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Blinded by Fear, Blindsided by Reality:
U.S. Foreign Assistance and Perceptions of National Security

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Introduction

Foreign aid in the United States was born at the end of World War II with two purposes in mind: European recovery and the creation of strong economic ties between the United States and the Western world. However, as soon as the 1950s, foreign aid evolved into a foreign policy tool primarily used to provide security for the recipient state and the United States’ own global interests (Hastedt 2003, 349). Though the perceived uses of foreign aid would continue to grow and change over the next fifty years to include the encouragement of economic development, the connection between foreign aid and the United States’ national security would continue to be the primary force driving the United States’ foreign aid policy.

The connection between the United States’ foreign assistance policy and the real and perceived security threats facing the United States in the second half of the 20th century is evident in the language used to discuss foreign aid in the United States, the development of the United States’ foreign assistance bureaucracy, and the correspondence between fluctuations in the amount of aid distributed and important historical events. Though an examination of these facets of the United States’ aid distribution policies illuminates the connection between foreign aid and security in the United States, it does little to demonstrate the effects these distribution policies have on recipient states. In order to demonstrate these effects more clearly it is necessary to study U.S. aid policy towards specific recipient countries and the effects these policies have had on them. However, the sheer size of the United States foreign assistance program prohibits a complete study of foreign assistance policies to all recipient countries. Rather than embarking on an impossible effort to assess the United States’ foreign assistance policies in each country receiving US foreign aid, this paper concentrates on the United States foreign assistance policy to Afghanistan and Nicaragua between 1947 and 2001.
Though Afghanistan and Nicaragua have incredibly different cultures, histories, and locations, both countries have experienced the implementation of similar foreign assistance policies from the United States. The similarity of these policies demonstrates that United States foreign assistance policy decisions were consistently based on national security concerns, regardless of the geographic location, culture, and history of individual recipient countries. Not only were the policies implemented by the United States in Nicaragua and Afghanistan similar, but the detrimental effects created by these policies also took on similar forms. An examination of the history of foreign aid in the United States and the history of aid distribution choices the country has made concerning Afghanistan and Nicaragua from 1947 to the end of the 20th century demonstrate that the United States has used the distribution of foreign assistance to combat perceived security threats. This tactic has led to the creation of instability in recipient countries, increased real security risks to the United States and hindered the development of countries that are supposed to be helped by aid flows.

This paper is separated into five parts: Important definitions, United States foreign assistance history, U.S. foreign assistance policy in Afghanistan, U.S. foreign assistance policy in Nicaragua and concluding remarks. In the first portion of the paper, I define foreign assistance and security as they will be used throughout the paper. In the second part of the paper, I use a study of the history of the United States foreign assistance program to establish that a strong link exists between national security concerns and foreign assistance policy decisions made in the United States. In the third and fourth parts of the paper I discuss the impact the United States foreign assistance policy has had on Afghanistan and Nicaragua. Both of these parts are divided into five sections. The first section is a brief introduction to the country, including important background information and historical events. The following three sections are devoted to the three key ways in which the United States foreign assistance distribution policies are
detrimental to recipient countries. The first of these sections demonstrates that the lack of clear connection between aid flows and the issues facing aid recipients creates dramatic fluctuations in aid giving which wreak havoc on fragile economies; the second discusses how the proliferation of weapons and advanced military training in already turbulent situations increases their danger and helps create a culture of violence within recipient countries; and the third assesses the extent to which consistent undermining of existing governments or popular revolutions through US interference into the policies of recipient countries strips governments of their authority and autonomy. The final sections of parts three and four of the paper address the nature of the security threats posed by events taking place in Afghanistan and Nicaragua both before and after U.S. involvement. In the final part of the paper I discuss the foreign assistance policies addressed throughout with special emphasis on the results of these policies.

**Important Definitions**

*What, exactly, are foreign assistance and national security?*

Before it is possible to prove the United States’ foreign aid policy has been motivated by security threats and has led to increased instability in recipient countries, it is necessary to clarify a few key terms which will continue to be important throughout this paper. The first of these is foreign assistance. Due to the emphasis on the United States’ foreign assistance policy in this paper, the definition and categories used to describe foreign assistance are derived from the *U.S. Overseas Loans and Grants* or *Greenbook*, a publication created by the United States Agency for International Development’s Center for Development Information and Evaluation to serve as a comprehensive report of all U.S. foreign assistance distributed to the rest of the world since 1945. This publication will not only provide the definitions and categories aid will
be divided into within this paper, but also the figures detailing the amount of U.S. aid distributed to the world and, more specifically, to Afghanistan and Nicaragua from 1947 to 2000.

The “Reporting Concepts” section of the *Greenbook* separates foreign assistance into three overarching categories - economic assistance, military assistance, and non-concessional support - which are further separated by more specific funding categories that fall under these comprehensive headings. Of the three categories, economic and military assistance will figure most prominently in this paper. According to the *Greenbook*, economic assistance is equivalent to Official Development Assistance (ODA) or “grants or loans to [developing] countries and territories which are (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element (q.v.) of at least 25 per cent]” (OECD 2005). The economic assistance category includes funds distributed by USAID and its predecessor organizations, Food Aid, and other economic assistance and is also divided based on the program this funding is slated to aid. Though the main focus of sections of this paper devoted to the effects of the United States’ economic assistance policy will be bilateral aid from the United States that fits the standard ODA definition, it is important to note that economic assistance provided to or withheld from Afghanistan and Nicaragua by other countries or lending institutions due to U.S. influence will also be mentioned.

In addition to discussing economic assistance as foreign aid, this paper will also discuss military assistance. Though military assistance is less often considered in papers discussing the impact of foreign aid, it is important that this type of assistance be included in a paper discussing the link between the United States’ foreign assistance policy, security and stability as military assistance is often motivated by security concerns and has a crucial impact on the stability of recipient countries. By virtue of the
smaller amounts of U.S. assistance that qualify as military assistance, the *Greenbook*’s treatment of this category is much less complex than the economic assistance category. Under the military assistance heading only two subcategories - loans and grants - exist. Though military assistance is, like economic assistance, further separated by the program funding is intended to aid, a clear definition for exactly what physically constitutes military assistance in the United States is absent from the *Greenbook*. However, it is clear that military assistance is classified as such because these loans and grants are comprised of money the United States intends recipient countries to use for military equipment and training. In addition to the official military assistance recorded in the *U.S. Overseas Loans and Grants*, the sections of this paper devoted to the impact of U.S. military assistance policy on Afghanistan and Nicaragua will also include references to and descriptions of covert aid given by the United States to resistance groups within these countries. Though this is not official bilateral aid, it is included as military assistance for three reasons: it is funding intended for the upkeep of military forces and actions; it is a strong indicator of the motivations of the United States’ foreign aid policy; and it has a powerful impact on recipient countries.

Though United States foreign assistance and its distribution will be the primary focus of this paper, the United States’ national security will also figure prominently throughout. Security, like many other terms used in the social sciences, is frequently used and often left unclearly defined. In fact, scholars of security studies David Baldwin and Helen Milner, have even argued that “the concept of national security is one of the most ambiguous and value-laden terms in social science” (Terriff 1999, 1). The difficulty of defining security stems from the necessity of making a value judgment in order to create a definition. Without identifying a perspective from which security is perceived, it would be impossible to truly assess the relative safety of any situation. As this paper will focus on the foreign assistance choices made by the United States
government in the latter half of the 20th century due to security threats, it is important to establish an understanding of security from the perspective of the United States government during this time period. However, because the definition of security used by the United States during the Cold War was heavily skewed by strict adherence to anti-communist ideology, the security threats discussed in this paper will also be identified as either real or perceived security threats.

During the cold war, definitions of national security in the United States could all be traced back to a single origin, the containment doctrine created by George F. Kennan in 1947 (Gaddis 2005, 24). Kennan defined the security of the United States as “the continued ability of this country to pursue the development of its internal life without serious interference, or threat of interference, from foreign powers” (Ibid., 26). This view of security was so prominent during the cold war that it led “largely to the exclusion of other perspectives” (Terriff 1999, 1). As a result, when most policy makers, political scientists, and other social scientists discussed security from 1947 to 2001, they agreed they were talking about the use and management of military force and the protection of the state from attack (Ibid.).

Though protecting the United States from foreign invasion was a crucial part of Kennan’s definition of security, he also asserted that the United States had a responsibility “to advance the welfare of its people, by promoting a world order in which this nation can make the maximum contribution to the peaceful and orderly development of other nations and derive the maximum benefit from their experiences and abilities” (Gaddis 2005, 26). This perspective, combined with Kennan’s views on security, gave birth to the doctrine of containment, the primary perspective on national security during the cold war. As time passed and the cold war progressed a new clause, “falling dominos”, was added to the containment doctrine (Hastedt 2003, 50). Under this clause it was agreed that any communist “territorial gain, no matter how insignificant,
represented a threat to American security because it could be the first in a row of falling
dominos that could ultimately bring down a vital ally” (Ibid.). It was through adherence
to this belief that divergence from the United States’ ideology became synonymous to an
attack on the United States and was handled as a threat to the country’s national security.

Due to the fact that the perspective on national security derived from the
containment doctrine viewed divergence from strict capitalist, democratic ideology as a
security threat to the United States, it only allowed countries to occupy two categories,
ally or enemy. The narrowness of this perspective forced countries into categories that
did not accurately define them. It also considerably elevated the number of events the
United States categorized as national security risks. As a result, the United States made a
number of foreign assistance policy decisions due to perceived security threats. Unlike
real security threats, which were likely to cause physical harm to the United States or its
allies, create intense instability in a country or region, or were directly linked to the
Soviet Union in a plan to spread communism, perceived security threats were often
rooted in misconceptions arising from the fear of communist expansion and possessed
unclear, unfounded, or superficial links to the Soviet Union. Though these two categories
do not attempt to redefine national security, they do provide a vocabulary with which to
address the foreign assistance policy decisions made by the United States during the
second half of the 20th century.

**United States foreign assistance history**

*Increasing fear increases assistance*

“For the United States, aid as an instrument of development and aid as an
instrument of the Cold War were one in the same (White 1974, 219).”

“Since the late 1940s U.S. assistance activities have often been motivated
more by our own security concerns than by the objective needs of the
countries we have attempted to assist (Ruttan 1996, xviii).”
After World War II the United States found itself in a unique position of economic and political power in the world. The European nations, ravaged by war, were struggling to recover while the division between the Soviet Union and the United States continued to grow. With their only allies against the Soviets in great need of economic support to recover, the United States established the first comprehensive proposal for development assistance, the Marshall Plan. This plan, which began in 1947 and lasted about three years, was engineered to help the European countries rebuild. During this three year period about $40 billion to $50 billion a year was given to European nations (O’Hanlon 1997, 63). With this aid, Europe was able to use its preexisting institutions, skills and social relationships for rapid development to recover quickly (White 1974, 200); within the decade the recipients of Marshall Plan aid were once again economically stable and politically active on the world scene.

The success of the Marshall Plan not only helped restore the European nations, it also created intense optimism concerning the power of economic transfers from the United States to other countries. This optimism and a keen awareness of the changing international system led to the creation of a new foreign policy initiative: foreign assistance. During the next fifteen years the political groundwork to establish foreign aid as an accepted part of the United States’ foreign policy would be laid as the program’s objectives and institutions were revised and established. Throughout this process, United States foreign assistance evolved from a successful foreign policy tool used to tackle the United States immediate concerns on the world stage, such as the reconstruction of Western European nations, to a development tool that could be used to make the United States safer while simultaneously making other nations more prosperous. Despite these changes, the United States’ national security concerns would remain a key factor in determining the amount of funding and support the foreign assistance program would
receive. Even after foreign aid objectives grew to encompass development in recipient nations, the United States’ national security concerns would continue to be the primary consideration in determining the focus and amount of aid flows. Throughout its development in the United States, foreign aid policy and flows would remain inextricably linked to the nation’s security concerns.

The first steps in the evolution of foreign assistance were taken during Harry S. Truman’s presidency. After implementing the Marshall Plan, Truman created the Technical Cooperation Administration (TCA) in 1950 in order to help make “the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas” (Butterfield 2004, 1). In addition to demonstrating recognition that the needs of countries in the developing world were different from those of Europe, where the institutions, skills, and social bonds necessary for development were already present, the establishment of the TCA demonstrated the presence of humanitarian motivation for aid in the United States.

Despite the presence of this motivation, security concerns were clearly the primary force motivating aid throughout the Truman administration and during most of Dwight D. Eisenhower’s presidency as well. The dominance of security concerns was clear in everything from the title of aid legislation to the areas where aid was distributed. When aid proposals were first combined into a single legislative package in 1951, the act presented to Congress was entitled the Mutual Securities Act. This legislation indicated the United States’ belief that assistance could be beneficial for the security of both donor and recipient. The act also created the Mutual Securities Agency (MSA) to be responsible for “all financial and technical aid and for some aspects of military assistance” (Butterfield 2004, 36). Though Eisenhower would indicate the new concern for the development of recipient countries growing within the United States foreign assistance dialogue by replacing the existing foreign aid institutions with the International
Cooperation Administration in 1955 (Ibid. 39), these efforts would not greatly alter the extreme emphasis on security present in the 1950s. The dominance of security concerns was demonstrated by the continued use of the Mutual Securities Act title for foreign assistance legislation until 1961 and by the choices the United States made concerning aid recipients. Between 1953 and 1957, the greatest part of the United States’ economic aid was delivered to Greece, Turkey, Iran, Pakistan, Thailand, Cambodia, Laos, Vietnam, Taiwan, the Philippines, and Korea (Nelson 1968, 3). These countries were selected to become recipients of high amounts of aid due to their proximity to the Soviet Union and China, the United States involvement in the Korean War, and the United States fear that communism was gaining strength across Asia.

