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The 'Development Industry'
Cuba and Costa Rica's Health
Peace Economics
Volunteer Child Soldiers
Unequal Ecological Exchange

The Development Issue

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The very nature of international economic development and its institutional structure seems more intent on preserving an industry than fulfilling their mission brief. How does the industry function and why has it become such an unmovable behemoth both in the funding game, and in how we look at the world? (**P. 5**)

The World Banks' arguments relating higher income to better health, in recent reports on Costa Rica and Cuba – whose infant mortality is lower than the US – does not make sense. This paper addresses the vital question of how development institutions approach health, and highlights the "rather schizoid" approach in use today. (**P. 22**)

Cruel forced recruitment of child soldiers in Africa are popular images often used in the academic literature and by the media. Child soldiers are usually portrayed as vulnerable victims and their agency in violent conflict is denied. In some contexts this is justified. Overall however this picture is largely misleading. Child soldiers do act in a rational and calculated way when they take to arms (**P. 48**)

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THE DEVELOPMENT ISSUE

Journal / 'dʒə:n(ə)l / *noun* **1** a newspaper or magazine dealing with a particular subject. **2** a diary or daily record. **3** (suggested addition) **Top Economic Journal**: A regular collection of referee-approved research papers which all economists want to publish in, but nobody wants to read.

People interested in studying the economy, its history (both in numbers and writing) and its activities are all *economists* to some degree. Be they economic anthropologists, micro economists, macro economists etc. etc. It should logically follow that to learn about society and the economy the novice should be able to *develop* their interests by reading the work of economists, as published in top journals. That is, assuming a perfect world.

This, however, is not a perfect world, and the last vestige of the neophyte economists should be those distinguished journals. While 'they' (AER/QJE/Econometrica etc.) mean the most for academic promotion, they are also the journals which gather the most dust on shelves of professional economists. When they arrive, the procedure is to browse the index, check for acquaintances' abstracts and results, and shelve them. Why? Because these journals do not talk about the world, but you must subscribe to be able to submit or attend conferences, and they are a good gossip source for guessing who gets tenure next.

Of course there are gems which slip through the net, but the general sentiment about 'top' journals tends to be that they are *great* for your career, but *dreadful* to read. With front covers that take you back to the artistry of a 1940's accounting manual, and a style (and purpose) often incomprehensible (or irrelevant) to the insider community, let alone newcomers to the arena. Sadly, a lot of journals have imitated this image to appear more 'professional'. A few journals are fighting this trend and publish readable and interesting journals, while remaining intellectually rigorous to the highest of standards.

These *relatively* new journals are accumulating a readership because people want to keep at the forefront of the discipline but in a manner which is intellectually stimulating, and thought-provoking, but not simultaneously sleep inducing. On the other hand, authors contribute to these journals because they want to be read, not just placed on the shelf, and they wish to engage with the scientific community, through dialogue, experiment, argument and rhetoric. The *New School Economic Review* is one of these journals.

Pluralism / 'plʊər(ə)lɪz(ə)m / *noun* **1** the existence or toleration of a diversity of ethnic groups or differing cultures and views within a society. **2** (philosophy) a theory or system that recognizes more than one ultimate principle. DERIVATIVES: *pluralist* n. & adj. *pluralistic* adj.

The *New School Economic Review* aims to be a journal and an outlet for social scientists who work on issues that relate to the economy, and our study of this entity. As such we are not trying to narrowly define our scope of enquiry (like most journals), but rather open it up along the lines of the traditions of the New School for Social Research. This means embracing all modes of analysis (and analysts), giving them a fair hearing, to see if they inform, explain or predict interesting issues for the economic world, both real and academic. Without bias toward their methods or results - ideas are given space here.

The New School's history points to a multidisciplinary approach to the social sciences. The study of economics must be the study of political economy, i.e. economics within a social and political context. In keeping with this tradition, the *New School Economic Review* will serve as a medium for critical thinking in economics but with a multidisciplinary perspective encompassing all the social sciences. Furthermore, we aim to develop a forum for professors, practitioners, and students to discuss current issues in the discipline of economics while sharing insights from other disciplines, as well as debating world political and social affairs. We welcome letters, comments and reviews, as well as academic articles, which we put through a double blind review process.

