 2.5 million Afghan refugees to flee to Pakistan and 1.5 million to Iran. Pakistan's society became increasingly extremist as it supported the "Jihad" narrative while backing the Mujahideen forces. Following 9/11, Pakistan faced severe internal security challenges with routine suicide bombings, resulting in over 75,000 Pakistani deaths. Afghanistan, once having the highest GDP per capita in South Asia before 1979, suffered complete institutional collapse and negative GDP growth from 1979 to 2000. Pakistan's socio-economic performance is lackluster as compared to other South Asian nations from 2001 to 2021. On the whole, both nations remained trapped in a 'conflict trap' and thereby fell behind all development indicators in comparison with other South Asian societies. More specifically, Pakistan and Afghanistan need dedicated efforts towards sustained reforms aimed at strengthening public & political institutions, the rule of law, eliminating security threats by enhancing sustainable growth, and cooling down defense expenditure. A better civil-military reset is necessitated in Pakistan to shift the power balance, and this could serve as a solid starting point for comprehensive economic and policy reforms.

KEYWORDS: Economics, Development Economics, Cold War, South Asia, Afghanistan.

Introduction

After the end of WWII, a great rivalry surfaced between the USSR and the USA, which was termed the Cold War. The Cold War was a period of competing tensions between America and the USSR, including their respective allies comprising the so-called Western Bloc and the Eastern Bloc. This great rivalry began in 1947 and continued until the fall of the USSR in 1991 at the end of the Afghan War.

The term 'Cold War' was coined because there was no direct large-scale fighting between the two great competing powers, but each country supported and assisted the opposing sides in major regional wars and conflicts, and this arrangement is known as proxy wars. The Cold War had its foundations in geopolitical and ideological differences, and it was a struggle for global influence by these two competing blocs, following their historical roles as the victorious Allies of World War II, which led to triumph against barbaric Nazi Germany and Imperial Japan.

The USSR invaded Afghanistan in 1979 in support of the Afghan Communist Government against anti-communist Muslim guerrilla forces that lasted from 1979 to 1989, and Russian forces remained occupied in Afghanistan until 1989.[1] The USA supported the Muslim forces (Mujahedin) with the active support and cooperation of Pakistan. It is estimated that by 1982, approximately 2.5 million Afghans sought asylum in Pakistan, and some 1.5 million migrated to neighboring Iran.[2-4]

The mujahedin were divided into many independent factions, and their military struggles were uncoordinated throughout the conflict. The quality of arms & ammunition and combat tactics gradually improved due to the continuous support of the USA and allies through Pakistan. The large quantity of latest equipment required for guerrilla warfare, like shoulder-fired anti-aircraft missiles, supplied by the US through the ISI of Pakistan, was eventually able to neutralize Russian air power.

The battle in Afghanistan became a nightmare for the USSR by the late 1980s, as it led to the disintegration of the Soviet Union. The Russians suffered approximately 20,000 casualties and sustained more injuries.

Even though the USSR failed to install a sympathetic pro-Soviet regime in Afghanistan, in late 1988, the USSR signed a peace accord with Afghanistan, the United States, and Pakistan for the withdrawal of its troops. Subsequently, withdrawal was completed in the winter of 1989, and Afghanistan retained its status of 'nonaligned.'[5]

The Societies of Afghanistan and Pakistan are tribal and feudal. Their cultures, traditions, and people are heterogeneous, economies are fragile and dependent on agriculture and livestock, literacy rate is low, manufacturing in Afghanistan is lacking, and in Pakistan, manufacturing is concentrated only on low-tech goods production. Unstable governance and weak political institutions are the characteristics that define Pakistan in general and Afghanistan in particular. Both countries are segmented into ethnic, racial, religious, and cultural lines. Generally, the whole region has been consumed by sectarian and ethnic conflict and violence. The mistrust and differences among different tribes and factions are leading both countries

DOI: 10.36838/IJHSR814.76

to diverge from the rest of the South Asian nations in terms of various social, political, and economic criteria.

Moreover, the strategic location has attracted the attention of external powers to intervene in the region to extend their influence in Central Asia and the Arabian Sea. The mixing of internal aforementioned characteristics with the interests of the external powers has negatively impacted the countries. Afghanistan has remained the battleground for various superpowers in the last two centuries. The Cold War's final battle was fought in Afghanistan, and its spillover effects on Pakistan are still affecting the country adversely. Pakistan took military measures to ensure security and integrity and convinced other Islamic countries to support the freedom struggle of the Mujahideen in Afghanistan. The Soviet Union perceived actions and measures taken by Pakistan for its self-defense as detrimental to its interests. A chain reaction given by soviet forces resulted in a law and order situation, internal instability, and other issues related to security emerged in Pakistan.

Again, after 9/11, the security situation resurfaced on Pakistan's Western border, after the involvement of the US. This time, under the leadership of the USA, more than 28 countries got involved to fight against the Taliban and to destroy the al-Qaeda haven in Afghanistan. The full-scale intervention by the international forces resulted in the installation of a puppet government in Kabul under Hamid Karzai. The spillover effect of this new war was devastating and lethal for Pakistan, as the Federally Administered Tribal Areas (FATA) region of Pakistan was a battleground between AlQaeda and Taliban on one hand and the Pakistani Military on the other side. The Taliban were furious and blamed Pakistan for helping and supporting the US-led Coalition in ousting the Taliban from Kabul. Meanwhile, the USA declared Pakistan an important non-NATO ally and frontline state in the 'War on Terror'. As the war progressed, the West started accusing Pakistan of playing a double role and tacitly permitting Al-Qaeda and Taliban to shelter in FATA. On the other side, Pakistan was facing a security dilemma as the internal situation of the country was deteriorating, and suicide bombings in all parts of the country were routine affairs; due to this situation, more than 75000 Pakistanis lost their lives.[6,7] ISIS was becoming strong in Afghanistan, which further complicated the security situation. After the drawdown of the United States and its allies from Afghanistan in 2021, it is once again significantly impacting Pakistan's western bordering areas.