Despite the fact that foreign assistance rhetoric and distribution during the Eisenhower presidency support the conclusion that the primary objective conceived for foreign aid throughout the 1950s was simply to immediately address security issues, some of the legislation enacted under Eisenhower demonstrated the growing emphasis on the development aspect of foreign assistance. The first piece of legislation to indicate this was enacted in 1954, when Public Law 480 (P.L. 480), the legal basis for food aid from the United States to other nations, was passed. Though this occurred thanks in large part to lobbying by the American Farm Bureau Association and farmers who feared the effects that agricultural surpluses facilitated by Depression era policies would have on their incomes (Singer 1987, 22), it also demonstrated the growing belief that foreign aid policies could be used as tools to improve life both in the United States and elsewhere. This belief was reiterated in 1957 when Eisenhower created the Development Loan Fund to provide loans in the form of US dollars to developing countries for projects they were unable to fund through private capital (Butterfield 2004, 54). Though the creation of such an institution, in and of itself, demonstrates a growing interest in the development of recipient countries, the revolutionary decision to allow DLF loan repayment in the
currency of the borrowing nation indicated the extent of the growing commitment to ensuring developing nations were truly aided by foreign assistance (Ibid).

This commitment became an even larger focus of foreign assistance policy during the presidency of John F. Kennedy. During his inaugural speech in 1961, the new president famously declared foreign aid should be used to help people in developing countries, “not because the communists may be doing it, not because we seek their votes, but because it is right” (Ibid., 57). The changes Kennedy made during his first year in office seemed to support this concept. He began by proposing the separation of military and economic assistance into two categories in a new foreign aid bill entitled the Foreign Assistance Act of 1961. This piece of legislation not only revolutionized aid through the policies it suggested, it also ushered in a new aid vocabulary that placed more emphasis on development and less on security. In addition to proposing new legislation, the Kennedy administration also introduced a new institution, the Agency for International Development (USAID), to coordinate development assistance in the United States. Unlike the aid bureaucracy that came before it, USAID was an autonomous institution charged with executing foreign assistance plans the world over according to a single comprehensive policy (USAID History 2005).

The changes enacted during Kennedy’s presidency reflected the growing interest in economic aid for development. However, they also reflected President Kennedy’s ability to “[translate] the security concerns of the 1950s into greater support for economic development assistance” (Ruttan 1996, 92). Though much of the rhetoric used emphasized the importance of development in poor nations, Kennedy’s final rational for foreign assistance was the argument that without it “our own security would be endangered and our prosperity imperiled” (USAID History 2005). These remarks indicate that even though foreign assistance policy was changing to create a separation between economic and military aid, security concerns had not receded as the primary
motivation for both types of assistance. “The basic assumption was that the establishment of ‘a preponderance of stable, effective, and democratic societies gives the best promise of a peaceful settlement of the Cold War and of a peaceful progressive environment’” (White 1974, 219).

Both this assumption and the changes in foreign assistance policy made under the Kennedy administration proved to be lasting. Though Richard Nixon made a failed attempt to alter the structure of the foreign aid program when he entered office in 1969 (Butterfield 2004, 175) and Jimmy Carter created the short lived and ineffective International Development Cooperation Agency during his presidency in the late 1970s (Ibid, 197), the Foreign Assistance Act and USAID remained the primary instruments of United States foreign assistance policy from their inception in 1961 through the end of the 20th century. From this point on, major changes in foreign aid took place in the amounts and areas of allocation rather than in institutions. Like “the expansion of the aid program leading up to and including the 1961 initiatives, [which] paralleled an increase in the perceived security threat of spreading communism” (Ruttan 1996, 70), the changes in foreign assistance funding and allocation that took place in the latter portion of the 20th century were heavily impacted by national security concerns.

The impact of the United States security concerns on foreign assistance funding is demonstrated in Figure 1. This graph shows the fluctuations in the total amounts allocated for economic and military loans and grants by the United States from 1946 to 2001 along with some key events that reduced or heightened the United States’ emphasis on national security. The amounts of foreign assistance appropriated each year are taken from figures made available by the United States Agency for International Development’s Center for Development Information and Evaluation and are given in constant 2003 dollars in order to remove considerations of inflation from the analysis. When viewed together, the correlation between spikes in aid and events that created
national security concerns for the United States is clear. Large, sudden increases in foreign assistance funding followed events that increased the United States’ national security concerns, such as the beginning of the Korean War, the Bay of Pigs, the Gulf of Tonkin Resolution, and the Camp David Accords, while sudden dramatic decreases in funding followed events that decreased national security concerns, like the removal of troops from Vietnam and the end of the cold war.

In addition to providing insight concerning the link between security and foreign assistance funding in the United States, Figure 1 also indicates the respective approaches various U.S. presidents took towards foreign assistance and the great deal historical context contributed to these approaches. For example, foreign assistance funding increased considerably during the Kennedy administration due to the changes in the foreign assistance program and the Bay of Pigs, but dropped off in the early years of Lyndon B. Johnson’s presidency. This decrease in foreign assistance would soon change, as increased U.S. involvement in Vietnam became the most significant security concern of the United States.

The significance of Vietnam and other major security issues to the distribution of United States foreign assistance is evident in both the areas of the world large amounts of aid were distributed to and the policy choices made by American presidents. Figure 2 shows the percentage of foreign assistance distributed to six areas of the world during five important historical periods. The figures presented in this table indicate that foreign assistance distribution is concentrated in areas where the largest security concern for the United States originates. This was especially true of U.S. involvement in Vietnam, which, according to Figure 2, encouraged the United States to distribute 61% of foreign aid to Asia in 1964. Involvement in South-East Asia would lead the Johnson administration to increase the number of USAID advisors in Vietnam from 300 to 1,000 in the short span of sixty days (Butterfield 2004, 93) and ensure the decisions on foreign
assistance policy made by the administrations of Richard Nixon and Gerald Ford were altered by growing opposition to the Vietnam War in the United States. Nixon’s efforts to make his own mark on foreign assistance were overturned in Congress in favor of changes directed by the legislative body (Ibid., 175) while the backlash against U.S. commitments in the world led Ford to allow aid appropriations to stagnate until 1976 (Ibid., 197). Even the Carter administration was impacted by the ghost of Vietnam. Though he was able to broker a peace agreement between Israel and Egypt in September 1978 by promising to deliver $3 billion in aid to be split between the two countries each year for the foreseeable future (Ibid.), Carter was unable to maintain his commitment to “the restoration of moral purpose in American foreign policy” (Ruttan 1996, 115). Despite his contributions to increasing the focus on human rights and a dialogue between the North and South, by the end of his presidency traditional security and economic concerns took precedence for Carter (Ibid., 121).

The emphasis on security brought about by perceived communist gains in Afghanistan and Nicaragua at the end of Carter’s presidency became even stronger when Ronald Reagan entered office in 1981. The new president approached foreign assistance in a way no president before him had. Not only did he urge a shift from economic assistance to military and security assistance, Reagan was also determined to give aid to “friendly nations regarded as threatened by internal or external forces and cut aid to governments considered unfriendly, uncooperative, or mismanaged” (Ibid.). Reagan’s intentions to use foreign assistance as a foreign policy tool in the Cold War were not unusual. However, the aggressive manner in which he regained control of the foreign assistance program from the legislature and increased the power the executive branch had over assistance by increasing the bilateral component of the United States assistance program were very different from the tactics used by presidents that preceded him (Ibid.). Reagan also began distributing covert assistance to insurgent groups fighting against the
spread of communism in other nations and increased the percentage of the foreign assistance budget allocated to the Economic Support Fund, the location from which most capital for U.S. security interests is obtained, from under 50% in the early 1980s to over 65% in 1985 (Butterfield 2004, 199).

As a result of Reagan’s aggressive tactics the foreign assistance budget steadily increased throughout his first term as president (see Figure 1). However, scandals accompanied Reagan’s covert assistance programs and ruined the credibility of his foreign assistance projects with the American people. Due to lack of support in the United States and a warming in East-West relations, the second Reagan administration allowed the legislative branch to regain control of the foreign assistance program, lessened covert commitments to insurgent groups, and again attempted to participate in multilateral international institutions (Ruttan 1996, 133). By the end of Reagan’s second term in 1989, foreign assistance appropriations had dropped considerably and the end of the cold war was eminent.

The dramatic changes taking place in the international system in the 1990s removed the context in which the foreign assistance program had always been defined and presented both an impressive challenge and an impressive opportunity for the administrations of George Bush and Bill Clinton to redefine the foreign aid program and its objectives. Unfortunately, neither the Bush administration nor the Clinton administration took the initiative to revitalize foreign assistance in the United States. Instead, the aid program stagnated with the USAID administration remaining in disarray for most of President Bush’s time in office and funding declining steadily from 1985 until 1997 (Butterfield 2004, 219). Trouble for the major foreign assistance institution continued under the Clinton administration’s downsizing campaign, which cut 60% of funding to agricultural programs between 1992 and 1997 and decreased the number of positions in USAID by 30% from 1993 to 1997 (Ibid., 221). The decisions made by
Bush and Clinton to first ignore and then downsize the foreign assistance program demonstrate as clearly as the policy of U.S. presidents that utilized foreign assistance, that the program’s well-being is inextricably linked to the amount of concern present for U.S. national security.

The evolution of the foreign assistance program in the United States into an accepted part of the United States foreign policy was driven by the U.S. government’s efforts to determine the most effective way foreign assistance could be used to address the communist threat. By 1961 the quest for optimal utilization of the program had led away from the origin of foreign assistance as a program to address immediate foreign policy goals by immediately solving problems towards a new view of the program in which long-term development goals served the interests of the United States national security. Despite the adoption of a new strategy to address the United States security interests with long-term development assistance, funding and support for foreign aid remained dependent on the immediacy of the United States national security concerns. The strong link between national security and foreign assistance appropriations is demonstrated in funding fluctuations, as represented in Figure 1 and Figure 2, and in the policies and rhetoric of the U.S. presidents from Truman to Clinton. Though some presidents’ policies were more influential and lasting than others, even those who were inactive demonstrated the impact security concerns had on the United States’ foreign assistance policy.

**U.S. foreign assistance policy in Afghanistan**

*A brief history*

Home to about 28.5 million people, based on an estimate made in July 2004, Afghanistan is a landlocked country in Southern Asia bordered by Pakistan, Iran,
Uzbekistan, Turkmenistan, Tajikistan and China (CIA “Afghanistan” 2005). Though many citizens of the United States might be hard pressed to find it on a map, Afghanistan is located at a key intersection between the Middle East, South Asia, and Central Asia (Lansford 2003, 31). This location has made Afghanistan a major thoroughfare during countless military campaigns and imperial conquests including those of Alexander the Great, the Russian tsars and the British Raj, not to mention those of the United States and the Soviet Union.

Consequently, when the borders of the Afghan state were delineated they had little to do with the locations of various cohesive ethnic groups and everything to do with colonial arguments over land possession. As a result, the inhabitants of Afghanistan represent 21 different ethnic groups. Many of these groups have a small representation within Afghanistan and are separated from large populations of their ethnic brothers by Afghanistan’s borders. Attempts to unite ethnic groups, especially the Pashtuns, within the borders of a single country continued throughout the twentieth century, increasing tensions in South Asia. In addition to the divisions created by various ethnic representations within Afghanistan, there are also sectarian, tribal, racial, and geographical divisions within the country (Goodson 2001, 12).

Despite the great range of peoples in Afghanistan and the divergent customs of each of these groups, the population is unified by its shared religious beliefs. Though different groups interpret and practice Islam in different ways, the religion has played a major role as a unifier for the many factions within the country (Ibid.). This was first demonstrated by the cohesion it created during the late nineteenth century in the two Anglo-Afghan wars: altercations through which the British attempted to place Afghanistan under its direct control (Johnson 2004, 14). Lucky for the Afghans, the British agreed to cease their quest for internal control of Afghanistan in return for control of the country’s external affairs. In this way, Afghanistan was able to play the two major
powers in South Asia off of each other and maintain its independence from both Russia and England during the nineteenth century. Afghanistan’s luck with remaining uninvolved in major conflict continued in the first half of the twentieth century with the country managing to stay uninvolved in the two World Wars.

However, the end of World War II found Afghanistan once again struggling to maintain its autonomy. With the British in no position to continue their traditional power struggle with the Soviets in the region, the Afghan government, led by King Zamir Shah, feared Soviet domination. In order to combat this lack of balance, officials from the Afghan government, especially then Prime Minister Mohammed Daoud, began to seek aid and assistance from the United States. Despite the fact that leaders in Afghanistan were ready to begin modernizing and would have gladly stood with the U.S. against the Soviets in the event of Soviet invasion, the United States remained “convinced that extensive involvement in Afghanistan would merely provide the Soviets with a pretext for action while overburdening the Afghan budget” (Roberts 2003, 186). As a result of this belief, the United States remained relatively uninvolved in Afghanistan for the early part of the post-World War II period. The U.S. did counter the increasing flow of aid from the Soviet Union to Afghanistan with some aid of its own, but this aid was minimal and had few positive effects on Afghanistan.

While the United States half heartedly participated in a bidding war with the Soviets, the first of many changes that would take place within the Afghan government in the second half of the twentieth century began. Interested in creating a constitutional monarchy, Zahir Shah promulgated a new constitution in 1964 that also created an elected, consultative parliament (Rubin 1995, 25). The establishment of the constitution prevented relatives of the monarchy from holding government positions and began a decade of “New Democracy” in Afghanistan. This new era also saw the development of political parties within Afghanistan. Though many groups were created during this time,
two of the groups that formed during the late 1960s, the communists and the Islamists, would later become instrumental in the future of Afghanistan.

Founded in January 1965 in the home of Nur Muhammad Taraki (Rasanayagam 2003, 48), the People’s Democratic Party of Afghanistan (PDPA) was the principle Soviet-oriented Communist organization in Afghanistan (Rubin 1995, 26). The original objective of the PDPA was to “resolve the fundamental contradictions within Afghan society” through socialism (Rasanayagam 2003, 48). Though many PDPA leaders received their military training in the USSR and the party began as a unified force, it split into two factions, the Khalq led by Taraki and Hafizullah Amin, and the Parcham led by Babrak Karmal, as early as 1967 (Rubin 1995, 26). The more radical of the two factions, the Khalq, recruited from the newly educated rural population, mainly tribal Pashtuns (Ibid.), and believed in creating a socialist state in Afghanistan through violent revolution (Rasanayagam 2003, 49). In contrast, the leader of the Parcham faction, Karmal, believed in the ‘national democratic’ road to socialism (Ibid.) and recruited from the middle and upper classes of the urban elite (Rubin 1995, 26).

