

Case Study

The Collapse of the Afghan Financial System Following U.S. Exit

Presentation by Jasmine Adams





Agenda

1. Case overview
 2. Background
 3. Stakeholder opinions
 4. Ethical themes
 5. Preliminary questions
 6. Class discussion
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Overview: The economic turned humanitarian crisis

The United States and Multilateral Development Banks (MDBs) **froze billions of dollars (\$)** in **Afghan assets** following the Taliban takeover in 2021.

Foreign aid – which constitutes almost half of Afghanistan's GDP – **funds public services** including healthcare, education, and crisis relief.

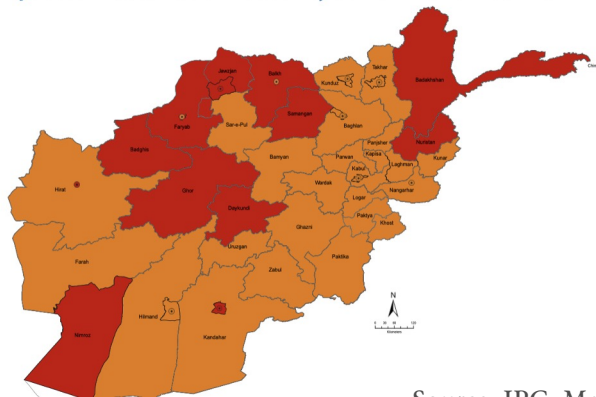
Afghanistan faces a peculiar **humanitarian crisis** in which there is healthcare infrastructure and food available, but **not enough liquidity in the market** to purchase food and medical supplies

\$0
in hospital funds

18.9M
left food insecure

88%
in food related debt

Projected Acute Food Insecurity (June - November 2022)



Source: IPC, May 2022.



Last Week Tonight with John Oliver

[Watch on YouTube](#)



Stakeholders

1. **U.S. Government**
2. **International Financial Institutions**
3. **Transnational Organizations (e.g., the European Union)**
4. **International Aid Community (NGOs, nonprofits, etc.)**
5. **Taliban-led Afghan Government**
6. **Afghan People**
7. **American-affiliated Afghan People**

Where they stand



U.S. Government

Guided by principles

- Won't negotiate with terrorists
- Intolerant of wanted Taliban members holding office



Transnational Financial Institutions

Guided by economics

- Assess risks, conduct cost-benefit analyses, maximize surplus
- Only engage rule-followers



International Aid Organizations

Guided by human well-being

- Willing to go through the Taliban to assist at-risk communities
- Promote women's rights and fair governance

VS.



Afghan People

Guided by consequences

- Prioritize the immediate implications for the public
- Highlight unequal effect on women

Principles

(Deontology)

Learning and acting in line with duties and societal values regardless of the consequences. Supports forgoing aid if the maxim – intention and approach – diverge from western liberal democratic norms.

Efficiency

(Effective Altruism)

Optimizing available resources and stakeholder expertise to maximize financial, social, and community sustainability and return on investment (ROI). Lends itself to an economic cost-benefit analysis.

Repercussions

(Utilitarianism)

Maximizing well-being/minimizing pain among all stakeholders. Unintentionally aiding the Taliban is morally sound if it means helping communities in need.

Inclusive Justice

(Justice as Fairness)

Using a veil of ignorance approach where stakeholders put themselves in everyone's shoes to develop equity-promoting principles. Lends itself to a collaborative, participatory design.

Where they stand



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Transnational Financial Institutions

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Deontology and
Economic Thinking



International Aid Organizations

Guided by human well-being

- Willing to go through the Taliban to assist at-risk communities
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VS.



Consequentialism
(Utilitarianism)
and Justice as Fairness

Afghan People

Guided by consequences

- Prioritize the immediate implications for the public
- Highlight unequal effect on women



1

How do...

- Institutional protocols
- Diffusion of accountability, and
- Moral egoism

among US and global financial institutions influence these institutions' values and moral theory orientation?

2

How do diverging mandates among financial and humanitarian institutions influence their perceived duty to aid the Afghan people?

3

How do these institutions weigh maxims and consequences when making decisions?

Discussion Questions

- Is it moral to freeze funds altogether to avoid the risk of funds reaching the Taliban?
- How do institutional protocols, diffusion of accountability, and moral egoism influence stakeholders' actions and reasoning?
- How do diverging mandates among financial and humanitarian institutions influence their perceived duty to aid the Afghan people?
- How do these institutions weigh principles, ideologies, and consequences when making decisions?
- What implications does this case have for international aid practices and global power dynamics more broadly?