> **Development** / dɪ'vɛləpm(ə)nt / *noun* **1 a** a stage of growth or advancement. **b** a thing that has developed, esp. an event or circumstance (*the latest developments*). **2** a full grown state. **3** industrialisation or economic advancement of a country **4** (music) The elaboration of a theme or themes.

This second issue of the *New School Economic Review* reflects a student-run conference hosted at the New School in the spring of 2006 on whether 'Economics had failed the challenge of development'. Reflected in this issue and at the conference is the fact that 'development' is a lot more complex and multi-facetted than generally considered (even by the Oxford Dictionary). So let me use the dictionary's fourth definition, and elaborate on the theme of this issue (though not in song!).

At the heart of 'development' is the (often neglected) difference between the *process* and the *goal* of development. Money might make the world go round, but it is the quality of life that ultimately matters. As such, the vehicles for development, which economists focus on (income [GDP], governance or capital) are not the goals of development. Everybody wants money, capital, and of course its nice to vote without explicit corruption, but at the end of the process what people aspire to is quality of life, good health, culture and much more, *not* generally considered in the economics discourse.

Often, economic development advice is reduced to throwing money at a problem, either through 'aid' or loans, plus some policy ideas which are fashionable. In the 1960's, asset investment was the fashion, and today it is 'governance' and micro-credit. The seldom explored flip-side is that 'aid' has made more money for donor countries in recent years, than it has for the recipients[1]. Added to which, the underlying structural issues, which need to be considered for a peaceful and 'developed' society remain unaddressed as we ignore the impact of wars, civil strife, health care and the environment. If your neighbourhood is raided by gun-wielding soldiers, or the last fresh-water lake has dried up, it is doubtful that purely borrowed money on borrowed time will help much.

This is not a perfect world and precisely because of that, we need to take a closer look at both reality and, especially, our theories. Welcome to the *New School Economic Review*.

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[1] See for example footnote 17 in Weber & Thiemann's *Questioning Development Orthodoxy*, in this issue.

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QUESTIONING DEVELOPMENT ORTHODOXY

Cameron Weber and Matthias Thiemann

ABSTRACT

This paper traces the history and current state of international economic development through its institutions and attempts to reassess these institutions and their processes in a heterodox manner. There are many stereotypes and clichés to the foreign assistance industry: that it takes from the poor in rich countries and gives to the rich in poor countries; that it provides laboratories for economists and other social scientists to apply theories abroad that they would never attempt at home (the most obvious examples of these are population control programs and the privatization of pension funds); and that development creates "brain drain" from indigenous institutions to the very institutions of development itself. Although a brief summary of the major research programs in development is given, the paper does not attempt to disprove or confirm any of these or other research programs and their corresponding policy recommendations. The purpose of the paper is to question the very nature of international economic development through a historical and philosophical re-examination of its institutional constructs. The Hegelian dialectical method of analysis is applied to the institutions of economic development and is used to ask, "what next and why?"

I INTRODUCTION

"The school of historical thinking indeed provides the very best method to arrive at the proper understanding of social, economic, and political processes."
Gustav von Schmoller (Speigel 1952: 368)

This paper traces the history and current state of international economic development through its institutions and institutional relationships and attempts to reassess these institutions and their processes in a heterodox manner[1]. There are many stereotypes and clichés to development: that it takes from the poor in rich countries and gives to the rich in poor countries; that it provides laboratories for economists and other social scientists to apply theories abroad that they would never attempt at home (the most obvious examples of these are population control programs and the privatization of pension programs); and that development creates "brain drain" from indigenous institutions to the very institutions of development itself.

There has been a plethora of economic research in development (an industry which is, after all, dominated by economists.) The Austrian School argues that development is central planning[2] and therefore, due to the economic calculation problem[3], *laissez-faire* should be

the route toward development. The Public Choice School argues that the government and quasi-government agencies of development act as rational actors, maximizing the best interests of the agencies and the people who make up the agencies, and not the best interests of the intended recipients of development programs[4]. Concurrently it has been argued that orthodox market liberalization under the aegis of international development institutions increased inequality in the host countries[5], and that the (post-) Washington Consensus under which development policy is created and implemented is hypocritical because the rich countries developed through infant industry programs and other protectionist policies which are counter to that called for under orthodox development strategies[6].