During the same year the PDPA was founded, a new offshoot of the Islamic movement in Afghanistan emerged among students and instructors at Kabul University (Ibid.). Initially this movement simply consisted of members of the Theology department at the University participating in “informal groups to discuss Islam’s role in the country and ways to save it from the threat of communism” (Saikal 2004, 165). However, soon the movement grew and in 1968 established the Jamiat-i Islami Afghanistan (Islamic Society of Afghanistan), an Islamists’ organization (Ibid.). A year later, Islamist groups from the Faculty of Engineering, led by Gulbuddin Hekmatyar, joined forces with the existing organization and a new group, the Nahzat-e Jawanan-e Musulman-e Afghanistan (Afghan Muslim Youth Movement) was established. Prominent Islamists, such as
Ahmad Shah Massoud and Burhanuddin Rabbani, were also key members of these organizations.

The growing acceptance of Islamist groups as mainstream actors in the Afghan political spectrum, along with his inability to participate legally in government led Daoud, with the Parcham faction of the PDPA, to depose King Zahir Shah on July 17, 1973. With the help of newly trained professional military officers, Daoud’s seizure of power went smoothly. However, in the long run, Daoud’s decision to depose the king increased instability by obliterating the old succession pattern without installing a new one. This increased instability in Afghanistan, coupled with increasing cold war tensions in the 1970s led the US and the USSR to support increased aid flows to political groups challenging the Afghan regime from Pakistan (Rubin 1995, 26). Daoud responded to these aid increases with efforts to remove all opposition to his control of the Afghan government.

In 1974, he repressed the growing Islamic movement by arresting some Islamist militants, while others fled and took to the hills near Keshem in the province of Badakhshan, where they were led by Dr Omar. Other Islamist leaders, namely Massoud and Hekmatyar, were forced to flee to Peshawar, in Pakistan where they received aid from the Pakistani government and the CIA (Rubin 1995, 27). During this time Daoud was also making an effort to remove the Parcham elements from influential government and military posts, a task he completed by 1975 (Rasanayagam 2003, 64). Daoud continued his efforts to keep the communists from infiltrating his government by excluding them from the new cabinet formed in January 1977 (Dorronsoro 2005, 83). Regardless of these efforts, some “closet communists” remained in the government (Rasanayagam 2003, 64) and still others managed to receive new appointments (Dorronsoro 2005, 83).
While Daoud’s efforts to suppress opposition to his government were partially successful, he was still plagued by attempts to overthrow his regime. Failed attempts to overthrow the new Daoud government were made by the Islamists in the summer of 1975 and by the military in September 1975 and December 1976 (Ibid., 79). Finally, on April 27, 1978, an attempt to remove Daoud was successful. The self-proclaimed president of Afghanistan was killed during a communist coup d’état that came to be known as the Saur Revolution. This revolution, led by a unified PDPA, and backed by the Soviets was met with indifference by most of the Afghan population. According to Louis Dupree, an observer, “despite the danger, people queued up for buses- even in the firefight zone! Taxis honked for tanks to move over, and wove in and out as the fighting continued. At some corners, traffic policemen motioned for the tanks to pull over to the curb. The tanks ignored the gestures and rumbled on to their objectives” (Roberts 2003, 213).

Three days after Daoud’s death, the Revolutionary Council announced Afghanistan would now be known as the Democratic Republic of Afghanistan and be led by Taraki, who would assume the titles of Prime Minister and president of the Revolutionary Council (Dorronsoro 2005, 86). Though the PDPA had unified in order to overthrow Daoud, their alliance had predominantly been a result of Soviet pressures and did not last (Ruibn 1995, 26). Trouble within the new communist government began almost immediately with Taraki and Amin, the two key party leaders of the Khalq portion of the PDPA, vying for absolute power over the party. To exacerbate the already existing turmoil within the communist camp, Taraki’s installation as the president of Afghanistan was quickly followed by the mobilization of the Islamic groups that had been banished to Peshawar under Daoud’s rule. These organizations, which were the only organized political bodies remaining after the splintering of Afghan elites, began training Muslim soldiers for jihad - “a holy war that can only be waged against non-Muslims and apostates”- against the communists (Clement 2003, 174). Over the course of their
struggle with the Soviets, the Afghan resistance and its various components came to be known as the mujahideen, the plural form of the word mujahid, which is used to identify practitioners of jihad (Maley 2002, 59).

While the Islamist groups prepared for battle, the Soviet Union began to increase its involvement within the communist government in Afghanistan. Instability within the PDPA was mirrored by instability within the Afghan state created by a rebellion in 1978 that began in response to the government’s radical reform program (Goodson 2001, 55). Despite intense debate in Moscow, increasing turmoil in Afghanistan forced the Soviet Union to make a visible response to the uncertain hold the PDPA had on Afghanistan. This response began in 1979 with a considerable increase in the presence of Soviet troops and advisors to the communist regime in Afghanistan (Clement 2003, 299-300). The increase in Soviet advisors was just the beginning. Despite international condemnation, Soviet troops moved into Afghanistan on December 24, 1979. This move began a thirteen year altercation between the Soviet backed communist regime and soldiers of the Islamist groups, the mujahideen, who received support from Pakistan, other Islamic states, and the United States.

War between the mujahideen and the communists lasted throughout the 1980s with both sides receiving huge amounts of economic and military support from international forces. For the mujahideen, international support also came in the form of soldiers, with Muslims from all over South Asia flocking to Afghanistan to join the jihad. Despite continuing war within Afghanistan, negotiations to create a peace treaty, entitled the Geneva Accords, began in the U.N. as early as 1985. Though the negotiations of the Geneva Accords centered on the relationship between Afghanistan’s communist government and Pakistan with the United States and the USSR in a secondary role, a separate accord addressed the roles the two superpowers were playing in Afghanistan. In the second accord negotiated at Geneva in 1988, both the USSR and the USA agreed to
be guarantors of the peace made between the Afghan government and Pakistan and to a policy of noninterference in Afghanistan (Ibid., 90).

Despite this agreement, both the USA and the USSR continued to intervene in Afghan politics. Soviet troops did not withdraw from the country until February 1989 and when they finally departed they left behind a considerable amount of weaponry and promises to provide more to the communist government in Kabul. Loathe to let the Soviet Union get the upper hand in their ideological struggle, the United States continued sending considerable amounts of assistance to the mujahideen through Pakistan until mujahideen forces took Kabul in April 1992 (Dorronsoro 2005, 238). With the communist government eliminated and the Gulf War raging, U.S. funding to the mujahideen stopped and the once unified Islamist force began the fragmentation that would lead to a decade of civil war.

During this time period the Taliban, a fundamental Islamist group with roots in the battle against the Soviets, emerged in Southern Afghanistan. The Taliban increased its power and appeal quickly and by 1996, the group was in control of most of Afghanistan, including Kabul, Herat, and Jalalabad (Ibid., 248). Due to the stability they brought to Afghanistan and their ability to bring the opium trade under control, the Taliban began their time in power with the United States’ support. However, this recognition of the Taliban dissolved quickly as the U.S. became disillusioned with the radical nature of the Taliban regime and the extreme human rights violations they committed. As the 1990s ended, these issues were exacerbated by the Taliban’s connections with Osama bin Laden, a former mujahideen supporter whose anti-Western rhetoric became increasingly violent during the 1990s and whose network of operatives, Al’Quaida, were linked to a number of anti-American bombings. Though they meant little to Afghanistan at the time, these bombings were a harbinger of events to come in the next century.
**Failures in economic funding: From Helmand to Qandahar**

Despite extensive efforts on the part of the Afghan government to court the United States, the U.S. refused to deepen its relationship with the South Asian state. Instead, for much of the post-war era the United States provided minimal economic aid and required this aid be used for ill-conceived development projects orchestrated by American companies. The lack of interest the United States paid to Afghanistan coupled with the interest the US paid to the country’s neighbors led Afghanistan to turn to the Soviet Union to acquire funding for development projects. Increased funding from the Soviet Union soon led to a half-hearted bidding war between the United States and the USSR. Despite the slight increase in U.S. economic aid this bidding war heralded, Afghanistan was never able to encourage the United States to devote as much economic assistance to its needs as the U.S. devoted to Pakistan and Iran. Consequently, Afghanistan’s development was purchased at the cost of increased dependence on the Soviet Union. After this dependence led to Soviet invasion and then all out civil war, Afghanistan’s development was abandoned by the United States; first in favor of military assistance to the mujahideen resistance fighters and later, when the threat of Soviet takeover disappeared, in favor of relative neglect.

When World War II ended, Britain was in no condition to maintain its traditional position of influence within Asia. With no Western power to balance out the Soviets, Afghanistan immediately turned to the United States to take the place of Britain in South Asian politics. The initial response from U.S. officials to requests for aid was unenthusiastic. By the time the United States became willing to become a presence in South Asia, it had already chosen Pakistan and Iran as its major charges in the region and saw Afghanistan as a buffer state already too far under Soviet influence to merit much
attention. Poor relations between Afghanistan and Pakistan and continued aid from the Soviets also made US officials leery of giving more aid to Afghanistan.

Though the Afghan government’s entreaties for U.S. aid to help implement development programs did not inspire the United States to give aid to Afghanistan, increased aid from the Soviets did. In response to increases in Soviet aid, the United States began distributing some technical and economic assistance of its own. Much of this assistance focused on the betterment of Afghan infrastructure, aviation, education, and food production. Projects ranged from loans for the purchase of airplanes to grants for colleges in the United States that would send teachers to Afghan schools. All told, the US gave some $533 million in aid to Afghanistan between 1955 and 1978 (Johnson 2004, 21). Though 71 percent of this assistance was given in grant form (Rasanayagam 2003, 56), this number pales in comparison to the $2.52 billion donated by the USSR in the same time frame (Johnson 2004, 21).

Not only did the amount of U.S. aid given to Afghanistan pale in comparison to Soviet aid, so did the projects implemented with United States funding. According to historian Jeffery J. Roberts, “American programs continued to neglect the private sector, took too long to mature, and remained less noticeable and thus less influential than Soviet projects” (Roberts 2003, 208). A good example of this phenomenon was the Qandahar International Airport for which funds were approved in 1956. Though funding had been approved, it took another year for a construction contract for the airport to be signed and still another year for construction on the airport to begin. By the time construction was finally finished in 1962, the airport was rendered useless by jet technology that eliminated the need for it as a stopover point, the initial motivation for its construction. As a result of its untimely completion, the Qandahar Airport remained unused until the 1980s when the Soviets turned it into an airbase from which to attack the mujahideen (Ibid.).
However, the misuse of US economic funding in Afghanistan was already underway long before the Qandahar International Airport project was conceived. During the late 1940s and 1950s, the majority of United States funding to Afghanistan was directed towards the Helmand River Valley Project. This undertaking began in 1946 when the Afghan government contracted the Morrison-Knudson Company of Boise, Idaho to construct two dams and a number of canals in the Helmand and Arghandab River Valleys and to train Afghan workers in the maintenance and supply functions of the new architecture. The money originally allotted for construction was quickly exhausted and soon Afghanistan’s foreign exchange surplus was lost to Morrison-Knudson and Pakistani “entrepreneurs” involved in the project (Ibid., 165). When the Afghan government approached the U.S. in 1949 with requests for funding to undertake a number of development projects, the U.S. ignored pleas for all aid except that used for the Helmand River Valley Project. However, even the $21 million loan the United States approved for this venture was given at a very high interest rate, ensuring the Afghan government would incur considerable debt through its use (Ibid., 166).

An increase in Afghanistan’s debt was not the only result of the exclusive support the United States gave the Helmand Project. The United States’ obvious partiality to the project, and, in turn, Morrison-Knudson soon led the Afghans to believe the US government was only concerned with ensuring the profits of American businesses (Ibid., 167). The damage done by this belief was increased by the problems the Helmand River Valley Project created including increased soil salination, the displacement of 1,300 nomads and peasant farmers, and the loss of foreign exchange surpluses (Clement 2003, 108). Even after years of work and the use of considerable amounts of funding, the Helmand River Valley Project created more new problems than positive returns.

Though the United States aid funding was often misused and less helpful than Soviet aid, the Afghan government still relied on it to maintain economic stability.
During the 1960s, more than forty percent of Afghanistan’s state revenues were derived from foreign aid (Dorronsoro 2005, 63). This reliance proved highly detrimental to the country when both the United States and the Soviet Union, by far the country’s two largest aid donors, began to curtail aid programs to Afghanistan in the late 1960s. The loss of foreign funds this curtailment spawned created an increasingly stagnant Afghan economy. During 1970 and 1971, a drought and famine exacerbated the economic trouble, bringing about the death of an estimated 100,000 people and devastating livestock (Roberts 2003, 211).

Despite some increases in aid flows from the United States in 1972 and 1973, by 1978 Afghanistan’s economic and social indicators were the worst in the world. Almost the entire rural population was without electricity, there was one doctor for every 16,000 Afghans, and 80% of these medics resided in Kabul (Rasanayagam 2003, 56). Health indicators were not the only that suffered. The numbers for education were also shocking with 76% of Afghan children receiving no formal education and the Afghan population’s literacy rate ranking 127th in the world (Ibid., 57).

Despite the horrible conditions in Afghanistan, United States economic aid to the country decreased during the late 1970s due to a period of détente in the cold war (Dorronsoro 2005, 65). However, this period of decreased aid did not last long. The end of the 1970s heralded a complete transformation in the United States’ aid relationship with Afghanistan. This change was inspired by the rise of the PDPA to power in 1977 and the Soviet invasion of Afghanistan that followed. The emergence of a staunchly communist government in Afghanistan backed by Soviet troops led to a new emphasis on military aid to the only truly organized opposition group in the country, the mujahideen. The beginning of support for the mujahideen was simultaneous with the end of United States economic aid to the Afghan government. Though aid donations to the government were curtailed from 1980 to 1984, they were not absent for the entire decade. The
extreme devastation caused by Soviet tactics inspired many in the international community to provide funding to Afghanistan. Beginning in 1986 the United States also stepped in and renewed donations to the Afghan government in the form of food aid (Standard Country Report: Afghanistan, 2005).

Food aid remained the dominant form of United States economic assistance to the Afghan government through the rest of the conflict between the communists and the mujahideen in the 1980s and during the civil war that followed in the 1990s (Ibid.). Though these donations did address the fall in agricultural output Afghanistan experienced as a result of the war, they did little to address the deterioration of Afghan infrastructure and social systems caused by the fighting. By the early 1990s, about sixty percent of Afghan schools had no building, the road system had deteriorated dramatically, and irrigation systems were greatly damaged (Maley 2002, 156). Clearly, post-war Afghanistan retained few of the positive effects economic assistance from the United States before the war had yielded and in many ways the country was far worse off than it had been before aid from the United States had begun.