Theoretical Perspective:

Pakistan is continuously passing through a security nightmare. There are manifold factors blamed for Pakistan's security situation, which have significantly hampered economic progress and are trapping Pakistan from growing economically. The key factor is the effects of the great powers' struggle in Afghanistan. This product assesses Pakistan & Afghanistan's economic situation due to the consequential effects of constant involvement of superpowers and their allies in the affairs of Afghanistan.

Paul Collier, a well-reputed professor of Economics at the University of Oxford, known for his works on 'development failure' in his famous book, "Bottom Billion," has described in detail the reasons for the failure of development in some countries like Afghanistan. Afghanistan at the bottom coexists with the twenty-first century but its reality is the fourteenth century: civil war, battlefield for superpowers, extremism, ignorance, and religiosity. These characteristics have been spilling over to Pakistan since the Soviet invasion of Afghanistan in 1979. The conflict is increasingly concentrated in low-income countries, and this recurring conflict is called the "conflict trap." It indicates how certain economic conditions turn a state prone to civil war and how, once conflict starts, the cycle of violence develops a trap from which it is hard to escape. The conflict trap is one explanation for the nations now at the bottom of the global economy. Civil war is considered development in reverse, and it harms the country itself and its neighbors as well. Civil war reduces economic growth by around 2.3 percent per annum, so a seven-year war claims approximately a 15 percent reduction in wealth and leaves the country poorer than it would have been. Obviously, war is much more evil than just a continued economic depression because it kills people.[8] The majority of the population who die are not killed in active combat but die due to diseases, which result in low life expectancy. Wars make refugees, and mass movements of the people in the backdrop of collapsing public health systems cause a low mortality rate and also affect the literacy rate negatively.

The countries at the bottom are sometimes trapped in 'coup traps,' and political governments are always more at risk from coups. Usually, coups are less disastrous than civil wars; the political instability these coups manifest is damaging to economic development. The reasons for proneness to coups are pretty much the same as for civil war: low income and low growth. Once a country has had a coup, it is more likely to have many coups. As there is always a high level of coup risk looming in such societies, all political governments are unsurprisingly scared of the army. In theory, the army is present to defend the government, but it is often the biggest threat to the government.[8]

The military is entrenched in the corporate sector and controls the country's largest companies and large tracts of real estate. So Pakistan's companies and its main assets are in the hands of a tiny minority of senior army officials. Siddiqa examines this military economy and the consequences of merging the military and corporate sectors. Does democracy have a future in the new Pakistan? Will the generals ever withdraw to the barracks? Military Inc. analyzes the internal and external dynamics of this gradual power-building and the impact that it is having on Pakistan's political and economic development.[9] Key research, particularly by Fearon & Laitin and Acemoglu & Robinson, suggests that civil wars are often a consequence of weak state capacity (low development) rather than just ethnic grievances, and that extractive institutions create the conditions for ongoing conflict. Acemoglu & Robinson, along with co-authors, argue that institutions dictate economic outcomes. Extractive institutions—where political power is concentrated, and economic institutions are designed to empower a small elite—often create the conditions for rebellion. Extractive institutions fail to invest in public goods or economic growth, leading to poverty, which, as noted by Fearon & Laitin, increases the opportunity for civil conflict. Civil wars arise when these institutions create large economic disparities and political exclusion, and in turn, conflict often further weakens institutions.[10,11]

Pakistan occupies a paradoxical, even contradictory, place in American foreign policy. Nominally a strategic ally in the war on terror, it is the third-largest recipient of US aid in the world. At the same time, it is run by its military and intelligence service---whose goals certainly do not always overlap with US priorities. Pakistan has been mostly ruled by army generals who are not accountable to the public. Therefore, bad governance with no regard for basic human rights is the norm in Pakistan. There is no independent judiciary, and press freedom is curbed. The budget allocation ignores public health and education, and the army squeezes all the revenue. The investment-to-GDP ratio is depressingly low in both nations and results in low income and stagnant growth. The USA and its allies turn a blind eye to the basic human rights violations by the security agencies.[9]

A typical economic cost borne by Pakistan after 9/11 is estimated at $120 billion spanning over two decades.[12]

Methods

The product work is based on the qualitative analysis and findings of scholarly papers, books, documents, and information available in print and electronic media. The approach of the study is a historical context of major events, and drawing comparisons based on various socio-economic indicators among the South Asian nations. The selection of various socio-economic indicators, such as GDP per capita, Literacy Rate, Life Expectancy at Birth, Gross Capital, Female Labor Force Participation, Military expenditure, and Human Development Index, is selected for drawing comparisons among all the peer countries of South Asia. These indicators reveal the social and economic development of a society, and they also help to forecast future economic potential as well as diagnose the developmental issues in any given society. These indicators are utilized to gauge the progress of any society in terms of social and economic aspects.

This research will answer the following questions during the course of the discussion: a. Whether Afghanistan or Pakistan is most affected by the interference of big, powerful countries in the region? b. Which of the two, the USSR invasion of Afghanistan in 1979 or the US-led coalition forces' attack on Afghanistan in 2001, affected the region the most? c. How do persistent conflict, insecurity, uncertainty, and involvement of the international forces affect the economic and social environment in Pakistan and Afghanistan?

