Trade, Aid and Security

Overview of Key Trends

Post-Brainstorm Version
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Executive Summary

This document is a contribution to an IUCN-IISD project designed to examine the positive and negative linkages between trade, aid, security and natural resources. This paper explores the key trends in governance of each policy sphere. This project comes at a unique moment in time, when the regimes governing each are in flux.

Security is a policy goal for which both trade and aid are applied, and it is an essential precondition for sustainable development. This project focuses principally on international trade in natural resources, whether legal or illegal; on Official Development Assistance from multi-lateral, bilateral and non-governmental sources; and on the conditions that permit people to pursue sustainable and productive livelihoods in peace. This notion of ‘human security’ may provide a compelling portal to sustainable development.

While trade theory holds that freer trade favors peace, dependence on a narrow range of exports can create vulnerability to volatile international prices, leading to economic collapse and social unrest. Trade liberalization unaccompanied by measures to address its social and environmental consequences can aggravate social destabilization and conflict. Competition for control of internationally-valued resources can be a source of violence.

Much of the trade that fuels conflict lies beyond the purview of the formal multilateral trading system, whether illegal by nature – drugs and arms – or illicit in its conduct – diamonds, timber and animals. The economic benefits of trade are often overstated. The security benefits, however, are frequently underestimated. While trade and aid can advance security and sustainable development goals, they can also create competition and insecurity.

Most often, conflict emerges where governance fails. The impacts of trade upon governance are mixed. Trade liberalization will have to demonstrate that it is supportive of key social and environmental goals if it is to achieve the necessary political support. For these reasons, perhaps it is time we began regarding the WTO as a security institution, and aid as an investment in security.

As a follow-up work plan, we propose:

- presenting a refined version of our discussion paper at the OECD DAC, the WSSD and the Fourth WTO ministerial conference;
- hosting workshops examining each of the three axes between trade, aid and security;
- launching research into key commodities (e.g. diamond, timber and jute), into the application of key tools (e.g. regional integration agreements, commodity price stabilization, international standards.) and culminating in a conference and book publication.

The conditions that create insecurity tend to be strikingly similar to the conditions that breed unsustainable development: resource scarcity, malgovernance, inequity, injustice, abject poverty, conspicuous consumption, livelihoods disruption and so on.

Because of this, we are confident that at the conjunction of aid, trade and security lies promising leverage for advancing sustainable development.
The Changing Face of Conflict

Trends

In many ways, the world is safer than it has ever been in 2002. On the one hand, the prospect of devastating the planet or at least a goodly-sized portion of it, has made it a no-win prospect for any nation with a nuclear arsenal confronting another similarly equipped country, recent posturing in Asia notwithstanding. Thus, a Third World War pitting one axis of nations against another seems increasingly unlikely. This is reflected in the decline in military expenditure as a portion of GNP among high-income countries, from 3.1 percent in 1992 to 2.4 percent in 1997.

On the other, “of the more than a hundred wars that have followed 1945 (defined as violent conflicts with more than 1000 battle deaths per year), over 80 percent have been between non-state groups, either fighting each other or fighting established states.”

According to the World Bank, more than 85 percent of all conflicts fought between 1987 and 1997 were within country borders. In 1993, 65 of the 79 countries experiencing such civil violence were in the developing world. Over 1,400 people died each day throughout the 1990s as a result of such conflicts.

Many of today’s conflicts seem to have little to do with issues of justice, and more with armed groups exploiting the rural poor in weak or failed states. As early as 1965, Ernesto ‘Che’ Guevara was complaining of “[the] parasitic army; [which] did not work, did not train, did not fight, and demanded provisions and labour from the population, sometimes with extreme harshness.” As one analyst concludes more recently, “the distinctions between states and armies, armies and civilians, and armies and criminal gangs…[are] weakening.” The evidence shows that “from 1945 on, the vast majority of the larger guerrilla or terrorist campaigns in particular have been waged in third-world countries – where people were either trying to form states on their own or where established states had failed to assert monopolies over violence.”