**Military funding: Maintaining the mujahideen**

As one US official noted, ‘our objectives weren’t peace and grooviness in Afghanistan, our objective was killing commies and getting the Russians out’ (Lansford 2003, 144).

After World War II, the United States, seeing the dissolution of traditional British power in South Asia as a potential security threat, began looking for allies to counteract Soviet influence in the region. Though Afghanistan presented itself early on as an interested party, the United States’ fear that the country could be easily influenced by the Soviet Union led it to refuse repeated requests from the Afghan government for military
aid. Despite continued entreaties and the decision to give economic aid to the Afghan government, the United States continued to withhold military contributions. This decision increased Afghan military dependence on the Soviet Union and eventually led to the invasion of Afghanistan by Soviet troops in 1979. As a result of this invasion, military aid donations from the United States began to find their way into Afghanistan to support the mujahideen Islamist groups who were fighting the Soviet-backed communist regime. Throughout the mujahideen’s battle with the Soviets, the United States remained one of the primary donors of military aid and equipment. Though the United States remained heavily involved in donating aid to the mujahideen, its involvement in distributing this aid was minimal. Instead of distributing aid directly, the United States delivered aid through Pakistan, which increased the severity of leaks in the weapons supply pipeline. In addition to inundating the region with weaponry, United States assistance to the mujahideen also allowed the resistance groups to lengthen the span of their war against the Soviets. The lengthening of the struggle did little to encourage the stabilization of the Afghan government and left many Afghans dead or injured and still more completely uprooted from their homes.

Though the United States did not formally recognize Afghanistan until 1934, the country’s requests for military aid began in the 1940s (Roberts 2003, 165). From the beginning, these requests were ignored. Despite the U.S. governments’ consistent lack of interest in Afghanistan, there were some experts on the issue who believed the United States should reconsider its position. In 1954, Chester Bowles, the former ambassador to India, argued against neglecting Afghanistan while giving arms aid to Pakistan because this move would ‘almost certainly result in [Afghanistan’s] acceptance of military aid and economic assistance’ from the Soviet Union, which would foster increased penetration of the Afghan state (Ibid., 154). Despite these warnings, the United States gave increasing
amounts of support to Pakistan, one of Afghanistan’s major political rivals, while continuing to ignore Afghan pleas for aid.

As the United States made decisions that pushed Afghanistan away, the Soviet Union’s choices ensured its relationship with Afghanistan grew stronger. Between 1955 and 1972 Afghanistan received nearly $0.5 billion dollars of military aid from the USSR. This amounted to 95% of Afghanistan’s total military aid during this period and included MiG-17 fighters, IL-28 light bombers, T-34 tanks, howitzers, and armored personnel carriers (Ibid., 206). Though the United States feared Afghanistan would use weapons against U.S. interests in South Asia, these fears proved to be unfounded. Instead of creating a pro-communist state in Afghanistan, increased military assistance gave the military enough strength to implement the Afghan government’s development programs (Ibid., 207). Though the Afghan government did not actively use Soviet military aid to the detriment of U.S. interests in South Asia, increased arms supplies from the Soviets did influence the power structure of the region by increasing Afghanistan’s dependence on the Soviets for military repairs (Ibid., 207).

Despite Afghanistan’s growing reliance on the Soviets, military aid to the country from the United States continued to be virtually non-existent. However, all this changed when Soviet troops entered Afghanistan in 1979. From this point on, the United States began to supply the Afghan group fighting the communists, the mujahideen, with both overt and covert military aid. Though a significant portion of the military aid given to the mujahideen during the decade was covert, the aid figures given by scholars are fairly consistent. According to the figures given by Larry P. Goodson, which can be found in their entirety in graph 2, the total amount of covert military aid given by the United States to the mujahideen during the 1980s is somewhere between $2.45 and $2.7 billion (Goodson 2001, 146). Though aid donations began small, they grew consistently until they reached a high of $600 million in 1987 (Ibid.). The quality of weapons sent to the
mujahideen during this time period also improved from assault rifles, machine guns, 82-mm mortars and SAM-7 missiles in the early 1980s to Swiss Oerlikon 20-mm anti-aircraft guns, 107-mm multi-barreled rocket launchers, and U.S. Redeye and Stinger missiles in the mid-1980s (Ibid.). Though the aid the United States distributed to the mujahideen evolved over the course of the conflict, the means of distribution did not. United States’ aid to the mujahideen was funneled through Pakistan throughout the 1980s. This single factor gave birth to some of the most negative effects United States military funding to the mujahideen would create.

Initially, distributing aid through Pakistan simply limited funding to the mujahideen due to fears that higher amounts of aid would encourage the Soviets to retaliate against Pakistan for its role in aid distribution (Ibid., 145). However, soon a much more lasting effect became obvious. Throughout the 1980s a large discrepancy between the amounts of weapons purchased for the mujahideen and the amount the soldiers actually received pointed to a leak in the arms distribution pipeline. Where these leaks originated was impossible for the United States to determine as the CIA only controlled the first leg of the route, during which weapons were purchased and sent to Pakistan (Rasanayagam 2003, 112). After this leg, the weapons still had to pass through Pakistan to the different mujahideen commanders on the Afghan border and then on to soldiers on the battlefield (Ibid.). Allegations of weapons being stolen or diverted on this journey were widespread, with estimates of the amount of aid that leaked out of the pipeline ranging from 20 to 85 percent of that donated (Goodson 2001, 144-145). With the severity of weapons leaks uncertain, it is difficult to determine the impact they had on Afghanistan. However, weapons leaks surely increased instability by generally improving access to advanced weaponry and ensuring that numerous factions within Afghanistan remained well armed.
Of course, the impact of U.S. funding to the mujahideen was not completely dictated by the decision to deliver aid through Pakistan. Much of the lasting physical effects created by U.S. assistance were derived from the contributions U.S. funding made to the mujahideens’ ability to keep fighting the Soviets. Instead of the easy victory the Soviets were expecting, U.S. aid made it possible for the war to go on for an entire decade. Though this allowed the mujahideen to rid Afghanistan of Soviet occupation, it also deepened the wounds left by war. Over the course of the war two million Afghans died, millions more were wounded and over half the population became refugees (Roberts 2003, 231). In the period between 1978 and 1987 alone, 876,825 unnatural deaths occurred in Afghanistan - an average death rate of over 240 deaths every day for ten years straight (Maley 2002, 154). Despite the size of these figures, the number of refugees created by the war far eclipsed the number of people killed or injured by it. Since 1979 more than 6 million people have fled from Afghanistan, making Afghan refugees the largest single population of displaced people in the world (Johnson 2004, 66). Despite the brutal destabilizing results of the Soviet-Afghan war, final U.S. funding did virtually nothing to help the situation and “little attempt was made to focus U.S. energy and aid either on creating the conditions and mechanisms for ensuring a relatively bloodless transfer of power to the Mujahideen, or in catering for the Afghans’ humanitarian needs during a transitional phase” (Saikal 2004, 205). With no help in creating stability forthcoming and no single group among the mujahideen able to obtain enough support within Afghanistan to gain control of the government, the country descended into another decade of struggle.

As struggle for control of the government continued in the 1990s, the bulk of the Afghan population endeavored to return their lives to normal. However, the lingering effects of the Soviet-Afghan war made this feat impossible. When the refugee population began its slow migration back into Afghanistan they discovered a civil war in progress.
that continued to displace many people within the country. Families trying to escape the fighting left their homes, drastically changing the traditional distribution of Afghanistan’s population. In addition to changing traditional population distribution, the refugee crisis has diminished human capital formation, helping increase the potential for a cycle of conflict because “it is often easier to train unskilled youths to fight than to farm” (Maley 2002, 155).

The refugee crisis is not the only lingering effect of the struggle between the Soviets and the mujahideen. Afghanistan also continues to cope with the weapons that remain on its soil as a result of the war. Recent estimates put the number of Stinger missiles still unaccounted for in the country somewhere between 50 and 70 (Katzman 2004, 37) and land mines are a prevalent and dangerous feature of the country’s topography. Each month between 150 and 300 people are killed or injured by the 5 to 7 million landmines still left on Afghan soil (Johnson 2004, 38). Though the United States military support of the mujahideen succeeded in ending the Soviet threat to Afghanistan, it also ensured the Afghan population would continue to be threatened by the legacy of violence, extremism, and conflict the Soviet-Afghan War left behind.

Benign neglect?

Through its funding of the mujahideen in the Soviet-Afghan war, the United States “created both a generation of Afghan and foreign born fighters with extensive combat experience and an atmosphere of activism and radicalism which was initially directed at the USSR, but whose wrath would later be broadened to include the West in general” (Lansford 2003, 5).

The United States attitude towards Afghanistan immediately following World War II was one of aloofness. For many years the United States ignored Afghanistan’s
frequent requests for military and development assistance. On the few occasions the United States agreed to give aid to the Afghan government, these packages were accompanied by a number of extreme stipulations including astronomical interest rates and policy agreements that reflected little knowledge of Afghanistan’s needs or the power dynamics in South Asia. Despite the requirements that accompanied agreements for the donation of aid to Afghanistan, the United States remained primarily uninterested in Afghanistan’s government and policies from 1946 to 1979. During this time, the United States’ disregard for Afghanistan not only limited its development options, it also forced the country to turn to the Soviets for help. Increased aid from the Soviets soon led to Afghan dependence on the country and increased political power for communist movements within Afghan politics. However, even this growing connection eluded the United States until the Soviets began to prepare for invasion of Afghanistan.

With invasion looming on the horizon, the United States jumped into action by throwing its support behind the mujahideen resistance. However, the United States’ complete lack of knowledge concerning the true issues facing Afghanistan once again led to the encouragement of incredibly negative policies. Rather than becoming actively involved in the distribution of funds to the mujahideen, the United States allowed Pakistan to determine which factions would receive the largest sums of American aid. The requirements Pakistan used to distribute aid to the mujahideen ensured that Islamic fundamentalism within Afghanistan grew while no single faction of the mujahideen developed enough strength to present a viable alternative to the communist government after Soviet withdrawal. As a result, the removal of Soviet troops in 1989 left both a weak communist government in Kabul and a fragmented opposition in the rural areas of the country. Instead of encouraging the growth of an alternative government, U.S. assistance to the mujahideen simply discredited the Soviets and ensured continued
fighting among the mujahideen would continue to devastate the Afghan population throughout the 1990s.

Though the United States refused to give aid to Afghanistan, this did not mean the United States completely ignored the country. In 1946, the Morrison-Knudson company began the Helmand River Valley Project, which the United States government would later help support. However, support for the Helmand River project was not only offered at high interest rates, but also instead of funding for other development goals with which the Afghan government approached the United States (Roberts 2003, 166). In addition to ignoring requests for broad development goals while offering loans for projects undertaken by American companies, the United States also responded to Afghan entreaties for a stronger relationship between the two nations with a four-year trade agreement beginning in 1950. However, much like loans given for the Helmand River Valley Project, this trade agreement did not denote trust or interest in the Afghan government’s policies. This fact was made abundantly clear when, one year after making the agreement, the United States suspended it until the Afghan government signed a bilateral Mutual Security Act (Clements 2003, 291).

Though much of the United States’ interaction with Afghanistan seemed to be dictated by its fears of the Soviet relationship with the South Asian country, the true driving force behind the United States’ relationship with the country was a complete lack of knowledge. Despite the fact that leaders in Afghanistan were ready to begin modernizing and would have gladly stood with the U.S. against the Soviets in the event of Soviet invasion, the United States remained “convinced that extensive involvement in Afghanistan would merely provide the Soviets with a pretext for action while overburdening the Afghan budget” (Roberts 2003, 186). Due to these unfounded fears, the United States refused to make the type of alliance Afghanistan sought, pushing the country to deepen its relationship with the Soviets.
Despite its fears that increased aid would encourage Soviet action in Afghanistan, the United States did give aid to the country. However, to say the US government remained extremely uninvolved in Afghanistan and had little working knowledge of the effects its policies had would be an understatement. In fact, US observation of Afghanistan was so lax that the United States continued to fund the Afghan government after the Saur Revolution because no CIA operatives or intelligence officials were aware the new leaders the revolution brought to power were, in fact, communists (Lansford 2003, 119). Despite this snafu, the United States recovered from their error in judgment quickly and by 1980 had begun a program of wholehearted military support for the mujahideen resistance groups fighting the PDPA.

Though the United States began supporting the mujahideen resistance groups in the 1980s, its knowledge of the inner workings of Afghan politics remained minimal. Instead of giving money and weapons to the mujahideen directly, the United States chose to distribute funding through Pakistan. As a result, once weapons and money were turned over to Pakistan’s Inter-Services Intelligence (ISI) Service, the United States became blissfully unconcerned with the path aid took to reach the mujahideen. This made the ISI completely responsible for determining distribution policies for United States aid. Despite the United States trust of Pakistan and Pakistan’s long-standing alliance with the United States, the country did not consider U.S. interests when selecting the factions of the mujahideen that would receive aid. Instead, Pakistan’s ISI distributed the most aid to mujahideen groups with ‘weak links to the local society, educated commanders, and ideological proximity to the ISI’ (Maley 2002, 75). These criterion not only accentuated the tensions between mujahideen groups (Ibid.), they also ensured mujahideen factions that practiced a more extremist fundamental version of Islam received more aid (Rubin 1995, 35). In this way, radical practitioners of Islam prospered while moderates were slowly pushed out of the spectrum. Because the ISI required all refugees to be affiliated
with one of the many mujahideen groups in order to receive assistance, their distribution of U.S. funding not only impacted the version of Islam practiced by the mujahideen, it also impacted the version practiced by Afghan refugees (Clement 2003, 121). As a result of their forced affiliation with one of the mujahideen factions selected by the ISI, the refugees’ exposure to radical versions of Islam increased. This not only encouraged the spread of these interpretations through gradual indoctrination but also through forced acceptance.