Data Sources

I. World Bank Group; II. International Monetary Fund; III. United Nations Development Program (UNDP); IV. Ministry of Finance, Pakistan; V. South Asian Association for Regional Cooperation (SAARC)

The first and most critical step in research is getting satisfactory data. The available data on one website or data source was counter-checked by other data sources to verify the authenticity of the data used. The aforementioned agencies faced tremendous difficulty in data collection for Afghanistan. This is because of the complete meltdown of Afghanistan. To compensate for this, data for the year prior to or the subsequent year of the corresponding years was preferred in the case of Afghanistan. The selection of various development indicators for 1979 is vital: 1979 is the year the Soviet invasion of Afghanistan began. By picking 1979, it is easier to prove or disprove the causality of the article's subject matter and answer the research questions. Similarly, the years 2000/2001 are selected to understand the pre-9/11 socioeconomic conditions of the region, to later show how USA intervention shaped and affected the economic & social development in the region. Finally, the year 2021 is selected because this is the timeline the US forces pulled out of the region, and it helps in understanding the state-of-affairs and how the socioeconomic landscape of Pakistan and Afghanistan got affected due to the USA's engagement in Afghanistan. Some of the data for development indicators of 1979 were missing; therefore, only the comparison of the years 2001 and 2021 is relied upon. The limitations of missing data are compensated for by relying on available data of preceding or succeeding years, because that period reflects similar conditions to the period under consideration.

Significance of the Study:

Developments in Afghanistan always have a direct bearing on Pakistan's internal security and its external relations. Pakistan's vital interests connected with the internal situation in Afghanistan make this study valuable and interesting for students/scholars and practitioners/policy makers concerned with the subject alike. The study would take a step further in understanding the subject and would be an increment in the prevailing knowledge on the Afghan' conflict trap. This study unambiguously dissects the real cost in terms of developmental decline Pakistan is facing on account of the intervention in Afghanistan by the USSR in 1979 and later the USA in 2001. The analysis is very simple but convincingly crystal-clear on how and when two neighbors simultaneously fell apart, but with varying degrees. The establishment of the causality between foreign intervention and its effects on the socio-economic horizon of Pakistan and Afghanistan is novel in the area of conflict studies.

Results and Discussion

Comparative Analysis with Other South Asian Nations:

The comparative analysis is hereby done by comparing the performance of Pakistan & Afghanistan with other neighboring countries in South Asia. The three time periods are selected for drawing comparison among neighboring countries, which have political significance, such as the USSR invasion of Afghanistan in 1979, the USA-led coalition forces' attack on Afghanistan in 2001, and the withdrawal of Coalition forces from Afghanistan in 2021. The selection of three different years, 1979, 2001, 2021, is a very eventful period that marks the important points in history when the empires invaded or exited Afghanistan. The goal is to draw a comparison of the

DOI: 10.36838/IJHSR814.76

economic and social conditions on the eve of those aforementioned three periods and be able to prove the point about the effects of the Cold War and superpowers' rivalries and interference in the region, on Afghanistan and Pakistan's economic and social environment.

1. Gross Domestic Product (GDP):

Real GDP level is considered a good measure of economic prosperity, and its growth is taken as a gauge of economic progress. GDP is an approximate measure of living standards. It is defined as the market value of all final goods and services produced within a country in a year or a given period of time.

Table 1: GDP of countries (million, $). The data reveals that Afghanistan experienced near-stagnation in GDP growth from 1979 to 2000 following the Soviet invasion, while Pakistan initially outperformed its peers during the same period. However, between 2000 and 2021, both nations fell significantly behind other South Asian countries, showing less than half the economic growth of their regional neighbors.[13]

Country	1979 (USD M)	2000 (USD M)	2021 (USD M)	% Change 1979–2000	% Change 2000–2021	% Change 1979–2021
Afghanistan	3,690	3,820	14,270	+3.5%	+273.6%	+286.8%
Pakistan	19,690	99,480	348,500	+405.2%	+250.3%	+1,670%
India	153,000	484,400	3,120,000	+216.7%	+544.1%	+1,939.2%
Sri Lanka	3,360	16,330	88,550	+386.0%	+442.2%	+2,535.4%
Bangladesh	15,570	53,370	416,300	+242.8%	+680.0%	+2,573.8%
Bhutan	105	460	2,770	+338.1%	+502.1%	+2,538.1%
Nepal	1,850	5,490	36,920	+196.8%	+572.5%	+1,895.7%

Table 1 clearly indicates that Afghanistan experienced almost stagnation in terms of GDP growth from 1979 to 2000, and the rest of the South Asian countries experienced a significant increase in economic growth in the same period. Pakistan's performance in the same period was outstanding and surpassed all its peers. In the second corresponding period (2000 to 2021), the economic performance of Pakistan and Afghanistan was weak compared to other members. Both countries have experienced less than half the economic growth in comparison to other South Asian nations. If the overall last four decades are compared in terms of economic growth, Afghanistan is at the bottom, and Pakistan is also behind all other members except Afghanistan.

The Afghan society completely melted down after the USSR invasion in 1979, and the country was completely embroiled in a 'conflict trap' along with the debilitating configuration of bad governance and a poor policy trap. Anyhow, Pakistan was supporting the mujahedin in their resistance against the Soviet forces with the support of the USA and its allies, and received in the 1980s massive aid/grants from Western countries, which helped propel it into a higher growth orbit during this period.

The corresponding period (2001 to 2021) indicates a slight improvement in Afghanistan as compared to the previous two decades. This improvement may be due to massive aid and technical expertise by the Western donors. Being a landlocked, resource-scarce country and a failing state, Afghanistan has less scope for export diversification. It was also in a conflict trap along with a bad neighbor. The USA and its allies were trying to help Afghanistan escape from 'failed state' to launch an incipient turnaround from bad governance and poor policy. These efforts met with partial success on the back of all the mess of the previous two decades. Therefore, it shows a relative increase in income.