Last, as is suddenly and appallingly apparent, today’s local conflicts can have global impacts, striking the main streets of the world’s financial and political centres. Reflecting this, one commentary noted, “it is now recognized that terrorist groups have the potential to undermine any nation…[and] the potential spread of chemical,
biological and nuclear weapons to subnational groups or a few rogue nations is now seen as a severe danger to all\textsuperscript{10}.

**Causes**

The causes of conflict are many. For this reason, researchers distinguish between the underlying causes of conflict, and the triggers that can turn tension into violence. These factors can be both external and internal to the area in conflict.

Underlying causes are inter-related political, social and economic factors “which create a potential climate for violent conflict without…making its eruption inevitable” \textsuperscript{11}. These motivating forces include\textsuperscript{12}:

- **Resources**, due to competition for economic power and access to natural resources;
- **Identity**, based on competition between rival ethnic, religious or other communal identity groups for access to power and social justice;
- **Ideology**, based on competition between rival ideologies and value systems;
- **Governance and Authority**, based on competition for political power and participation in political processes.

Triggering factors are “the events, actions and decisions which result in the escalation of disputes into violent conflict” \textsuperscript{13}. Among others, these might include economic shocks, changes in internal political cohesion and power distribution, influx of arms, actions of political leaders including use of identity politics, opening of borders, or large movements of people or capital.

Poverty is perhaps the leading source of conflict, and conflict entrenches poverty. Three-quarters of the 20 least developed countries have experienced civil conflict in the last decade\textsuperscript{14}. Africa, with many of the world’s poorest and least-developed nations, was particularly affected. In 1999, 14 of the continent's 53 countries were embroiled in armed conflicts, resulting in more than 8 million refugees and displaced peoples\textsuperscript{15}. Conversely, “peace is most commonly found, where economic growth and opportunities to share that growth are broadly distributed”\textsuperscript{16}.

According to research by the World Bank, conflict is most likely to emerge in countries during economic decline\textsuperscript{17}. And in times of war, a country’s per capita output falls an estimated 2% more per year than it would otherwise, and even more precipitously in certain cases. The GNP of Sierra Leone, for example, fell by almost 10% between 1998 and 1999\textsuperscript{18}.


\textsuperscript{14} UNDP. Human Development Report, 1999.

\textsuperscript{15} UNDP Human Development Report, 1998.


\textsuperscript{18} World Bank. World Development Report, 2000:50 and Table 1, p. 275.
All in all, while international conflict has declined, subnational conflict has intensified and has become evermore tied to economics. And given the accelerating transboundary flow of ideas and people, it may be that “the time is past when any nation can safely ignore large-scale regional instability elsewhere”19.

A Time of Flux

The complex of power relations and alliances governing international security are being reordered in the wake of the events of 11 September 2001 and the ‘War on Terror’ initiated by the United States in response. The last great reordering of at the end of the Cold War “produced tectonic shifts …The Soviet Union and its sphere of influence collapsed, the European Union and China emerged as major players…and terror tactics, particularly by sub-state groups, expanded dramatically…[Yet] this common enemy and common threat generate a strong confluence of interest among nations, even among traditional adversaries…Shake the system sufficiently, and new patterns emerge”20.

The upcoming G-8 meeting of the leaders of the world’s most powerful nations will be a unique moment-in-time, when the outlines of the post-September 11 system of international security may perhaps be witnessed, and possibly, influenced.

Natural Resources & Conflict

Outline and Trends

A major source of conflict may be environmental. The twentieth century saw a fourfold increase in human population to 6 billion people, with an additional 3 billion anticipated in the next three decades. It also witnessed the 20-fold growth in the use of fossil fuels21, and the altering of 46% of the world’s primary watersheds by dams22 to meet the needs and wants of that expanding population. Some allege that as much as 40 to 50 percent of land has been transformed or degraded by human activity and that human actions – application of fertilizers, cultivation of certain crops and fossil fuel combustion – now account for the addition of more nitrogen to ecosystems than all natural pathways combined, with uncertain consequences23.