On the other hand, many if not most developing countries were created out of -- or exist in -- a post-colonialist or war-devastated environment and wealth-transfers may be morally imperative. It has been argued that economic development programs have increased growth in developing countries by funding public goods that host governments might not be able to[7], and that development assistance needs to be increased with policy conditionalities removed in order to have more steady and assured sources of funding for recipient governments[8].

This paper does not attempt to disprove or confirm any of these or other research questions and programs surrounding international economic development[9]. The purpose of this paper is to question the very nature of development through a philosophical re-examination of its institutional, historical, and philosophical constructs.

II THE INSTITUTIONS OF DEVELOPMENT

If we mark the beginning of economics as a scientific discipline with the publication of the *Wealth of Nations* as many (but of course not all of us) do, than the theory of international economic development can be said to have also begun in 1776. What is *The Wealth of Nations*, after all, but a study into what makes some countries thrive and other countries stagnate or decline[10]? However, from an *institutional* perspective development can be said to have started with the founding of the set of institutions devoted specifically to the development of "poor" countries[11].

The Bretton Woods Agreements in 1944 created the World Bank, the International Monetary Fund, and the General Agreement on Trade and Tariffs (now the World Trade Organization). In addition the governments of "rich" countries created bilateral foreign assistance agencies after what was seen as the success of the Marshall Plan (1947–1953) to assist in the reconstruction of Europe after World War II and perhaps also as attempt to prevent Europe from aligning with Josef Stalin and the Soviet Union. Under the Marshall Plan sixteen countries expended the equivalent of US$130 billion[12] over four years.

Table 1: Brief outline history of the largest bilateral development programs.

Donor	Government Development Agency
United States of America	Economic Cooperation Agency (ECA) created in 1948 to coordinate Marshall Plan; current United States Agency for International Development (USAID) established with the Foreign Assistance Act of 1961.

France	Ministry of Cooperation established in 1961; French aid was divided into two parts until 1998: one section for those countries which were once part of the French empire and another for those that were not.
Japan	Japan foreign assistance programs began in 1954, including payments for war reparations; first Japanese aid agency established 1962. Today aid is coordinated between the Foreign, Finance, and Economics, Trade and Industry (METI) ministries.
Germany	German foreign assistance became part of the government budget in 1955, coordinated by the Federal Ministry for Economic Cooperation and Development (BTZ). Current primary German aid agency is the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) founded 1975.
United Kingdom	U.K. established Department of Technical Co-operation in 1961; the current Department for International Development (DFID) was created in 1997.

It could be said that formal *institutionalization* of bilateral aid began in 1960 with the creation of the Development Assistance Committee (DAC) in the Organization for Economic Cooperation and Development (OECD). This committee established agreed-upon guidelines for peer-review and classifying development assistance by donor nations.

In 2005 (for 2003 activity) the DAC reported 22 donor nations giving a total of $54 billion to 103 recipient nations[13]. These donor funds took form in bilateral grants and bilateral concessional loans (noting that OECD guidelines exclude military assistance from aid calculations). In addition multilateral development institutions received $19 billion from donor nations. The multilateral institutions include the World Bank itself and the regional development banks; the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank. Donor nations thus disbursed a total of $73 billion in 2003 for development.

Table 2: The largest donors and their recipients for 2003 activity.