In the case of Pakistan, it was trapped in a conflict trap and a coup trap simultaneously (four times military coups) as the West became oblivious to the internal affairs of Pakistan as long as Pakistan was supporting the USA in its 'War against Terror.' Furthermore, as Pakistan transitioned to democracy in 2008, conflict was intensified in KPK province, and overall, the new democratic government was improvident with the national exchequer, and politics of patronage got rebirth. The governance and policy environment also nosedived under the new political regime, and it had to rush to the IMF for a bailout package, which killed the growth process.

2. Gross Domestic Product per Capita:

This economic indicator is a good gauge of economic prosperity and standard of living. It measures or indicates the average income of the residents of the country. The differences in GDP per capita reflect large differences in the quality of life. This measure helps to assess the access of the country's inhabitants to better nutrition and housing, good healthcare, and life expectancy. This indicator is very vital and helps to show how the average person in a given country experiences economic well- being or hardships.

Table 2: GDP per capita ($ of USA). Afghanistan suffered an absolute economic decline in average income between 1979 and 2000, falling from the top position in the region to the bottom due to the "conflict trap." While Pakistan performed at par with its neighbors initially, both countries now show paltry growth compared to the rest of South Asia, with Pakistan rapidly diverging and falling behind.[13]

Country	1979 (USD)	2000 (USD)	2021 (USD)	% Change 1979–2000	% Change 2000–2021	% Change 1979–2021
Afghanistan	$284.8	$180.2	$355.8	−36.8%	+97.5%	+25.0%
Pakistan	$254.4	$644.0	$1,506.1	+153.2%	+133.9%	+492.2%
India	$224.6	$442.0	$2,238	+96.8%	+406.3%	+896.5%
Sri Lanka	$230	$870	$3,997	+278.3%	+359.4%	+1,637.8%
Bangladesh	$190	$413	$2,458	+117.4%	+495.2%	+1,193.7%
Bhutan	$262	$785	$3,561	+199.6%	+353.6%	+1,259.2%
Nepal	$121.5	$223.7	$1,337	+84.2%	+497.6%	+1,000.6%

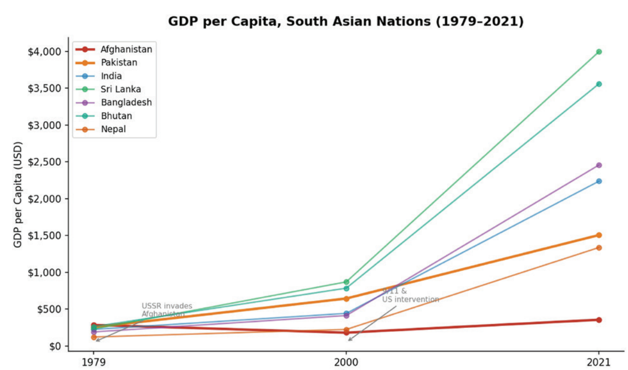

Figure 1: GDP per Capita Trends across South Asian Nations, 1979–2021. Afghanistan and Pakistan diverge sharply from their regional peers after 1979 and 2000, respectively.

Table 2 and Figure 1 show the absolute economic decline of Afghanistan from 1979 to 2000. It fell apart from the other members. It is noteworthy that Afghanistan was ahead of all other countries in average income in 1979. There was economic devastation for Afghanistan in this period. The conflict trap is a full explanation of Afghanistan's meltdown. However,

DOI: 10.36838/IJHSR814.76

Pakistan performed clearly at par with other members in the same period.

The increase in GDP per capita for both Afghanistan & Pakistan, in the second corresponding period (2000 to 2021), is paltry as compared to the region. It is noteworthy that both countries experienced economic growth approximately one-third to one-fourth of the other member's performance. However, Afghanistan was able to register some positive growth. If the overall last four decades are compared in terms of economic growth per capita, Afghanistan is again at the bottom, and Pakistan is also again behind all other members except Afghanistan. Pakistan is diverging and falling behind rapidly compared to other members in the group. The conflict trap and the configuration of bad governance and poor policy of Pakistan fully explain this falling behind. Furthermore, the region's economic performance is analyzed below from the aspect of investment (Gross Capital Formation), which is considered generally the main component of GDP for affecting the economic growth of any country.

Table 2A: Gross capital formation (% of GDP). This table tracks investment rates, which are essential for sustained economic takeoff. The results illustrate that security issues and political instability have scared off investors, leaving Pakistan and Afghanistan with investment ratios two to three times lower than their regional peers.[13]

Country	1979	2000	2021
Afghanistan	N/A	N/A	13%
Pakistan	17%	16%	15%
Bangladesh	11%	24%	31%
India	24%	26%	32%
Nepal	16%	24%	35%
Bhutan	N/A	54%	44%
Sri Lanka	26%	28%	37%

The insufficient investment rates of Pakistan and Afghanistan explain the whole diverging pattern in terms of economic growth from other members of South Asia. Low income and low growth lead to low savings, which further causes the low investment rates, and that cycle has trapped both Afghanistan and Pakistan, thereby further lowering economic growth. Pakistan's domestic saving rates have remained stuck around 12-15 percent for nearly three decades, which is below the 20 % threshold that is usually associated with sustained investment and economic growth take off. Even with donors providing private capital, which is mostly appropriated for infrastructure projects, much-needed private capital flows are very scarce in both countries. All other South Asian countries have more than 2-3 times the investment ratio as compared to conflict-trapped societies (Table 2A). The domestic and foreign investors are scared off on the heels of increased perceived investment risks for investing in Pakistan and Afghanistan because of a weak and vulnerable macroeconomic environment, security issues, political instability, and low foreign exchange buffers.