This unprecedented growth in resource use has coincided with increasing evidence of environmental degradation24 - the reduction of resource productivity. While ecosystems have often been modified to increase their production of particular goods and services, “significant changes to the structure and function of habitats and ecosystems [can] not only result in species loss but also affect the ability of these systems to meet human needs” According to research by the World Resources

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TAS Draft 7 March 2002
Institute, some 40 percent of agricultural land has been degraded in the past 50 years and more than 60 percent of the world’s major fisheries are over-fished25.

Implications

The erosion or inequitable distribution of natural resources may be a key ingredient in the conflicts of today and tomorrow. Many believe that ‘scarcity conflicts’ will become increasingly pervasive as the vital resources upon which people depend upon for their livelihoods - freshwater, fuel wood, agricultural land and fisheries – become scarce owing to the continued growth in population and in per capita consumption, and to persistent structural inequities in resource access and benefit-sharing26.

At the community level in the developing world, such environmental degradation means “loss of environmental quality that forces hungry people to go farther for fuelwood and water, to graze their cattle over a wider area, to grow their crops on more impoverished soils, and to face chronic ill health and poor nutrition. These impacts, if they are severe enough, can lead to mass population movements – a potential cause of conflict”27. The poor are most dependent on natural resources for their livelihoods, and thus most vulnerable to environmental degradation28. At the macro level, scarcity of critical resources – land and water in particular – is likely to constrain many countries’ efforts to increase economic productivity29.

“Human-made changes to ecosystems to achieve one goal, such as food production or flood control, have resulted in significant and often unforeseen tradeoffs with other important products and services provided by ecosystems...The magnitude of human demands on ecosystems is now [potentially] so great that these tradeoffs among goods and services have become the rule” 30. In such trade-offs, where some win and others inevitably lose, the potential for conflict is high.

A Time of Flux

The approaching World Summit on Sustainable Development (WSSD) marks a reflection on the state of progress since 1992 in making the patterns of economic growth more equitable and consistent with environmental limits. In Rio a decade ago, the world’s leaders met and agreed to an ambitious set of objectives for changing the management of natural resources. They recognized, at least in principle, the need to reap the greatest development benefit possible from the exploitation of nature, and the potential for human activities to reach and surpass the limits of natural systems – resource sources and waste sinks – with negative implications for human health and development.

Progress in attaining the Rio goals, however, has been disappointing. As one authoritative study reports, “encouraging trends within countries have been more than offset by increases in total demand for resources...[by] a general lack of implementation of international [environmental] conventions...[and by] the focus of many nations...on immediate local and national issues”31.

We have seen that resource mismanagement has often led to conflict. A rising chorus of voices is stressing that investment in the environment could be more cost-effective than peacekeeping and humanitarian relief, perhaps even essential to the security of nations, by attacking the roots of conflict and violence rather than their consequences.

As nations struggle to find a tangible outcome to emerge from the WSSD, ‘environmental security’ might rise to the top. The sustainable development agenda is a broad one; environmental security might help us identify what to do first.

Trade and Conflict

Outline and Trends32

The growth in international trade in goods and services since the end of World War II has been nothing short of astounding. And driving this process has been a series of international arrangements covering a steadily-expanding number of nations and rising number of goods and services.

The foundations of the multilateral trade regime go back to the conclusion of the General Agreement on Tariffs and Trade, or GATT, in 1947. The negotiation of this Agreement was one piece of the ‘Bretton-Woods system’ that was designed in the post World War II environment to foster and manage global economic development. The International Monetary Fund and International Bank for Reconstruction and Development (or, World Bank) were the others. The GATT itself was an ad hoc arrangement adopted pending ratification of the proposed fourth pillar of the ‘Bretton Woods system’, the International Trade Organization, a ratification that never came. The GATT, however, set the basic two-pronged structure for the trade regime: requirements to lower and eliminate tariffs, and obligations to prevent or eliminate other types of impediments or barriers to trade.