Despite the negative effects aid distribution through Pakistan created, the United States continued sending assistance to the mujahideen through the country. However, extensive aid for the mujahideen did not completely rid Afghanistan of communism. When the Soviet soldiers withdrew in 1989 they left a communist government in control of Kabul. Soon both the United States and the USSR lessened aid contributions to Afghanistan until they ceased completely in 1992. Though continued aid flows from the United States and the USSR no longer affected Afghanistan’s political scene, the effects of aid distribution during the conflict remained. Soviet aid allowed the remnants of the PDPA to maintain some control over Afghanistan even after Soviet withdrawal, but this control was lost in 1990 when the country descended into all out civil war. Soon the various factions of the mujahideen and the government in exile all began fighting the communist government for power over the country. Though the mujahideen forces finally gained control of the Afghan government in 1992, the aid distribution policies Pakistan had enacted during the Soviet-Afghan war ensured no single group had enough power to gain the support of the Afghan population. Consequently, fighting continued throughout Afghanistan for the next decade, exacerbating the negative effects extended warfare in the country had already created.
Blinded by fear, blindsided by reality

Afghanistan is doubtless the most fanatic, hostile country in the world today… There is no pretense of according Christians equal rights with Moslems. There are no banks in Afghanistan…[The Afghans] detest taxation and military service and welcome chaos and confusion which enables them to do…as they see fit on helpless communities and passing caravans…No foreign lives in the country can be protected and no foreign interests guaranteed. - Wallace Smith Murray, Chief of the State Department’s Division of Near Eastern Affairs in 1930 (Roberts 2003, 161)

As Wallace Smith Murray’s vivid description of Afghanistan demonstrates, early images of the country held by the United States were less than flattering. Afghanistan was not only seen as a lawless land but also as a country that would quickly fall under Soviet domination. This view of Afghanistan greatly impacted the United States’ foreign assistance policy to South Asia following World War II. Motivated by fear of what might happen if the United States agreed to aid Afghanistan or encouraged it to participate in a regional security alliance, the United States ignored the country during the early post-World War II period. In fact, Afghanistan was completely omitted from foreign policy plans in South Asia. Unfortunately, the view of Afghanistan as a barbarous state ripe for Soviet infiltration failed to incorporate a number of crucial facts about the country including Afghanistan’s history of opposition to the Russians and communism, the Afghan government’s desire to modernize and maintain friendship with the United States, and the country’s prime location within South Asia. Ignoring these key facts in favor of maintaining old prejudices about Afghanistan caused the United States to remain preoccupied with security threats it perceived Afghanistan posed to South Asia and prevented it from seeing the security threat its own aid policies were creating. As a result, the United States was blindsided by real security threats, such as the Soviet...
invasion of Afghanistan and the growth of Al’Qaeda, which arose as a result of its own aid policies in Afghanistan.

The first fact the United States ignored about Afghanistan was the country’s long history of opposition to the Russians. This opposition found its roots in traditional struggles for independence from the larger country, but was reborn in new forms during the 20th century. In the 1930s Afghanistan’s ruling dynasty “restricted Soviet activities in Afghanistan, banned all communist and communist-affiliated parties, and persecuted known sympathizers” (Roberts 2003, 185). Afghanistan also “kept Soviet diplomats under constant surveillance and even prohibited communist embassies from distributing materials in any language native to Afghanistan, thereby insulating the population from propaganda” (Ibid., 186). Even when the United States’ refusals of aid forced Afghanistan to turn towards the Soviets for support, the Afghan government made a conscious effort to minimize the influence the Soviets gained over the country by assigning Soviet-trained officers to less sensitive posts (Ibid., 209). Afghan leaders also tried to counter Soviet influence by maintaining ties with a number of other great powers (Saikal 2004, 124). These ties were meant to ensure the government would not be completely reliant on the Soviets, their equipment or Soviet-trained Afghans sympathetic to their cause.

Due to its position as the Soviet Union’s main rival, the most crucial of the other great powers the Afghan government attempted to maintain ties with was the United States. Throughout the post-World War II era the Afghan government demonstrated an intense desire for friendship with the US. In fact, the country continued to court U.S. aid and approval year after year despite the cool response it received from the United States. Afghan interest in bettering relations with the United States was not only a result of efforts to balance out the influence of the Soviets, it also originated from a true desire to modernize the country. As the most underdeveloped nation in South Asia (Roberts 2003,
Afghanistan saw foreign assistance as the key to development (Saikal 2004, 121). The country also viewed a strong alliance with the United States and the internal development this alliance would surely bring, as a solution to the threat increased reliance on the Soviets would pose.

Some American officials also saw an alliance between Afghanistan and the United States as an appropriate measure to curtail Soviet influence in the region. These South Asian experts within the State Department put forth the argument that the “successful defense of the subcontinent would require joint action by Pakistan, India and Afghanistan” (Roberts 2003, 136). Despite the presence of this viewpoint within the State Department, Afghanistan remained absent from the United States’ plans to encourage the growth of collective security pacts in the region. Instead of choosing Afghanistan, which was ideally located to shield the United States’ other major allies in the region, Pakistan and Iran, from Soviet invasion, the United States chose to fund Syria, Turkey, and Iraq (Ibid., 149). To add insult to injury, the United States attached no strategic importance to Afghanistan and routinely dismissed the country’s concerns as inconsequential (Ibid., 155).

Though Afghanistan never gave up its efforts to garner U.S. support, the continuous negative response it received from the United States led the country to feel increasingly isolated from the West. The United States’ fear that Afghanistan would become a pawn of the Soviet Union would soon be realized, not because of a growing desire in Afghanistan to ally with the Soviets but because of Afghanistan’s growing alienation from the West (Ibid., 193). This alienation forced Afghanistan’s leader, Mohammed Daoud, to choose “between continued economic stagnation, military impotence, and political frustration or rapprochement with the Soviet Union” (Roberts 2003, 194). In this way, “Washington’s spurning of Daoud entailed serious
consequences, leading eventually to the Soviet invasion of Afghanistan more than two decades later” (Saikal 2004, 122).

It took the Soviet invasion of Afghanistan for the United States to interpret events in the country as important to U.S. national security and containment policy. However, the United States awareness that politics in Afghanistan could alter the security of South Asia only lasted as long as the Soviet-Afghan war. By 1992, Afghanistan was once again forgotten by the United States and suffering through a wrenching combination of post-war turmoil and civil war. It was during this time period that new threats to the United States’ national security emerged as a result of the United States’ policies during the Soviet-Afghan War. These threats took the form of terrorist Osama bin Laden and the group Al’Qaeda, which he controlled. Bin Laden was one of the Arab fighters who had come to Afghanistan during the Afghan-Soviet conflict to fight in the jihad. As a result of his opposition to the Soviets, Bin Laden benefited from US weapons and other military aid provided to the mujahideen in the 1980s. However, when the jihad against the Soviets ended, Bin Laden, like many other Arab soldiers who had come to fight in Afghanistan, set his sights on other battles.

Though he was similar in motive and past experience to many other Muslim Arabs who fought in Afghanistan, Bin Laden was also a man apart. Instead of accompanying other former mujahideen soldiers to Bosnia, Chechnya, Algeria, Egypt or Somalia to continue the jihad, Bin Laden chose to create and maintain his own network of veteran mujahideen. Though international pressure forced him to remain mobile during the early 1990s, by May 1996 Bin Laden had returned his base of operations to Afghanistan. Here, in a country that was both forgotten and neglected by the United States and still in the final stages of civil war, Bin Laden was able to prepare a network of operatives who would dedicate their lives to wreaking havoc on the non-Muslim world by any means possible (Shay 2002, 138-139). The rise of the Taliban government in
Afghanistan provided Bin Laden with an important ally and ensured Afghanistan would remain his base of operations through the rest of the 1990s. With a safe haven established, Bin Laden began inciting violent activity in 1998 by calling on all Muslims to kill United States citizens and their allies. Attempts to make good on these threats quickly followed with the bombings of US embassies in Kenya and Tanzania in August 1998. As a result of these attacks, the United States bombed Bin Laden’s training camps near Khost with cruise missiles (Clement 2003, 320).

Though the bombings of US embassies in Africa garnered an immediate reaction, they did not facilitate the creation of policy to address the threat Osama Bin Laden, Al’Qaeda, and the Taliban posed. Rather, they began a long and useless battle of words with the Taliban over the presence of Bin Laden and other Al’Qaeda operatives within Afghanistan. The bombing of the *USS Cole* off the coast of Yemen in October 2000, which the US also suspected Bin Laden and Al’Qaeda masterminded, brought with it another effort from the United States’ government to force the Taliban to extradite Bin Laden. However, these efforts once again fell short and Bin Laden remained free.

Despite the amazing amount of money the United States and the Soviet Union pumped into Afghanistan in the second half of the 20th century, Afghanistan remains one of the poorest countries in the world. It is impossible to ignore the contribution that US and Soviet intervention in the 1980s made to the current issues Afghanistan is struggling against. The instability and conflict the country suffered during the Soviet occupation and the subsequent years of civil war demolished any positive effects that could have been gained from US and Soviet aid prior to the conflict. Years of war killed, injured, or uprooted much of the Afghan population, inundated the country with weapons and landmines, and radicalized and fragmented political groups.

The attitude the United States approached Afghanistan with also had a major impact on the outcome of events in the country. Instead of truly examining the power
relationship within South Asia and making educated aid policy decisions based on facts, the United States allowed an outdated image of Afghanistan and fear of perceived security threats to influence their foreign policy. As a result, the United States succeeded in creating the situation it desperately hoped to avoid: a Soviet invasion of South Asia.

Despite the obvious lessons the United States could have learned from its own mistakes, the end of the Soviet-Afghan war also ended U.S. interest in aiding Afghanistan. The United States remained relatively unconcerned with events taking place in Afghanistan as the mujahideen failed to create a stable government and the country dissolved into civil war. The lack of stability in Afghanistan, the emergence of a strong Muslim fundamentalist movement and the prevalence of weapons in the region all contributed to the conditions that allowed Osama Bin Laden and his terrorist network to grow in Afghanistan. These factors not only created a new, and very real, security threat they also emerged from aid policy decisions the United States made based on the perceived security threat the Afghan government posed. The United States’ misinterpretation of politics in South Asia led it to make aid policy choices that both encouraged Soviet invasion and created a spirit of radical Muslim fundamentalism. The growth of Al’Qaeda in Afghanistan and the country’s decent into civil war at the close of the 20th century were just the beginning of the effects Afghanistan and the United States would be forced to contend with as a result of United States foreign aid policy in the second half of the 20th century.

**U.S. foreign assistance policy in Nicaragua**

*A brief history*

Compared to the history of the United States’ relations with Afghanistan, the history of US relations with Nicaragua is quite long and complex. From the time the
country’s Spanish colonizers departed Nicaragua in the 1820s, the United States stepped in to fill the void left by the colonial power. The United States arbitrated disputes between warring political factions, invested in the economy, and agreed to protect Nicaragua from other powers. When political upheaval began in earnest in the early 1900s, the United States sent Marines to keep peace in the country. As a result of the Marines’ occupation and Nicaragua’s dependence on U.S. support, U.S. troops remained the only military presence in Nicaragua for much of the early 1900s. However, lessening support from citizens of the United States for maintaining a military presence in Nicaragua led the Marines to begin making plans for their departure. Central to these plans was the creation and training of a new Nicaraguan national army, the National Guard, that would take over the job of maintaining peace in the country following national elections and the withdrawal of the Marines in 1933.

Unfortunately, three years after the Marines’ departure, U.S. hopes that the National Guard would help maintain a stable democratically elected government in Nicaragua were dashed when Anastasio Somoza García, the commander-in-chief of the military, used the armed forces to take over the Nicaraguan government. By the end of 1936, Somoza had run for the presidency unopposed and changed the Nicaraguan constitution to lengthen his presidential term until May 1947. In addition to changing the constitution, Somoza took other steps to ensure his power over Nicaragua was secure.

The first was to ensure his control over Nicaragua was comprehensive. In order to accomplish this feat, Somoza made personal investments in all sectors of the Nicaraguan economy and took control of the judicial system, radio, telegraph, postal service, health services, railroad and internal revenue service. This control not only gave him the ability to pull strings in the economy, but also to determine the outcome of legal events and even how news in Nicaragua was reported. Though Somoza had gained control of many sectors of Nicaragua, he still required some semblance of legitimacy to
gain true control over the Nicaraguan people. In order to gain this legitimacy, Somoza insinuated his regime received the backing of the U.S. government. This tactic, which the Somoza regime would continue to use to its advantage for the duration of its rule, played on the faith the Nicaraguan people had in the judgments made by the U.S. government.

Despite Somoza’s indications otherwise, no real approval for the dictator had been given by the United States. In fact, by 1950 the United States had begun to encourage the dictator to allow elections to take place in Nicaragua. Though elections did occur, Somoza made efforts to subvert them to maintain his position of power and when these efforts failed, he forcibly regained control of the country. In addition to the plotting Somoza facilitated to regain power in his own country in the 1950s, he also facilitated plots to overthrow the Costa Rican government. By the time he was assassinated in 1956, the United States was no longer recognizing the Nicaraguan government.

Anastasio Somoza’s assassination by no means brought the Somoza era to an end in Nicaragua. Instead, it simply transformed the military dictatorship into a military dynasty. Upon their father’s death, Somoza’s two sons, Luis Somoza Debayle and Anastasio Somoza Debayle, began running the country together. The brothers each ascended to a position of power with Luis occupying the presidency while Anastasio took over as the commander-in-chief of the National Guard. As president, Luis Somoza Debayle restored many civil liberties and the constitutional ban on reelection. Luis’s time in office brought hopes of change in Nicaragua, but health issues prevented him from maintaining his position of power. From 1963 to 1967 trusted friends of the Somoza family assumed the presidency in Luis’s stead, maintaining many of the positive changes he had enacted during his own time in office. However, these changes would not last.
In 1967, Luis suffered a fatal heart attack and Anastasio used his position as commander-in-chief of the National Guard to gain the presidency. Anastasio was a much more corrupt and brutal ruler than both his father and his older brother. He abandoned the movements towards political freedom his brother had begun and often resorted to using force to maintain his position of power. In 1971 Anastasio Somoza Debayle forced the Nicaraguan congress to dissolve itself and the constitution, effectively giving the dictator complete control over the country. The new dictator also did his best to profit from the control he gained over Nicaragua. When an earthquake devastated the country in 1972, destroying most of Managua and leaving thousands homeless and jobless, Somoza Debayle placed international humanitarian aid given to the Nicaraguan government for earthquake relief into his own private bank accounts.