3. Mortality Rate:

Mortality rate is an indicator to measure the number of deaths per thousand persons per annum in a population. Mortality rate (per 1000 births), under-5, also called child mortality rate, measures the number of children who die before reaching the age of five (5) among the total live births. From a socio-economic point of view, there is a strong association between low living standards due to low income and high mortality rates. A low standard of living makes individuals vulnerable to malnutrition and various infectious diseases. The cycle starts from low income, which makes the government unable to spend on health sectors sufficiently to make its workforce healthy. Healthy individuals are productive enough to contribute more to economic progress. If a society has a more malnourished or unhealthy population, those individuals can't contribute to the economy; they are a burden on the society. The high mortality rate generally indicates a lack of access to proper health care and medical facilities, the spread of diseases, increased exposure to various infections, and a lack of hygiene and sanitation.

Table 3: Mortality rate, under-5 (per 1,000 live births). Although Pakistan and Afghanistan had comparable or even superior child mortality rankings in 1979, they had the highest rates in the region by 2001 and 2021. This decline is attributed to collapsed healthcare systems and the diversion of national revenue toward military spending rather than public health.[13]

Country	1979	2001	2021
Afghanistan	238	130	58
Pakistan	165	104	62
Bangladesh	226	85	28
India	198	91	32
Nepal	235	69	27
Bhutan	245	81	27
Sri Lanka	56	15	6

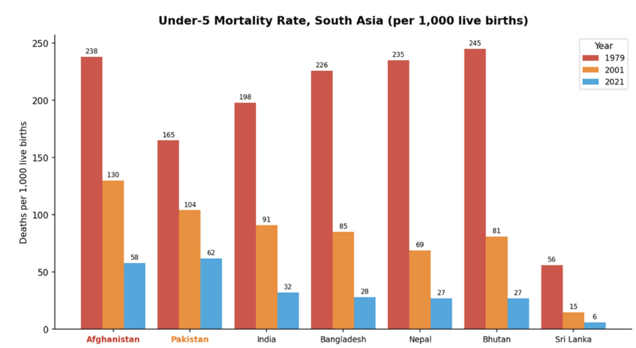

Figure 2: Under-5 Mortality Rate by Country, 1979–2021. While all nations improved, Afghanistan and Pakistan remain the highest in the region.

Table 3 indicates that Pakistan and Sri Lanka had the lowest child mortality rate in 1979, and even Afghanistan had a comparable mortality rate to other members' rates. In 2001, both Afghanistan and Pakistan had the highest mortality rates, Afghanistan at the top, followed by Pakistan. In 2021, Pakistan had the highest child mortality rate, followed by Afghanistan.

Both countries' high infant mortality rates stem from a collapsed healthcare system (particularly in Afghanistan), widespread poverty, lack of clean water, malnutrition, poor sanitation, low female literacy, and sociocultural barriers. As the countries are trapped in violence and civil war, the consequences trickle down to cause high infant mortality rates. The military spending takes the bulk of the appropriations from the national exchequer, and health system spending is relegated to the back of the line.

DOI: 10.36838/IJHSR814.76

4. Healthy Life Expectancy at Birth:

This indicator is a measure of the number of average years that an individual can expect to live a healthy life from birth. This indicator is a good gauge of the population's overall health, and an increase in life expectancy is related to improvement in living conditions. It indicates the mortality level of a population and shows the mortality pattern that exists across all age groups---children and adolescents, and elderly people. The lower mortality may enhance the average income of the population by increasing the productivity of existing resources. There is a positive correlation between economic prosperity and an increase in life expectancy at birth. Life expectancy at birth and Child mortality rate are very much related to each other and affected by each other, and measure different aspects of health and medical facilities, and determine the economic development level. Healthy life expectancy at birth (years) is a component of the Human Development Indicator, which is discussed later.

Table 4: Healthy life expectancy at birth (years). Afghanistan and Pakistan consistently remain at the bottom of the region for life expectancy, a trend that has persisted for over two decades. This is largely driven by the spillover effects of civil war, which lead to mass refugee movements and the spread of infectious diseases that overwhelm public health systems.[14, 15]

Country	2000	2021
Afghanistan	46.8 yrs	50.4 yrs
Pakistan	52.3 yrs	56.9 yrs
India	52.9 yrs	58.1 yrs
Bangladesh	57.0 yrs	63.1 yrs
Sri Lanka	63.0 yrs	66.7 yrs
Nepal	56.3 yrs	60.2 yrs
Bhutan	57.1 yrs	64.8 yrs

Table 4 clearly shows that Afghanistan was at the bottom, along with Pakistan, which was also behind all other countries except Afghanistan in 2001. The same pattern is visible even after a span of two decades, and both countries are again at the bottom in terms of expected life expectancy. It is stated that there was no available data from open sources for the year 1979.

The civil war is much worse than a prolonged economic depression. Overwhelmingly, the people who die are not killed in active combat but succumb to disease. The civil wars in both countries gave birth to refugees and mass movements of the population (approximately 2.5 million) in the context of a collapsing public health system, which created epidemics in Afghanistan and its neighboring province of Pakistan, KPK. So diseases don't respect borders. The refugees are usually exposed to disease vectors to which they have little resistance; the diseases they pick up and then move with them to their place of refuge, and subsequently, they infect people who are already living there.