From 1948 to 1994, a series of negotiation “Rounds” took place under the auspices of the GATT in order to further develop the trade regime on both these lines. The last of these negotiations, the “Uruguay Round”, concluded in 1994. The Marrakech Agreement which marked the end of the Round also marked the beginning of the World Trade Organization (WTO).

The basic goal of the WTO, and the GATT which preceded it, are to reduce existing barriers to trade, and prevent new ones from developing, through fair and equal competitive conditions for market access, and predictability of access for all traded goods and services. To that end, the multilateral trading system has been remarkably effective.

The postwar period saw dramatic economic growth among the countries of Western Europe, Japan and the US. While agricultural and industrial production grew rapidly in all three, exports increased even faster than output throughout the 1950s and 1960s, by more than 8 percent a year in Europe, by more than 16 percent in Japan, and by more than 5 percent in the US (see figure 1, below).

**Figure 1.** Average Annual Rate of Growth of Economic Output in Selected Industrial Countries (percent growth per year)

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<tbody>
<tr>
<td>Western Europe</td>
<td>1.6</td>
<td>4.4</td>
<td>4.8</td>
<td>3.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Japan</td>
<td>1.8</td>
<td>9.5</td>
<td>10.5</td>
<td>4.9</td>
<td>3.8</td>
</tr>
<tr>
<td>United States</td>
<td>2.9</td>
<td>3.2</td>
<td>4.3</td>
<td>3.0</td>
<td>3.0</td>
</tr>
</tbody>
</table>

By contrast with the industrialized economies, most developing countries in the early post-war period sought economic growth through domestic production and consumption, essentially seeking to minimize imports. As a result, their exports grew by only 3.1 percent per year through the 1950s, at which point they began a shift towards export promotion. Once this shift had begun, their exports grew 5.9 percent a year through the 1960s, and they began to engage actively in international trade and development negotiations with the industrialized countries.

Within the International Monetary Fund (IMF), developing country negotiators secured the creation of the Compensatory Financing Facility (CFF), to provide credit to primary resource-producing countries that faced unanticipated shortfalls in their export earnings as a result of commodity price swings. They failed, however, to secure a network of multilateral commodity price agreements.

According to one analyst, developing countries identified early on that the early GATT rounds had failed to reduce agricultural and labour-intensive manufactured goods, two areas in which developing countries had an obvious comparative advantage. This inequality has persisted and continued to create tensions between Europe and the US, and between the North and South.

In the face of rapid growth of European and Japanese competition, the US promoted ‘voluntary’ trade restraints on certain exports – steel and textiles in particular. The Multi-Fiber Arrangement (MFA) was the culmination of these non-tariff trade barriers, adopted by the industrialized countries to harmonize and constrain the gradual liberalisation of trade in textiles from developing countries.

The trade barriers maintained by developed countries are believed to cause annual welfare losses of US$19.8 billion per year to developing countries. Moreover, they disproportionately block low-income countries from selling on their markets. Tariff rates levied by high-income countries on manufactured goods from developing countries are four to five times those levied on similar products from other high-income countries. "The number of export-restraining arrangements more than...

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34 Eichengreen and Kenen: 30-31.
35 Eichengreen and Kenen: 30-31.
37 Eichengreen and Kenen: 29.
doubled between 1987 and 1989, and many...were aimed at developing and [transition economies]^{40}

Developing countries, by contrast, reduced barriers to trade to an even greater extent than their industrialized cousins, many as a response to macroeconomic crises in the 1980s and 1990s. The World Bank reports that in Latin America, average tariffs fell from 50 percent of value in 1985 to 10 percent in 1996, and non-tariff barriers which had affected 38 percent of goods imported before reform, affected only 6 percent by 1996^{41}. These reforms generally reflected the elements of the Washington consensus (see figure below)