In the next six years of his rule, Somoza Debayle continued to make decisions that fueled the growth of opposition against him. After winning a landslide victory in a clearly rigged election in 1974, Anastasio declared a state of siege in Nicaragua. During this state of siege, Somoza Debayle instituted full censorship of the press and sent the National Guard on a campaign to squash opposition groups throughout the country (Walker 1985, 23). Between January 1975 and January 1978 the National Guard killed an estimated 3,000 persons (Gómez 2003, 162). Though the continued violence against the Nicaraguan people was intended to end their support for the opposition it had the opposite effect. By 1978 many opposition groups had begun to band together in an effort to make change. The traditional conservative party of Nicaragua, and four other groups opposed to the Somoza dictatorship: Udel, Los Doce, the Movimiento Democrático Nicaragüenense, and the Unión Democrática de Liberación, joined to form the Frente Amplio de Oposición (FAO) and began an effort to negotiate with Anastasio.

While the FAO attempted to negotiate, violence continued. The National Guard attempted to retake cities lost to rebel control and even went so far as to bomb major
civilian centers in October, leaving some 25,000 people homeless (Ibid.). By the end of 1978 the Nicaraguan people were tired of waiting for changes in their government and continued efforts by the FAO to negotiate for Somoza Debayle’s resignation were going nowhere. With Anastasio insisting on remaining in power until 1981, more and more Nicaraguans began turning towards the Frente Sandinista de Liberación Nacional (FSLN or Sandinistas) for answers.

Founded in 1961 by a group of highly nationalistic student activists who were morally repelled by Somoza and troubled by social conditions in Nicaragua, the Sandinistas had advocated violent revolution from the beginning (Walker 1985, 5). During the 1960s their guerilla forces were repeatedly destroyed, but this did not prevent them from winning crucial victories against Somoza Debayle in the 1970s. These victories were won through successful hostage-ransom situations in 1974 and 1978 in which the Sandinistas were able to force Somoza Debayle to free political prisoners, give them money, and allow them to make announcements about their cause through the Nicaraguan media. By 1978, with negotiations between the FAO and Somoza Debayle stagnating, the FSLN, their successes against Somoza Debayle, and their growing military strength became an attractive solution to removing the dictator from power. By 1979 support for the FSLN from other opposition groups had increased as had weapons flows from Venezuela, Panama, Cuba, and Costa Rica. With this increased internal and external support, the Sandinistas stepped up their efforts to wrest control of Nicaragua from Somoza Debayle and were finally successful. By the middle of 1979 Anastasio Jr. was isolated to Managua and a five-member junta had begun meeting in Costa Rica to make plans for a new Nicaraguan government.

On July 17, 1979, Anastasio Somoza Debayle resigned and the five-member junta took over the government of Nicaragua. Though the new government brought the hope of change and betterment, improving Nicaragua would not be an easy task. During the
battle between Somoza Debayle and the Sandinistas, Nicaragua had lost two percent of its population (Ibid., 22). In addition to this loss of life, the new government also inherited a debt of US$1.6 billion, 120,000 exiles, and 600,000 homeless (Merrill 1994, 38). Exacerbating the economic and social issues facing the junta were political issues. Early agreements made in Costa Rica began to falter once the junta actually came to power. Though the group had previously agreed to a mixed economy, political pluralism, a non-aligned foreign policy, and a new non-partisan army not all of these conditions were met. Over the next few years, representation within the junta dwindled as members resigned and FSLN leaders gained more control of the government (Ibid., 38). The Sandinistas’ forces, which were the only strong military group other than the National Guard, split to become Nicaragua’s new military and police force, the Sandinista People’s Army (EPS) and the Sandinista Police. By the mid-1980s, the EPS had become the biggest and best-equipped army in Central America and the international community had begun to take notice (Ibid., 41).

The United States’ interest in the Sandinistas originated during the Carter administration and intensified under Reagan. Though Carter encouraged moderate forces to negotiate with Somoza Debayle to accomplish a peaceful transfer of power, once the FSLN forces claimed victory over the dictator, the president attempted to maintain diplomatic relations with the new government. However, Carter’s efforts were unsuccessful, and by the time Reagan gained office in 1981, relations between the United States and the FSLN had cooled considerably. Reagan not only accelerated this trend, he made removing the Sandinistas from power his primary goal in Nicaragua. To this end, Reagan began a campaign to isolate the FSLN and create a revolutionary force within Nicaragua to oppose them.

The force the United States helped create, fund, and train became known as the contrarevolucionarios, or contras, and the war between them and the FSLN lasted
throughout the 1980s. U.S. funding of the contras was a controversial issue in both Nicaragua and the United States from the beginning. While the FSLN and the Nicaraguan people dealt with the contras origin in remnants of the National Guard and the destruction they caused with their brutal tactics, citizens of the United States questioned the morality of U.S. foreign policy and members of Congress squabbled over the appropriate steps to be taken to remove the Sandinistas from power. By 1984 support for aiding the contras was so low in the United States that Congress passed the Boland amendment prohibiting funding to the contras from December 1984 to October 1985 (Robinson 1992, 29). Despite this amendment, the Reagan administration authorized the CIA to continue contingency funding to the contras throughout the 11 months it was made illegal. Complicating the matter further, much of the money used to finance the contras during these months was derived from arms sales to Iran.

The decision to continue funding the contras while the Boland amendment was in effect created a firestorm for the Reagan administration that came to be known as the Iran-contra scandal. In addition to the scandal raging in the United States, there was another controversy related to US behavior in Nicaragua brewing on the international scene. In March 1984, the CIA and the Navy helped mine Nicaragua’s harbors and in April the Pentagon sent more than 35,000 troops to international waters off the coast of Nicaragua to stage military training maneuvers. With seven ships damaged by mines and their sovereignty clearly violated, the Nicaraguan government appealed to the International Court of Justice (ICJ) for help. Though the ICJ sided with the Nicaraguan government and insisted the United States stop both the mining and the support of the contras, this ruling was ignored (Norsworthy 1990, 213-214). The United States’ decision to ignore Nicaragua’s sovereignty, the ICJ and international law led to considerable outrage from international actors and its own citizens.
Though scandals damaged the reputation of the United States, the Reagan administration, and the contras, the United States continued to give the contras non-lethal funding for the remainder of the 1980s. Non-lethal aid helped keep the contras alive, but without military aid the Sandinista People’s Army was able to limit the rebels’ destruction to certain areas of Nicaragua. With the contra threat under some semblance of control, the Sandinistas began their journey on the road towards peace.

In 1987, with help from President Arias of Costa Rica, Nicaragua made peace with other Central American countries in a treaty that came to be known as Esquipulas II. The treaty, which was signed by Costa Rica, Honduras, Guatemala, El Salvador, and Nicaragua, called for national reconciliation, an end to external aid, and democratic reforms leading to free elections in Nicaragua (Merrill 1993, 48). The Sandinistas adhered to the agreements made in Esquipulas II. Soon after signing they began negotiations with the contras and agreed to hold elections in 1990. The United States, seeing a new opportunity to ensure the Sandinistas were removed from power, helped strengthen and fund the opposition party. The United States’ efforts were successful. The 1990 election welcomed Violeta Barrios Chamorro to power in Nicaragua and began a decade of attempted reconstruction for Nicaragua. With their victory over the FSLN finally won, the United States’ special interest in Nicaragua continued only long enough to ensure the new government was securely in place.

*Failures in economic funding*

Despite its role as one of the top recipients of United States funding in Central America during the 20th century, Nicaragua entered the 21st century as one of the northern hemisphere’s poorest countries. Fifty percent of the population lives below the poverty line, the country has an estimated $5.833 billion in external debt, and the unemployment
rate sits at 22 percent while underemployment is still considerable (CIA, “Nicaragua” 2005). Economic growth is a slow 1.5 to 2.5 percent annual GDP growth rate, much too low to meet the country’s needs (Ibid.) and though the Nicaraguan government has made great strides to combat the corruption within it, Nicaragua’s political system remains fragile.

Many factors, such as years of colonization, unrest in neighboring countries, and a history full of violence and corruption, have contributed to the creation of Nicaragua’s current situation but few of these factors did their damage under the guise of doing good. In contrast, US economic support to the country has always been touted as a gift to aid economic growth. However, fluctuations in this aid have played a key role in creating and exacerbating instability in the Nicaraguan economy. US dollars have long had a substantial impact on Nicaragua. In the early 1900s private investors from the United States helped begin the development of Nicaraguan businesses and from 1911 until 1959 the U.S. government participated in a customs receivership with Nicaragua (Norsworthy 1990, 211). During the final years of this relationship, growth in the Nicaraguan economy was above par for the region. Between 1950 and 1960 Nicaragua saw a GDP growth rate of 6.1 percent per year, the second largest in Central America and well above the 4 to 5 percent per year experienced in Guatemala, El Salvador, and Honduras (Conroy 1985, 228). Nicaragua’s economic growth continued into the next decade, with aggregate growth averaging 9.8 percent per year from 1961 to 1968 (Ibid.). Though Nicaragua’s economy showed impressive growth in the early years of the Somoza regime, this growth did not necessarily indicate the country had gained economic independence from the United States. In fact, Nicaragua still depended heavily on US support to fund the workings of its government, with AID’s funds providing as much as 15 percent of the government’s budget throughout the 1960s and 1970s (Norsworthy 1990, 161).
Though the Somoza government still depended heavily on US economic aid to function, it could by no means count on these aid flows to be consistent. Graph 3.A shows the flows of aid from the United States to Nicaragua from 1946 to 2001. Clearly, aid flows between 1946 and 1979, when the Somozas controlled Nicaragua, were erratic, with consistency only emerging towards the end of their rule. Rather than corresponding with decreases in Nicaraguan dependence on foreign aid or economic and social development in the country, economic aid flows to Nicaragua corresponded with the United States’ need for cooperation from the Somozas. Marked increases in economic aid took place when the Nicaraguan government agreed to cooperate militarily with the United States to further US interests in Central America in the 1960s. After Luis Somoza Debayle allowed the Cuban exile brigade to use military bases on the Caribbean coast of Nicaragua during the 1961 Bay of Pigs invasion of Cuba, economic aid from the United States to Nicaragua jumped from $9.9 million in 1961 to $13.7 million in 1962 (Merrill 1993, 29). Similarly, major drops in economic aid corresponded with the United States disapproval of actions taken by the dictatorship. Frequently, this disapproval occurred when the Somoza family’s actions became overtly authoritarian. For example, the drop in aid from $13.2 million in 1971 to $4.2 million in 1972 followed Anastasio Somoza Debayle’s efforts to gain complete control over the Nicaraguan government by forcing the Nicaraguan congress to dissolve itself and the Nicaraguan constitution in 1971.

Fluctuations in economic aid also corresponded with the United States fears of losing a strong ally in Central America. As the United States became more aware of the opposition facing the Somoza regime in the last half of the 1970s, the Somozas became the leading recipient of AID funds in Central America (Norsworthy 1990, 161). Most aid was explicitly designed to reward the government for remaining Washington’s strongest ally in Latin America or to support the business elite. (Ibid., 161-162). However, aid also increased when events in Nicaragua seemed to be escalating too quickly for the Somozas.
to handle. The largest jump in aid during the Somoza years, from $15.5 million to $42.2
million came in 1975, the year after the Sandinistas successfully captured a number of
leading Nicaraguan officials and Somoza relatives. With these hostages, the Sandinistas
were able to negotiate $1 million in ransom, the release of 14 Sandinista prisoners, and a
government declaration read over the radio and printed in Nicaragua’s major newspaper
(Merrill 1993, 32). With their allies humiliated in the face of their rivals, it follows that
the United States would support the Somozas in whatever way possible.

The trend of increasing economic aid in time with the increase of unrest in the
Nicaraguan population continued as opposition to the Somoza regime gained strength.
Figures from USAID show a significant and consistent increase in funds to Nicaragua
beginning in 1977, when Anastasio Somoza Debayle lifted martial law in the country
(Norsworthy 1990, 212). This move, which gave the illusion of loosening authoritarian
rule, came at a time when the United States had begun to pressure the regime to increase
its awareness of human rights. Somoza Debayle’s decision allowed the United States to
increase funding while seeming to stick to its guns about its commitment to human
rights.

Though the United States continued to distribute economic funding to the
Somozas, little effort was made to ensure this funding was used to further development in
Nicaragua. Despite the increase of aid in the 1970s, life for most citizens of the country
remained difficult. Nicaraguans faced a life expectancy of 53 years, half the population
was illiterate, and thirty percent of the country’s income went to the richest 5 percent of
income earners (Gilbert 1988, 3). The devastating affects of earthquakes hitting the
country in 1972 also greatly impacted the country. Though international aid donors
acknowledged this impact, the Nicaraguan people never benefited from their generosity.
Instead, Anastasio Somoza Debayle absorbed the humanitarian aid for his own personal
profit.
Though the United States had continued to give economic aid to the Somoza dictatorship even when this aid was clearly used by the dictators to increase their profit and their control over Nicaragua, economic aid was quickly stopped when the Sandinistas came to power. After a brief and shaky alliance between the Carter administration and the FSLN, Reagan entered office with the intention of not only ceasing U.S. economic aid to the Sandinistas but also isolating them from other channels of economic assistance. This plan started with the suspension of all U.S. aid to the Nicaraguan government on January 23, 1981 (Merrill 1993, 42). Between 1981 and 1984 the Reagan administration also successfully blocked $400 million in loans and credits approved as bilateral and multilateral aid to Nicaragua (Norsworthy 1990, 164). The loss of this money hit the country much harder than the loss of bilateral U.S. assistance, as it was earmarked for projects that would help the Sandinistas reach their goal of creating a robust economy that could meet the basic needs of its population.

The suspension of U.S. economic aid to the Nicaraguan government lasted throughout the 1980s while the United States supported the contra forces fighting against the FSLN. Without economic aid from the United States and other donors the U.S. influenced, the Sandinistas lost crucial economic support for much needed reforms and development projects in Nicaragua. However, this loss of funds soon became the least of the Sandinistas worries as fighting in Nicaragua forced them to allocate more and more of their spending towards defense. Defense spending continued to be a top priority for the Sandinista government right up to their loss in the 1990 elections. The victory of Violeta Barrios Chamorro brought an end to Sandinista rule. With a candidate it had supported in power, the United States ended its efforts to prevent Nicaragua from receiving economic aid.