Table 4A: Health expenditure per capita (current US$). Pakistan's health spending remains low as increased security expenditures relegate the health sector to a low priority. Notably, countries like Nepal and Bangladesh achieved longer life expectancies than Pakistan despite lower spending, illustrating how the influx of refugees and internal conflict specifically burdened Pakistan's health infrastructure.[16]

Country	2000 (USD per capita)	2021 (USD per capita)
Afghanistan	N/A	$81.5
Pakistan	$15.4	$38.8
India	$18.5	$79.5
Bangladesh	$8.3	$61.1
Sri Lanka	$42.6	$145.6
Nepal	$8.3	$88.3
Bhutan	$30.6	$154.5

The above comparison is completely in harmony with the data in Table 4. Apart from the spillovers of disease vectors from refugees, Pakistan is continuously facing civil war-like situations in its two provinces, KPK and Balochistan. The increased security forces expenditures are relegating other vital sectors, such as health, to low priority. Nepal and Bangladesh were spending less per capita on health than Pakistan, but had longer life expectancy than Pakistan, which clearly validates the earlier premise that mass movements of refugees (2.5 million) from Afghanistan to Pakistan brought with themselves various infectious diseases, and resultantly, the public health system was overwhelmed. But in the case of Afghanistan, higher per capita spending was being financed by donors in 2021, and data from 2001 is not available due to the complete meltdown of the society.

5. Female Labor Force Participation:

Female labor force participation is a measure that shows the proportion of the female population in the working age (15 to 64) who participate in some economic activities. This participation is considered important for increasing the economic gains for the nation as well as improving their own economic and social position in society. Female labor participation is vital for determining the economic growth potential of a nation because overall labor force participation is a necessary component in economic activities and increasing economic growth. Generally, female labor force participation in economic activities is lower than that of male labor force participation. Various social and economic factors, such as religiosity and extremism of society, educational attainment, pattern of growth, social norms, and family size, determine female labor force participation. If a society has more female labor force participation, then it has more economic growth potential. However, the female labor force participation ratio is also to some extent an outcome of the economic development of the nation.

Table 5: Female labor force participation rate (% of female population ages 15-64). Both nations record the lowest female labor participation rates in South Asia, hampered by social norms, extremism, and conflict. While there has been a slight improvement over 20 years, they continue to lag behind regional neighbors, which limits their overall economic growth potential.[13]

Country	2001 (% female pop. 15–64)	2021 (% female pop. 15–64)
Afghanistan	16%	21%
Pakistan	16%	22%
Bangladesh	57%	39%
India	32%	24%
Sri Lanka	38%	34%
Nepal	79%	79%
Bhutan	58%	59%

It is stated that data on female labor force participation in all South Asian nations was not available on the World Bank Data source for 1979. Both Afghanistan and Pakistan had the lowest female labor force participation ratio in South Asia in 2001 and 2021. It is pertinent to mention that both countries have registered a slight improvement within a 20-year span, but lag behind all other regional neighbors.

6. Literacy Rate:

The percentage of the population who can read and write in a given age group. It is the ability to speak, read, write, and listen for effective communication. There is a strong positive association between literacy rate and economic growth potential and subsequent economic development. Literacy helps to develop human development and helps in innovation and the transfer of ideas and knowledge. Therefore, it improves labor productivity and has a positive impact on economic growth.

High and effective literacy skills provide more educational and employment opportunities that enable people to pull themselves out of poverty and underemployment. Literacy rate can be measured among various age groups. It is a component of the Human Development Indicator, which is discussed later.

Table 6: Literacy rate, adult total (% of people ages 15 and above). Afghanistan and Pakistan have remained at the bottom of regional literacy rankings for four decades, with conflict causing a total collapse of schooling systems in many areas. Furthermore, targeted attacks on education, such as the destruction of female schools by extremist groups, have severely stunted human development.[14,15]

Country	1979 (% pop. 15+)	2001 (% pop. 15+)	2021 (% pop. 15+)
Afghanistan	18%	N/A	37%
Pakistan	26%	42%	58%
Bangladesh	29%	47%	74%
India	41%	61%	74%
Sri Lanka	87%	91%	92%
Nepal	19%	49%	68%
Bhutan	N/A	N/A	70%

Table 6 clearly shows that Afghanistan was at the bottom, along with Pakistan, which was also behind all other countries except Afghanistan and Nepal in the first period. Pakistan was at the bottom of all countries in 2001, and data for Afghanistan was not available in 2001. The same pattern is visible even after a span of four decades, and both countries are again at the bottom in terms of literacy rate. It is stated that there was no available data from open sources for some countries for the year 1979, and therefore, under compulsion, the years 1980 and 1981 were taken for comparison to draw findings. The performance of Afghanistan and Pakistan is significantly lower than that of other neighboring countries in this indicator comparison.

The conflict led to massive numbers of internally displaced people in Afghanistan, which is recorded as the highest number of refugees since World War II. These historical displacements led to the collapse of the schooling systems in Afghanistan, which inevitably caused a decline in the literacy rate. Furthermore, the Taliban and other warlords are against female education and have banned female schooling altogether. Similarly, Pakistani war-torn areas have faced similar restrictions on female education. Once the Pakistani Taliban captured some frontier parts of Pakistan, they set female schools ablaze in 2009-11. The civil war has many dimensions, and many losses continue even once the fighting stops. Most of the costs of civil war (approximately half) accrue after the war is over. The rebuilding of schools after the war ends is a gargantuan task on the back of weak financial conditions and heightened military expenditure.

Furthermore, as societies trapped in civil war are less likely to accord priority to education, and an increasing literacy rate is only a slogan, it is empty in real substance. So, the government's intent is further probed by looking at its expenditure on education.

Table 6A: Government spending on education as % of GDP. Pakistan consistently lags behind its South Asian peers in educational investment, with spending actually decreasing as a percentage of GDP between 1979 and 2021. This lack of financial priority suggests that government efforts toward increasing literacy remain "empty in real substance."[13]

Country	1979 (% of GDP)	2001 (% of GDP)	2021 (% of GDP)
Afghanistan	N/A	N/A	N/A
Pakistan	2.2%	1.8%	1.7%
Bangladesh	1.1%	2.2%	2.2%
India	3.4%	4.3%	4.6%
Sri Lanka	2.6%	3.1%	1.5%
Bhutan	3.5%	5.8%	6.6%
Nepal	N/A	3.7%	4.4%

Pakistan is lagging behind all its peers in terms of spending on education in South Asia. At the same time, data for Afghanistan is not available. In the case of Sri Lanka, the low allocation in 2021 is on account of the severe financial crisis of 2021-22, and subsequently, Sri Lanka defaulted on its external obligations.