<table>
<thead>
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<th>Figure 2. The ‘Washington Consensus’ of market-friendly reforms generally refers to the following 10 policy means:</th>
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<tbody>
<tr>
<td>Fiscal discipline</td>
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<tr>
<td>Direction of public expenditure towards education, health and infrastructure</td>
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<td>Tax reform</td>
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<td>Market-determined interest rates</td>
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<tr>
<td>Competitive exchange rates</td>
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<tr>
<td>Trade liberalization</td>
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<tr>
<td>Openness to Foreign Direct Investment</td>
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<tr>
<td>Privatization of state enterprises</td>
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<tr>
<td>Deregulation to promote market entry and competition</td>
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<tr>
<td>Legal security for property rights</td>
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</tbody>
</table>

In spite of the reforms carried out in the 1980s and 1990s, growth in many developing countries was offset by external shocks: rising interest rates creating a crisis of debt service obligations, declining growth rates in industrialized countries shrinking the markets for exports, and large currency exchange rate fluctuations resulting from speculative financial flows.

Some countries even saw their post-war economic progress reversed. Developing country debt exploded by a factor of ten, from $130 billion in 1973 at the outset of the ‘oil shock’, to $1, 284 billion in 1991^{42}. The UN Human Development Report of 1999 noted that per capita GNP had declined in 59 countries in the 1980-1996 period [chk].

Remarkably, in spite of setbacks, trade has continued to swell, in particular for developing countries. In 1970, trade represented 25% of GDP of low and medium-income countries, and 29 % of high-income countries. By 1999, trade represented 43% of high-income country GDP, and 54 % of low-income country GDP^{43}.

**Implications**

The exploitation of natural resource wealth for international trade can be the basis for development. Oil revenues, for example, can take a country with few natural resources and allow it to generate masses of foreign exchange that can be invested in infrastructure, education and public services.

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^{40} Eichengreen and Kenen: 51.  
^{42} Eichengreen and Kenen: 41.  
^{43} World Development Indicators. World Bank, 2001:30.
Yet resource wealth does not usually deliver on the promise. In spite of its oil wealth, for instance, Saudi Arabia’s domestic debt exceeds its GDP. Nigeria made $300 billion in oil revenues during the last 25 years, but 60% of its people live on less than $2 a day⁴⁴.

Conflicts in Sierra Leone, Democratic Republic of Congo and Nigeria demonstrate the absence of a critical factor needed to translate resource wealth into widely-shared peace and prosperity, rather than into the purchase of arms and the waging of war, or into foreign banks. While abundant valuable natural resources should provide the basis for peace, too often the opposite results.

The globalization of markets has increased pressure to explore frontier regions in search of valued resources, bringing companies on a collision course with traditional and subsistence societies, often with explosive results⁴⁵. A recent study by the World Bank indicates that “countries which have a substantial share of their income (GDP) coming from the export of primary commodities are dramatically more at risk of conflict,” in particular during periods of economic decline⁴⁶. Moreover, “in some cases, average per capita growth rates actually have been lower [in resource rich] than in resource poor developing countries, and some resource-rich developing countries remain among the world’s poorest”⁴⁷.

This may be a consequence of⁴⁸:
- Inequitable distribution of benefits and consequences
- Economic over-reliance on single commodity
- Channeling of resource rents to finance oppression or subvert political opposition
- Rent-seeking by armed gangs or key public officials

On the one hand, natural resource wealth can reduce the likelihood of conflict through economic development. Yet on the other, its exploitation may contribute to conflict by creating grievances – inequitable distribution of impacts and benefits - that contribute to violent uprising. Moreover, it may provide a source of funds to sustain oppression and co-opt the opposition, to fuel corruption, or to attract armed bandits seeking easy riches.

A critical problem in translating natural resource wealth into economic development is the illegal harvest of natural resources for the purchase of weaponry, the use of which further destabilizes a society.

Military spending in developing countries fell from 4.9 per cent of GDP in 1990 to 2.4 percent in 1995⁴⁹. Yet trade in small arms – both legal and illegal - continued to grow, accelerated by the end of the Cold War and the dumping of military surpluses onto world markets. Globally, over 500 million small arms and light weapons are in

existence. The Red Cross estimates that half of the 5 million people who died in conflicts during the 1990s were civilians caught in the crossfire. Perniciously, these weapons outlast peace agreements, to be used again many years later.