Chamorro’s victory not only ushered in an end to U.S. efforts to isolate Nicaragua from international aid donors, it also brought about a few years of intense U.S. efforts to
fund Nicaraguan development. During the 1990s, the amount of aid Nicaragua received from the United States was much larger than any decade before. This trend of increased funding began as soon as Chamorro entered office with the largest donation to date, $224.5 million. Though monetary amounts fell considerably in 1992 from the $219 million delivered in 1991 to $76 million, funding spiked again in 1993. Though the Chamorro government received more economic aid from the United States than any Nicaraguan government before, this aid did not translate directly into development. In order to receive U.S. funds, Nicaragua was forced to meet a number of requirements. These requirements for the receipt of aid funding made post-war recovery arduous. The percentage of the Nicaraguan population in poverty increased and from 1991 to 93 GDP growth was negative (Haugaard 1997). Though the United States made initial efforts to support Chamorro, with the Sandinistas out of power and the Cold War over Nicaragua could “no longer be construed as a national-security threat which needed to be confronted with all of America’s diplomatic, military, economic, and private resources (Norsworthy 1990, 153).” Despite Nicaragua’s continued economic plight and their continuing efforts to recover from a decade of war, funding from the United States fell consistently in the mid-90s and then resumed its previous pattern of fluctuation: a dramatic spike in funding arriving every three or four years only to be followed by downturns for the following year.

Military funding: the contra cop-out

Reagan’s Secretary of State, Alexander Haig, argued, “the contras were a ‘cop-out’ providing the illusion of solving the problem while escalating the level of violence” (Ruttan 1996, 312).

United States military aid to Nicaragua in the second half of the 20th century is marked by two key periods. These periods are separated not only by the nature of U.S.
military aid, but also by the nature of the government controlling Nicaragua as they unfolded. The first of these periods took place while the Somoza dictators ruled Nicaragua. It was characterized by fluctuations in military aid to the Somoza regime based on threats facing the United States and a nearly complete lack of attention to the abuses the Somoza regime regularly perpetrated. Though efforts to link military aid to human rights improvements did occur, this transpired just a few years before the Somozas were ousted and the Sandinista forces took control of the Nicaraguan government. This transfer of control was the catalyst for the second period of U.S. military funding in Nicaragua, which took place throughout the 1980s. During this period, the United States gave substantial amounts of covert aid to the contras to help create, train, and fund the opposition group. Like funds transferred to the Somozas, military funds given to the contras were donated without regard to the tactics the contras employed or the impact continued war had on Nicaragua.

Clearly, despite the changes in the Nicaraguan government and the way the United States aided the Nicaraguan military, one factor was constant: the United States disregarded the needs of the Nicaraguan people when making decisions about military aid donations. Instead of being influenced by the intense corruption of the Somoza regime military aid during the first period was motivated by security threats, both real and perceived, to the United States. These threats took precedent over the Somoza regime’s efforts to use the military to gain complete control over Nicaragua, including the media, economy and legal system, and their willingness to commit gross human rights violations to gain this control.

Despite the obvious ideological issues presented by distributing military aid to the Somozas, as long as the dictators agreed to cooperate with the United States’ military interests, military aid continued to flow into Nicaragua. Figure 3 shows the amount of official military aid Nicaragua received from the United States each year from 1946 to
2002. Though none of these numbers are very high, they demonstrate the connection between US foreign policy interests and aid fluctuations. For example, the Eisenhower administration delivered military aid to Somoza in return for Somoza’s agreement to allow the CIA to train Guatemalan rebel forces in Nicaragua (Pastor 2002, 25). Of course, the Somozas’ support also came in handy when real security threats arose. During the Bay of Pigs invasion in 1961, Luis Somoza Debayle gained US recognition and increased military aid by condemning communism and allowing the Cuban government in exile to launch the Bay of Pigs invasion from Nicaragua. This increased support saw fruition the following year as military aid from the United States to Nicaragua almost quadrupled (see Figure 3).

During the 1970s, the last decade of the first period of U.S. military aid to Nicaragua after World War II, military aid to Nicaragua from the United States was, much like economic aid, designed to help the Somozas maintain power or to ensure a US friendly government would succeed the dictators. To this end, military aid funds paid for the training of National Guard officers and for a counterinsurgency program (Norsworthy 162). However, unlike economic aid, military aid to Nicaragua stopped in 1978 due to the Somoza government’s failure to improve human rights conditions. Though the Reagan administration would abide by President Carter’s decisions to end official military aid to Nicaragua, military funding from the United States continued to flow into Nicaragua throughout the 1980s. In this second period of funding, military aid went, not to the Nicaraguan government, but to the contra forces who opposed the Sandinista government. Much like the decision to fund the Somozas, the United States’ decision to give military funding to the contras was motivated by a perceived national security threat in the form of the Sandinistas. U.S. money was used to create, train, and fund the contras, who in turn launched a guerilla war on the FSLN government that lasted for years, creating countrywide devastation.
Though it is clear that the United States supported the contras throughout the 1980s, definite figures on how much money was spent are difficult to determine. Much of the aid to the contras was delivered through the CIA and deemed covert. Other funds were funneled through US allies and still more were delivered illegally during 1985 and 1986 as a result of arms deals in Iran. Increasing the impossibility of discovering exact dollar amounts is the fact that much of the money requested by Reagan was requested as contingency funding. This label meant the administration was not required to fully disclose where and how this money was being used, let alone how much was being used (Robinson 1992, 30).

Despite all this confusion and uncertainty, sources tend to agree that the US gave $19 million in military aid to the contras during both 1981 and 1982 (Norsworthy 1990, 176). After this, figures diverge. According to William I. Robinson, the amount allotted for the contras in 1983 was $33 million, but Kent Norsworthy contends the figure for capital sent to the contras in 1983 came to US$29 million (Ibid.). Though many scholars have their own sets of figures for the funding the United States allocated to the contras during the 1980s, Norsworthy’s figures are both more frequently duplicated and more complete than other sources. These figures, which can be examined in graph 3.C, demonstrate the consistent and extensive funding given to the contras by the United States from 1982 right up until 1990.

Regardless of the exact amounts, U.S. funding helped the contras become an even more powerful, numerous, and better supplied fighting force than the National Guard had been under the Somozas. By 1986, the contras even had their own incipient air force and navy (Ibid.). Though the contras had forced the Sandinistas to spend an ever-increasing amount of the government budget on security and to call a state of siege within Nicaragua, by the late 1980s the EPS was able to limit the contras’ destruction to certain areas of the country. Even with their destruction limited to specific areas, the contras still
managed to wreak havoc on Nicaragua. Between 1980 and 1987, the contras had killed, kidnapped or injured 18,663 Nicaraguans (Gómez 2003, 168). The large number of people killed is a small surprise considering the tactics the contras were trained by the United States to use against their enemies. U.S. issued training manuals given to the contras listed “the selective assassination of civilian government officials, police, and military personnel” and the “public ‘neutralization’ of civilians believed to collaborate with the Nicaraguan Government” as model tactics (Ibid., 169). The contras also targeted workers in social service sectors, such as education and medicine, to ensure fewer people in the Nicaraguan rural community received the government provided social services they had grown to expect in the early 1980s (Walker and Armony 2000, 76).

In addition to encouraging brutal tactics, U.S. funding and training of the contras provided the contras with the ability to begin fighting and then to continue fighting for years on end (Orozco 2002, 67). The importance of U.S. aid to sustaining the contras is clearly demonstrated by the effect of diminished U.S. aid to the group in the late-1980s. By this time, the lack of true contra victories over the FSLN and the Iran-contra scandal had caused the public in the United States to almost completely lose support for aiding the contras. As a result, the government voted to curtail military aid to the contras in 1987. As aid from the United States dwindled, it forced a stalemate in the fighting in Nicaragua and soon led to the beginning of negotiations between the contras and the Sandinistas.

When the fighting finally stopped, Nicaragua had been devastated. Estimates on the total monetary cost of the contra war on Nicaragua hover around $2.5 billion, two years worth of Nicaragua’s GNP in 1994. In addition to the monetary cost, Nicaragua contended with an estimated death toll of 35,000 (Ibid., 103). Along with the physical destruction continued war created, there were also social implications. After years of fighting for political change that would bring freedom, development, and stability in their
country, the Nicaraguan people were left with a culture that found the solutions to its political problems on the battlefield (Ibid.). This culture of violence greatly impacted all of the Nicaraguan people, but its impact was especially strong on the youth and the elite (Ibid., 102). With the contra war over, former soldiers were left without jobs and Nicaraguan soon found itself with “tens of thousands of young men – with little training or experience in anything except violence – [in] the streets” (Walker and Armony 2000, 79).

Though the Nicaraguan government under Chamorro agreed to pardon the rebels and offered them land and resettlement benefits (Gómez 2003, 174), reintegrating the demobilized fighting force into Nicaraguan society proved difficult (Walker and Armony 2000, 79). Tensions between ex-contra rebels and other Nicaraguans continued even after the end of the war and despite Chamorro’s valiant efforts to encourage peace and reconciliation in the country. By the end of 1990, civil unrest ensued and as early as 1992 re-Contra forces began to emerge (Gómez 2003, 175). These forces, which were likely made up of ex-contra rebels, used the same violent tactics the contras had resorted to in land disputes against farmers across the Nicaraguan countryside (Ibid.). Former members of the Sandinista military (Recompas) also took part in the renewed guerilla activity and looting and even bands made up of a mixture of both former contra and former Sandinista forces (Revueltos) joined the fighting (Walker and Armony 2000, 79). The continued presence of these gangs throughout the 1990s demonstrated that simply putting an end to the war in Nicaragua could not put an end to the fighting.
Reversing the revolution

“In Central America, for example, the involvement and participation in domestic affairs by the CIA and the U.S. in the name of democracy strengthened the institutions that were causing repression and authoritarianism in the region (Orozco 2002, 109).”

The United States has always had a major influence in the way Nicaragua is governed. In its early history, Nicaragua often looked to the United States for help and guidance in affairs of state. Though the United States’ active control of policy decisions in Nicaragua ended in the 1930s, its opinion remained a powerful force in the outcome of political events. Throughout their dictatorship, the Somoza family capitalized on the United States’ new hands-off policy towards Nicaragua and the respect the Nicaraguan people had for the United States by implying their government had US support. Uninterested in actively supporting the authoritarian dictator but still leery of encouraging the forces that opposed him for fear of creating a security threat, the United States refrained from making clear and consistent statements of support for or opposition to the regime. However, increasing human rights violations and the possibility that a pro-communist government would come to power in Nicaragua caused the United States to once again take an interest in the country. This interest lasted throughout the Reagan presidency, which devoted a considerable amount of funds and attention to changing the natural course of events the popular revolution led by the Sandinistas had put in motion.

The United States influence on Nicaraguan politics in the latter half of the 20th century produced incredibly negative results. Reagan’s support of the contras created nearly a decade of violent warfare that forced the Nicaraguan government to reallocate funds from social services to defense spending and left the Nicaraguan people, countryside, and economy in ruins. Even after the contra war ended, the United States
continued to use military and economic aid to influence Nicaraguan politics. Both during the 1990 election and the years that followed, money from the United States greatly influenced political and economic decisions, complicating the processes of reconciliation and reconstruction in Nicaragua.

The United States’ post-World War II involvement in Nicaraguan politics did not begin immediately. Though the United States cooperated with the Central American nation in a few military alliances and continued to provide aid packages, the period directly following World War II saw much less involvement from the superpower in the decisions made by Nicaragua’s government. Interests in events transpiring elsewhere in the globe and continued military cooperation and anti-communist rhetoric from the Somoza dictatorship, caused the US to overlook the ideological issues presented by recognizing the regime. During the Nixon presidency, the United States even went so far as to support Anastasio Somoza Debayle’s bid for the presidency in the 1974 elections (Ruttan 1996, 331).

However, this whole-hearted support was short-lived as conditions in Nicaragua worsened after Somoza Debayle’s reelection. Between January 1975 and January 1978, the National Guard killed an estimated 3,000 persons in an effort to preserve the Somoza dictatorship (Gómez 2003, 162). Though the United States long turned a blind eye to the Somozas’ corruption, growing opposition to the Somoza regime in the late 1970s on the world stage and in Nicaragua and increased human rights abuses in the wake of rebel activity in the country led President Carter to change American policy towards the regime.

Though the Carter administration expressed support for the end of the Somoza era in Nicaragua, the United States was not ready to allow the opposition groups led by the FSLN to overthrow Somoza Debayle. Rather than allowing the revolution to take place on its own or aiding the popular FSLN in their inevitable victory over Somoza Debayle,
the United States began to channel funding to a number of other groups within Nicaragua in the hopes that these groups would gain enough strength to control the Nicaraguan government once Somoza Debayle was ousted. Despite the abuses they perpetrated, the National Guard was first on the list of foreign aid recipients. The United States also funded moderate and conservative groups that opposed Somoza Debayle, in the hopes that these groups would be able to successfully negotiate with the dictator (Ruttan 1996, 307). Unfortunately for the United States, negotiations between Somoza Debayle and moderate groups quickly deteriorated despite threats that this deterioration would lead to the termination of US military aid programs to Nicaragua and ensure that no new aid projects for the country would be created (Ibid., 308).

While the United States busied itself with attempting to create a peaceful transfer of power, Somoza Debayle continued to use violence and the National Guard to maintain his control of Nicaragua. Protests and requests for the dictator’s resignation led to harsher treatment of the opposition by the National Guard and in October 1978 the government began bombing civilian centers, leaving some 25,000 persons homeless (Gómez 2003, 162). The dictator’s actions added more fuel to the fire of Nicaraguan opposition and on July 17, 1979 the Sandinistas were finally able to take Managua.

Though the United States saw the Sandinistas and their Marxist revolutionary ideology as a threat, once the group came to power President Carter tried to work with them to make changes in Nicaragua. Carter’s willingness to work with the Sandinistas was by no means absolute. While negotiating with the FSLN, Carter also channeled the bulk of US aid to Nicaragua through private organizations and the rightwing business sector to avoid sending US funds to the FSLN-led government (Norsworthy 1990, 162). As negotiations between the US and the Sandinistas faltered, the already weak relationship between the Carter administration and the FSLN cooled as Carter’s presidency drew to a close. The fizzling of this relationship set the stage for President
Reagan’s intense opposition to the FSLN and the radical lengths he would go to to oust them.