7. Human Development Index:

The Human Development Index (HDI) is a measure to gauge achievement in key dimensions of human development, such as a long and healthy life, being able to read & write, and having a decent standard of living. The health dimension is measured by life expectancy at birth, the education dimension is measured by average years of schooling for adults, and the expected years of education for children who are of school age. The living standards are assessed by gross national income per capita. The scores for the three HDI aspects are then aggregated into a composite index by using the mean geometric method.

HDI can be used to assess national policy choices, comparing how two nations with the same level of GNI per capita can have different human development levels. These comparisons can help to assess government policy priorities and socio-economic conditions in a given country. In the aforementioned analysis, all three of its core dimensions are discussed and analyzed separately to assess each dimension independently, to examine in which aspect the country is doing well or poorly as compared to other peers.

DOI: 10.36838/IJHSR814.76

Table 7: Human Development Index. Nations trapped in conflict and "coup traps," like Pakistan, are prone to elevated defense spending that squeezes out vital social and economic investments. In 1979, Pakistan's high military expenditure was a response to the USSR's presence on its border and internal military rule, a preference for security over development that has led to long-term socio-economic divergence from its neighbors.[14]

Country	1990 (HDI Rank)	2021 (HDI Rank)	Change (negative = decline)
Afghanistan	141	180	−27.7
Pakistan	122	161	−32
India	116	132	−14
Sri Lanka	72	73	−1.4
Bangladesh	124	129	−4
Nepal	123	149	−21.1

The pattern observed here is consistent with our previous findings in each separate dimension analyzed independently. The comparison drawn here is based on the data taken from UNDP, which started its publication of HDI in 1990. It is noteworthy that all South Asian countries have experienced a negative change in this index from 1990 to 2021, but negative growth is more prominent in the case of Pakistan. Afghanistan is in 180th place out of 193 countries. The absolute worst places for both members are, as per the previous analysis conducted for each separate dimension. The data source for Bhutan in 1990 was not available, so Bhutan has been excluded from drawing comparisons for HDI.

Here, it is further probed how Human Development Index performance is inversely correlated with military expenditures because military spending squeezes spending on health, education, and public investment projects. These spending behaviors reflect and explain the security situation of the countries. Generally, countries trapped in conflict and coup traps are more prone to elevated spending on defence as a percentage of GDP.

Table 7A: Military expenditure (as % of GDP). This table compares the portion of national wealth dedicated to defense apparatuses. The findings illustrate that being "security states" trapped in conflict and coup cycles has forced these nations to squeeze revenue away from vital social sectors like education and health.[13]

Country	1990 (% of GDP)	2021 (% of GDP)
Afghanistan	N/A	1.8%
Pakistan	6.5%	3.4%
India	3.1%	2.5%
Sri Lanka	2.3%	1.7%
Bangladesh	1.2%	1.2%
Nepal	1.1%	1.3%

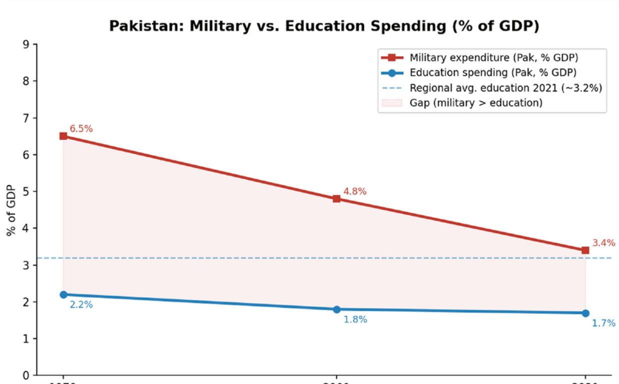

Figure 3: Pakistan: Military vs. Education Spending as % of GDP (1979–2021). Military spending consistently and substantially exceeds education investment, diverging further from regional peers.

As already mentioned above, the societies that face down the international war or civil war usually spend more on the military. Pakistan has fought three wars with India. Therefore, on the eve of the Russian invasion of Afghanistan (1979), as USSR forces were stationed in Afghanistan and directly mounting pressure on Pakistan, it was imperative to accord top priority to security needs, being a 'security state'. Simultaneously, the army generals had mounted a successful coup against the popular civilian leader, who was later hanged by a controversial judicial decision on the behest of the army dictator. As the country was facing a threat on its western borders and was very much in a 'coup trap' simultaneously, enhanced defence spending was inevitable in 1979. Even India had elevated defence spending because it had already fought three wars with Pakistan, and both countries are still trapped in the prisoner's dilemma of mutual hatred and animosity.

After 9/11, Pakistan started facing insurrection in KPK and Baluchistan, and the cycle of violence morphed into a conflict trap that necessitated the heightened military spending and thus squeezed out other social and economic spending. This clear demarcation in preferences started cumulating into two different groups of countries in terms of socio-economic development.

Conclusion

The article has analyzed the long-term ramifications of the Cold War on both nations. It is unequivocal that the cost borne by both nations is astronomical, and the legacy of the Cold War still looms large, particularly in Afghanistan. Upon deeper examination, key indicators reveal valuable insights into the magnitude and nature of the consequences, both direct and indirect.

As a result of foreign meddling and prolonged conflict, Afghanistan's public institutions have suffered severe degradation and become dysfunctional, and their spillover effects have severely held back the socio- economic development in the nation. The Cold War's repercussions have engulfed Afghanistan in dark clouds and made it dependent on foreign aid and illicit smuggling networks, further hampering the nation's economic and national security.