The accumulation and trade in small arms are closely related to social unrest, to rising levels of violent crime, and to displacement of people. “To pay for these … weapons, the belligerents involved often engage in illicit economic activities of one sort or another – kidnapping, extortion, drug trafficking, prostitution, diamond and ivory smuggling, illegal logging and so on.”

Illegal trade in natural resources constitutes a vital source of finance for many combatants in today’s world. Illegal trade in endangered animals – monkeys, birds and reptiles – is estimated at some $5 billion annually. Illegal harvest of timber in Indonesia is believed to be double the legal cut, with devastating impacts for traditional communities and wildlife in the affected forests.

A related global trade issue with devastating implications for security is the illegal drug industry. International trade in illegal narcotics is estimated to be worth more than $ 400 billion dollars a year, making it “larger than the oil and gas trade, larger than the chemicals and pharmaceuticals business and twice as big as the motor vehicle industry” according to a recent statement by UN General Secretary Kofi Annan. If true, the drug trade has reached proportions “capable of tainting or destabilizing global financial markets.

Trade in illicit narcotics and violent conflict are intimate partners. It is alleged for example that factions in the IRA rely extensively on drug smuggling to finance their politically-motivated terrorism. In Colombia, these links have reached their apogee and may lead to state failure. “Private paramilitary armies exist alongside the Colombian military, violent drug cartels, and left-wing insurgents…Colombia now faces the dismal prospect of deterioration into a narco-state or outright disintegration.”

Citing the threat posed by Southern Africa’s rising tide of illegal trade in narcotics, arms and endangered species, Thabo Mbeki, President of South Africa, stressed that “experience has shown us that countries that become conduits also end up being major destinations of this trade with horrifying consequences for the economy, as well as for the moral and social fibre of society… Trade in these illegal activities tend to be interdependent on each other and thus feed the growth and spread of powerful syndicates.”

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A Time of Flux

Delegates emerged from the Ministerial talks in Qatar in November 2001 with an agreement to launch a new round of negotiations on trade liberalization. The new trade talks are proceeding under the banner of a ‘development round’. While the GATT itself has a ‘national security exception’ (Art. XXI) that has allegedly been frequently invoked in defense of subsidies supporting the production and export of arms, there has been little attempt to address the tightly-woven issues of conflict and trade.

Aid and Conflict

Trends

Public financing for development is in decline and the trend is unlikely to reverse dramatically. In 1969, an international commission led by former Canadian Prime Minister Lester B. Pearson, published its “Partners in Development” report. The report recommended three measures to promote more-equitable development:

- Implementing trade measures to favour developing countries,
- Promoting foreign direct investment (FDI), and
- Increasing official development assistance (ODA) to 0.7 percent of donor country GNP.

Coming as it did just before the ‘oil shock’ and domestic recessions of the 1970s and 1980s among donor countries, the Pearson report failed to achieve widespread adoption of its proposals, notable for their comprehensive linking of trade, aid and private investment. Indeed, trade, aid and private investment are the critical elements of finance that, in tandem, should allow lower-income countries to eradicate poverty, and deliver prosperity and environmental protection to their citizenry.

Aid is intended to be “a transfer of resources on concessional terms … - more generous or ‘softer’ than loans obtainable in the world’s capital markets”. Official Development Assistance (ODA) is the aid given by OECD governments to developing countries with a grant element of at least 25 percent and with the purpose of promoting economic development and welfare. ODA is given both through multilateral channels – the United Nations system, the World Bank and regional Banks – and through the bilateral agencies established by the OECD governments, often administered by NGOs.

ODA peaked in real terms in 1992 at about $ 60 billion and has essentially been in decline ever since. In aggregate, it never got close to the 0.7 percent GNP ‘target’, though the Scandinavian countries have for several years given in excess of 1.0 percent GNP. In 1997, it reached an all time low of 0.22 percent GNP, with only four OECD member countries exceeding the UN target.