The new president saw US support of anti-communist insurgent groups as the key to the United States’ ideological battle against the Soviets and to maintaining US national security. Four years before commenting that Nicaragua represented “an unusual and extraordinary security threat to the national security and foreign policy in the United States” in 1985 (Lamperti 1988, 25), Reagan had begun using covert funding and training to create a revolutionary army to fight the Sandinistas. Reagan also suspended all U.S. aid to the Nicaraguan government on January 23, 1981 and began a campaign to use all of the United States’ considerable influence with international lending institutions and aid donors to stop other foreign funding from reaching the FSLN government. Between 1981 and 1984 the Reagan administration managed to block $400 million in loans and credits approved as bilateral and multilateral aid to Nicaragua (Norsworthy 1990, 164). The loss of this money hit the country much harder than the loss of bilateral U.S. assistance, as it was earmarked for projects that would help the Sandinistas reach their goal of creating a robust economy that could meet the basic needs of its population. As funds diminished, so did the social programs the Sandinistas had been able to provide in the early 1980s. The disappearance of these programs did their fair share in turning the rural population of Nicaragua against the Sandinistas.

However, Washington’s battle against the Sandinistas was much more complex than simply isolating the new government from international funding. While the Reagan administration blocked aid to the FSLN, it also used money and a number of other tactics to aid groups in Nicaragua who opposed them. The U.S. embassy in Managua had an employee assigned to religious affairs who, according to an August 1986 Washington Post report, “cultivates and organizes protestant religious resistance to the Nicaraguan government and keeps track of the activity of church figures who favor the government
Through this unique employee, the U.S. was able to ensure aid funds were going to religious groups that opposed the Sandinistas.

Despite the United States’ efforts to drum up support for groups that opposed the Sandinistas in Nicaragua, the U.S. was never able to help the contras gain the confidence of the Nicaraguan people. Though some peasants from the North and ethnic groups from the Caribbean coast were members of the contra groups, the contras military members were predominantly ex-members of Somoza’s National Guard (Gilbert 1988, 165). These soldiers were associated with Somoza, his sons and the years of military dictatorship they had used the National Guard to maintain, a factor that prevented them from receiving support from the Nicaraguan people. Another factor that prevented the contras from receiving support from the Nicaraguan people was their corruption. According to reports from the General Accounting Office, more than half of the $12 million given to the contras for humanitarian reasons, including the purchase of supplies, went, instead, to Miami bank accounts for contra leaders (Coerver 1999, 168).

Despite the obvious lack of support for the contras from the Nicaraguan population, intense funding and encouragement from the United States to the contras continued well into 1987. This support kept the contras from negotiating with the Sandinistas, leading to years of low intensity warfare. Continuing conflict forced the FSLN government to continue to divert funds from social programs to defense spending, deeply hindering efforts the Nicaraguan government was making to rebuild after years of corrupt rule. In 1985 60% of Nicaragua’s national budget, 40% of its material output and 25% of the GNP went towards defense efforts (Robinson 1992, 36). This contrasted greatly to the early years of the revolution when 50% of the national budget was directed towards education and health (Gómez 2003, 170).

Luckily for Nicaragua, lack of support in Washington and the promise of a new election finally brought an end to aid flows from the U.S. to the contras. Attempts to win
a military victory in Nicaragua had clearly failed, and the U.S. saw the 1990 election as a new opportunity to remove the Sandinistas from power. As the United States began directing funds to the Unión Nacional Opositora (UNO), the fourteen party opposition group to the Sandinistas, instead of the contras, a military stalemate between the contras and the Sandinistas was finally reached and negotiations for peace began.

As the battle between the Sandinistas and the contras came to an end, the political battle between the Sandinistas and the UNO was initiated. Though the UNO was the largest group opposing the FSLN, it was also still relatively weak. The Sandinistas were better organized in their campaigning and were able to use some government resources to their advantage (Merrill 1993, 49). In order to counteract this advantage and increase the likelihood of a UNO victory in the 1990 election, newly elected President George H. W. Bush requested $9 million in direct campaign aid to the UNO (Robinson 1992, 60). Rather than clearing this sort of direct funding, Congress okayed the delivery of money to Nicaragua that would strengthen infrastructure and institutions.

With direct funding denied, the Bush administration began funding the UNO and their candidate, Violeta Barrios de Chamorro, through the CIA, the National Endowment for Democracy, and other government groups. Through these groups the United States spent a total of $30 million on Nicaragua’s national elections (Ibid.). Efforts to support the UNO also came through other U.S. channels. In January 1990, just one month before the election in Nicaragua, President Bush sent letters to the chairmen of the Democratic and Republican parties requesting direct cash donations be made to the UNO. This request was followed by a similar one extended to European and Asian governments by Secretary of State James Baker (Ibid., 294). The result was an influx of tactical advice and tens of millions of dollars in covert and overt aid to any parties or politicians who would join the UNO (Walker and Armony 2000, 77).
When the election results were tabulated in February 1990, they demonstrated the strength of U.S. influence. Despite occupying a consistent second place in the polls taken prior to the election, Violeta Barrios de Chamorro had won 55% of the vote to FSLN candidate Daniel Ortega’s 41% (Merrill 1993, 50). Chamorro’s victory ushered in a few years of intense U.S. efforts to fund Nicaraguan development in an attempt to ensure the continued popular support for the U.S. friendly government (Haugaard 1997). However, this funding was dependent upon Chamorro’s adherence to a number of economic policies suggested by the United States, the World Bank and the IMF. These policies not only made reconciliation difficult, they also increased the poverty rate in Nicaragua. Despite the damage caused by the policies they created, the United States quickly lost interest in Nicaragua. With the Sandinista threat removed, the Cold War winding down, and a government beholden to the United States in power, the need to meddle in Nicaraguan domestic policy dwindled and the United States stepped back to watch the events it set in motion run their course.

*Discovering the real security threat*

The war in Nicaragua was a dispute over the meaning of democracy and democratization in Nicaragua. One side believed that democracy is an exercise of sovereignty and self-determination that lies exclusively in the hands of the citizenry while the other saw democracy from the United States perspective, as content and process, as universal suffrage, freedom of the market, and anti-Communism (Orozco 2002, 55).

From the outset, the FSLN coming to power in Nicaragua was perceived by the United States as a national security threat. This perception originated before the Sandinistas came to power and escalated steadily until members of the Reagan
administration would go so far as to break the law to continue to support opposition forces in Nicaragua. Reagan claimed “Nicaragua was participating in ‘aggressive activities’ and had allied itself with the Soviet Union in the East-West conflict” (Lamperti 1988, 25), even though there was little evidence to support these claims. A leading historian on Nicaragua, Thomas W. Walker explains though the members of the FSLN did adhere to Marxist ideologies, “this simply meant that they – like an increasing number of Third World intellectuals – saw economics as a major determinant of social and political matters, believed in the reality of class struggle, identified imperialism as a major problem for the Third World, saw military and educational establishments as inherently political, and so on. The acceptance of these ideas did not mean they believed in the possibility of creating Marx’s communist utopia in Nicaragua (Walker 1985, 23).”

In fact, when the FSLN ousted Somoza Debayle in 1979, it was working as a broad-based national movement concerned primarily with ridding Nicaragua of the Somoza regime and rebuilding the country.

Though the Sandinistas shared the origin of their belief system with the Soviets, their connection to the superpower was not as strong as Reagan indicated. On the contrary, the members of the FSLN had long tried to remain out of Moscow’s sphere of influence. These efforts began with the creation of the FSLN, which originally formed as an alternative to the Soviet-sponsored Partido Socialista Nicaraguense (PSN). The founders of the FSLN decided to create their own organization because they believed the PSN was too closely linked to Moscow (Walker and Armony 2000, 71). Over time the Sandinistas became even further removed from the PSN and the Soviets. It grew from the original student group to include other members of Nicaraguan society and also made alliances with Christian based communities through the Catholic clergy, which helped broaden the movement’s appeal even further (Ibid.).
By the time the FSLN took control of Managua, it was allied with a number of other opposition groups in Nicaragua and received the backing of the Nicaraguan people as well as that of many other Latin American nations. These other Latin American countries, such as Mexico, Venezuela, Colombia, Panama, and Costa Rica (Lamperti 1988, 26), not the Soviet Union, gave the Sandinistas much of the economic, military and political support necessary to finally overthrow Somoza Debayle. While the Sandinistas did receive aid contributions from the Soviet Union and other socialist countries, these contributions made up less than a quarter of the aid the government received from 1979 to 1984 (Ibid., 28).

Though Reagan claimed the problems in El Salvador and Nicaragua were the USSR’s effort to destabilize Central America (Ruttan 1996, 311), Moscow was quite surprised by the changes taking place in Nicaragua at the beginning of the 1980s because the Moscow-line socialist party in Nicaragua had reported the country was not yet ready for revolution (Lamperti 1988, 26). Regardless of this surprise, many news reports appeared in Nicaragua and the United States throughout the 1980s which seemed to support the Reagan administration’s claims that Nicaragua was a “safe house, a command post for international terror” (Coerver 1999, 150). Though they appeared in many reputable news sources, many articles began as government “leaks”, which were actually completely fabricated (Walker and Armony 2000, 75). The propaganda mill for the contra war also churned in the Office of Public Diplomacy for Latin America and the Caribbean. Shut down in December 1987 for engaging in prohibited activities, the office had engaged in covert propaganda such as planting articles favorable to the contras in the U.S. press and illegal lobbying (Coerver 1999, 164).

Though much of the threat posed by the Sandinistas was both exaggerated and fabricated, this did not stop the United States from using its economic and military aid policies to combat the perceived security threat. United States aid policy in Nicaragua
during the Somoza regime set the precedent for the link between U.S. national security threats and aid fluctuation. However, it did not prepare Nicaragua for the damage U.S. interference in the country would create in the 1980s. Through use of economic and military aid, the United States was able to demolish the revolution it had taken the Sandinistas twenty years to build in less than ten. With the perceived Sandinista threat removed, U.S. aid numbers reduced considerably and then resumed the irregular flow they had followed during the Somoza regime. Unfortunately, Nicaragua could not boast a similar return to normalcy.

**Conclusion**

Throughout the history of the United States foreign assistance program, the primary objective of foreign assistance policy has always been to improve the security of the United States. This is demonstrated in the rhetoric used to discuss foreign assistance, the policies and institutions created to distribute aid, and the correspondence between historical events and changes in aid flow and allocation. As the foreign assistance program evolved, policy makers altered the means used to ensure the attainment of the United States national security to include long-term programs geared towards increasing the prosperity of developing countries. Despite the addition of this aspect of the program, the containment doctrine and the fear of “falling dominos”, not long-term development goals, were the main factors impacting foreign assistance funding. This is evident in foreign assistance history and distribution, as represented in Figure 1 and Figure 2, as well as in the history of foreign assistance to Afghanistan and Nicaragua outlined in parts three and four.
Though many aspects of the United States foreign assistance policy to these two countries differed, in both instances the United States’ fear of communist expansion and lack of knowledge concerning the true nature of the difficulty facing each country led it to incorrectly assess the nature of the security threats emanating from Afghanistan and Nicaragua. In Afghanistan this meant the United States denied assistance to a government truly interested in committing to the United States’ vision of development and democratization, a decision that pushed Afghanistan towards increasing ties to the Soviet Union. This decision eventually led to the Soviet invasion of Afghanistan, which began an over 22-year period of warfare, destruction and instability in the country. At the end of this time period, any possible positive effects Afghanistan could have derived from spotty ineffective economic aid distributed by the United States before the Soviet-Afghan War had been obliterated, social upheaval was widespread, weapons and landmines littered the country, and a terrorist network that would greatly impact the security of the world in the next century was growing. Despite all this, when the United States believed the possibility of a communist threat was removed, foreign assistance was also withdrawn leaving Afghanistan to flounder unaided in instability and allowing a real security threat to the United States to grow.

Though the situation in Nicaragua was less an issue of neglect and more an issue of unnecessary interference, the decisions the United States made based on faulty information concerning the severity of the communist threat led to consequences similar to those in Afghanistan. After the United States supported years of brutal dictatorship in Nicaragua it falsely accused the popular revolutionary government that finally rid the country of this bane of working with the Soviet Union to spread communism. Along with this unfounded accusation, the United States sent extensive support to a fringe insurgent movement, the contras, strengthening them enough to enable them to wreak havoc in Nicaragua for an entire decade. When extensive covert and overt aid to the
contras failed to bring about the changes in the Nicaraguan government the United States desired, the country used other forms of foreign assistance to ensure the election of their chosen presidential candidate. When the election resulted in the establishment of a government devoid of any sort of connection to communism, whether authentic or superficial, the United States’ interest in Nicaragua waned leaving the nation to fight an uphill battle against the militarism, poverty, and corruption the United States had helped create without the benefit of U.S. foreign assistance funding.

Though the study of the United States’ foreign assistance program and the security concerns of the nation during the cold war help illuminate the connection between support for foreign assistance and perceived security threats to the United States, it does nothing to illuminate the true effect the United States foreign assistance policies have on recipient nations. Through examining the events taking place in Afghanistan and Nicaragua between 1947 and 2001 as a result of the foreign assistance decisions the United States has made in regard to these countries it is clear that the link between the United States foreign assistance policy and national security is incredibly detrimental to recipient nations. In both Afghanistan and Nicaragua, foreign assistance from the United States was harmful in three ways: the lack of clear connection between aid flows and the issues facing aid recipients created dramatic fluctuations in aid giving which wreaked havoc on fragile economies; the proliferation of weapons and advanced military training in already turbulent situations increased their danger and helped create a culture of violence within recipient countries; and consistent undermining of existing governments or popular revolutions through US interference into the policies of each country stripped their governments of authority and autonomy. In addition to revealing the incredibly negative effect the United States assistance distribution policies for Afghanistan and Nicaragua had on these countries, the study of the United States’ assistance program also reveals that many of the decisions the United States made between 1947 and 2001 were
based on unfounded fears of communist expansion and a poor understanding of the issues facing recipient countries.
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Goodson, Larry P. Afghanistan's Endless War: State Failure, Regional Politics, and the Rise of the
Foreign Aid Funding Trends

Graph 1.A
**Figure 2** National security periods and distribution of American foreign aid (in percent)

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United States Agency for International Development Center for Development


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