On the other side of the border, Pakistan also, unfortunately, is facing the intertwined fate. The developments of the Cold War have led to a more militaristic and authoritarian Pakistan, more focused on solidifying its defense apparatus than prioritizing socio-economic development. Simultaneously trapped in both 'conflict and coup traps'. Consequently, Pakistan has been left behind its neighbors in terms of economic growth, human development, labor force participation, and other metrics of prosperity. This is in contrast to other rapidly-industrializing South Asian nations that have optimistic future outlooks and appear to have been well-shielded from the fallout of Soviet-American hostilities. This backs my comparative analysis that reveals that long-lasting conflict is not the result but, in fact, the primary driver of underdevelopment.

It is undeniable that both these countries are in dire need of 'Governance and Policy Reforms.' As Afghanistan needs

DOI: 10.36838/IJHSR814.76

to turn around from a failed state status, without the aforementioned reforms, nothing is possible to change the society. Afghanistan, being a landlocked, resource-scarce country, export diversification into low-tech products of world markets is not a viable option. A change of course in their priorities and administration is required for them to achieve sustained peace and prosperity, as low income and stagnant growth make Afghanistan more prone to violence and further relapse into inter- tribal feuds.

More specifically, Pakistan and Afghanistan need dedicated efforts towards long-term reforms aimed at strengthening public & political institutions, the rule of law, eliminating security threats by enhancing growth, and cooling down defense expenditure. A better balance of civil-military reset is necessitated in Pakistan to shift the power balance, and this could serve as a solid starting point for comprehensive economic and policy reforms. All in all, undoubtedly, the shadow of the Cold War still looms over these declining countries, and there is no denying that crucial reforms are needed to pull them out of the abyss they are heading into.

Acknowledgments

The author would like to acknowledge the support and guidance received during the preparation of this research paper by the faculty of Dwight School Seoul as it was a supervised MYP project in G-10. Later on it was further improved by a learned professor and practitioner of economics who gave invaluable inputs for making the paper real meaningful and incisive. His name is below:

Professor Chong-sup Kim,

PhD from University of Chicago(Economics),

Professor of International Economics at Seoul National University.

chongsup@snu.ac.kr

References

1. Office of the Historian, U.S. Department of State. The Soviet Invasion of Afghanistan and the U.S. Response, 1978–1980. https://history.state.gov/milestones/1977-1980/soviet-invasion-afghanistan (accessed Jul 2026).
2. Riedel, B. Pakistan's Role in the Afghanistan War's Outcome. *Brookings*. May 20, 2010. https://www.brookings.edu/articles/pakistans-role-in-the-afghanistan-wars-outcome (accessed Jan 14, 2026).
3. United Nations High Commissioner for Refugees (UNHCR). Afghanistan: Ten Years After the Soviet Withdrawal; UNHCR: Geneva, 1999.
4. Amnesty International. Afghanistan's Refugees: Forty Years of Dispossession; Amnesty International: London, 2019.
5. Editors of Encyclopedia Britannica. Soviet invasion of Afghanistan. *Encyclopedia Britannica*. Oct 21, 2024. https://www.britannica.com/event/Soviet-invasion-of-Afghanistan (accessed Jan 14, 2026).
6. South Asia Terrorism Portal (SATP). Pakistan Fatalities Database. https://www.satp.org (accessed Jul 2026).
7. Arab News. Statements by Pakistani Government Officials Regarding Casualties from the War on Terror; 2021.
8. Collier, P. *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*; Oxford University Press: Oxford, 2007.
9. Siddiqa, A. *Military Inc.: Inside Pakistan's Military Economy*; Pluto Press: London, 2016.
10. Fearon, J. D.; Laitin, D. D. Ethnicity, Insurgency, and Civil War. *Am. Polit. Sci. Rev.* **2003**, *97* (1), 75–90. DOI: 10.1017/S0003055403000534.
11. Acemoglu, D.; Robinson, J. A. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*; Crown Publishers: New York, 2012.
12. Government of Pakistan, Ministry of Finance. *Economic Survey of Pakistan 2017-18*; Islamabad, 2018.
13. World Bank Databank. World Development Indicators. https://databank.worldbank.org/source/world- development-indicators (accessed Oct 2024).
14. United Nations Development Programme. Human Development Index. https://www.undp.org/india/human-development-index (accessed Oct 2024).
15. Country Economy Afghanistan – Life Expectancy at Birth. https://countryeconomy.com/demography/life-expectancy/afghanistan (accessed Jan 14, 2026).
16. OECD. Data Indicators. https://www.oecd.org/en/data/indicators.html (accessed Oct 2024).
17. Karim, M. World Powers Rivalry in Afghanistan and Its Effects on Pakistan. *Dialogue J.* **2017**, *12* (3), 247-264.
18. Weinbaum, M. G. Pakistan and Afghanistan: The Strategic Relationship. *Asian Surv.* **1991**, *31* (6), 496-511. DOI: 10.2307/2645079.
19. Hoeffler, A. Military Expenditure in Post-Conflict Societies. *Econ. Gov.* **2006**, *7* (3), 313-325.
20. Hoeffler, A. Aid, Policy, and Growth in Post-Conflict Societies. *Eur. Econ. Rev.* **2002**, *48*, 1125-1145.
21. Hoeffler, A. Aid, Policy, and Peace: Reducing the Risks of Civil Conflict. *Def. Peace Econ.* **2002**, *13*, 435-450.

Author

Muhammad Muzammal Farid is a student of IB (DP) at Dwight School Seoul, South Korea. His research interests include economics, development studies, and international relations with a focus on South Asian affairs.

DOI: 10.36838/IJHSR814.76