The distribution of aid reflects a growing effort by donors to focus on a smaller set of countries and seek greater results. While in 1990, Low Income Countries received 62% of ODA, by 1995 these countries received barely half of the total\(^{64}\), with an increasing amount of aid flowing to transition economies in the former Soviet block and a steadily decreasing flow to sub-Saharan Africa\(^{65}\). Humanitarian assistance, which represented 1.7% of aid from 1987-89 grew to 6.1% of aid in 1993 and had swollen to 8.4% in 1994. Emergency assistance was the largest component (12.91%) of aid to least-developed countries in 1995\(^{66}\).

Even as aid was in decline through the 1990s, the total volume of private capital flows to the developing world quadrupled from 1989 to 1999\(^{67}\). Yet only 15 countries – mainly middle income - accounted for 83 percent of all long-term private capital flows, and Sub-Saharan Africa received only 5 percent of the total\(^{68}\).

At the same time, as a consequence of the debt crisis initiated by the industrialized country recession in the early 1980s, external debt for developing countries nearly doubled between 1990 and 1998\(^{69}\). This had serious consequences in the capacity for governments to invest public funds in development. As the World Bank recently reported, "six heavily indebted poor countries in Africa spend more than a third of their national budgets on debt service and less than a tenth on basic social services"\(^{70}\).

**Implications**

Many suggest that inequity and unmet expectations can drive conflict. The ratio between the income of the poorest 20 percent of the world’s people and the top 20 percent increased from 1 to 30 in 1960, to 1 to 61 in 1991 and to 1 to 78 in 1994\(^{71}\).

Moreover, violence is a powerful disincentive for investment. A recent study on the links between FDI, conflict and development cited studies alleging that\(^{72}\):

- investment in Mozambique during its 1985-93 civil war averaged only $12 million per year, yet swelled to $443 million in 1993 –94, immediately following the conclusion of the war.
- Foreign firms withheld over $1.2 billion in investment in Sri Lanka since the inception of its civil conflict

"[Today] some 1.2 billion people worldwide struggle to survive on $1 per day or less...At least 150 million people are underemployed and 900 million are ‘underemployed’ – contending with inadequate incomes despite long hours of backbreaking work... Some 34 percent of the developing world’s population is under


\(^{65}\) Randel and German, 1996:23.

\(^{66}\) Randel and German, 1997:250.

\(^{67}\) World Development Indicators, 2001: 317

\(^{68}\) World Development Indicators, 2001: 317


15 years of age\textsuperscript{73}. It is alleged that this swelling cohort of underemployed young people, trapped in poverty in the rapidly-growing and increasingly-unstable cities of the developing world, are the latent powder kegs whose ignition will drive tomorrow’s civil wars\textsuperscript{74}.

\textbf{A Time of Flux}

The UN Financing for Development conference in Monterrey in March of 2002 and the meeting of the OECD Development Assistance Committee in June, mark potential turning points, in that a broad international coalition has been marshaled in support of rethinking the mobilization of finance for development. Demand for revising the global financial architecture gained currency in the wake of the ‘Oil Shock’. At the time, developing countries called for a New International Economic Order, stabilization of commodity prices and granting of debt-relief. Demand for a revision swelled again in the wake of the Asian financial crisis in 1997. Perhaps the most notable change since that time has been the civil society campaign for debt relief, Jubilee 2000, which succeeded – at least in part – in securing donor country commitment to debt relief, albeit on modest terms.

\footnotesize
\begin{itemize}
  \item \textsuperscript{73} Bell, D. and Renner, M. Editorial: A New Marshall Plan: Advancing Human Security and Controlling Terrorism. Worldwatch Institute, October 9, 2001.
  \item \textsuperscript{74} Gizewski, P. Rapid Urbanization and Violence: Will the Future Resemble the Past? Pew Global Stewardship Initiative, 1994. [chk]
\end{itemize}