Donor Country	**Percentage of Total Bilateral assistance**[14]	**Largest Recipients**
United States of America	30%	Iraq (10% of USA aid or $1.5 billion.) Democratic Republic of Congo (9%) Jordan (6%) Colombia (4%) Russia (4%)
France	12%	Democratic Republic of Congo (19%) Cameroon (4%) Serbia and Montenegro (3%) Morocco (3%) Poland (3%)
Japan	11%	Indonesia (19%) People's Republic of China (13%)

Japan (cont'd)		The Philippines (9%) Vietnam (8%) India (5%)
Germany	10%	Democratic Republic of Congo (12%) Cameroon (8%) Zambia (5%) People's Republic of China (3%) Nicaragua (3%)
United Kingdom	9%	India (7%) Tanzania (6%) Bangladesh (5%)

Sweden, Norway, Belgium and Canada round-out the *Top Ten Donors* for 2003. *The Top Ten Recipients* are the Democratic Republic of Congo, Iraq, Vietnam, Indonesia, Tanzania, Afghanistan, Ethiopia, Bangladesh, China and Serbia and Montenegro.

The World Bank signs 20-30,000 contracts with a total value of about $20 billion each year. About 10,000 of these contracts (particularly large-value contracts) are reviewed by World Bank staff prior to the contract award[15]. USAID lists 532 Private Voluntary Organizations (PVOs, e.g. not-for-profit organizations) registered to do business with the agency, has 160 "partnerships" with more than 200 U.S. colleges and universities from 40 states, and in the most recent reporting period let 4633 contracts, grants, and cooperative agreements for the year[16].

We would also like to include the International Monetary Fund (IMF) in our institutional analysis even though IMF programs are available to both "poor" and "rich" countries -- it is only when IMF loans are given under concessional (below market) terms are the loans considered Official Development Assistance (ODA). The main reason for including the IMF is that the IMF and the World Bank might be considered the two prime *policy-making* bodies of the development industry. In order for World Bank lending agreements to be enacted, a recipient country must first have a signed agreement with the IMF. The IMF and the World Bank then coordinate the development plan within each recipient country. Bilateral donors and other development banks coordinate their activities around this plan. World Bank, IMF and regional bank lending are the largest sources of donor capital, as opposed to non-financial technical assistance, which more often than not is what is contributed by the donor countries through bilateral grants[17].

This set of institutions – the World Bank, the International Monetary Fund, the regional development banks, the government agencies of both donor and recipient nations, and the contractors, grantees and research institutions and individuals who implement and evaluate the aid programs and development lending--can be labeled as the "development industry." It is this industry which is the main focus of analysis in this paper.

III INSTITUTIONAL ANALYSIS

In 2005 (for 2003 activity) the World Bank lists 61 countries as low income, 56 countries as lower middle income, 38 as upper middle income, and 54 as high income. You will note that there were 103 recipient countries in 2003. This data reveals that a large minority (41%) of these recipients were classified by the WB as at least lower middle income countries[18]. A cursory glance at the *Top Ten Donor* and *Top Ten Recipient* lists shows that development is not just an economic phenomenon in the neo-classical economic sense where donors try to maximize economic growth with limited aid dollars in recipient countries. (This interpretation would of course imply all aid money going to the poorest countries, or more specifically, the poorest countries which could show growth). A reading of the *Top Ten* lists above implies that rich countries also give aid to poor ones (and not so poor ones) for political purposes – to their ex-colonies, for nation-building, for regional stability, to buy political favor for potential commercial contacts in countries with statist economies, and, perhaps, to influence military-security cooperation and materiel contracts.

The present authors propose that as social scientists it is time to question the very nature of development: we need to question the *development orthodoxy*.

Our proposal is simple. We believe and hope to prove below that development has become a self-fulfilling prophesy; by labeling countries as rich and poor we have perpetuated nation-state classes of rich and poor. By allowing the orthodox divide of rich and poor to permeate our social consciousness, our economic methodology, and our long-standing, well-established, international and national development institutions, we have created a self-perpetuating dichotomy of rich and poor, of North and South. Very few countries, in Africa particularly, have "graduated" from the development industry. We have created the development industry, we have not created development.

It is only by questioning the orthodoxy of development that we as a global system will become equals and not separated by a politically-enabled institutional divide. If we face the motionless dialectic that development has become – between promises and failures, between nation-state class-systems of rich and poor - and agree that it is not development we seek, but political influence amongst nation-states, at least we are being honest. From there we can address "what next and why?", but we cannot address that question from here.

As illustrated, donor nations do not necessarily give funds to the most efficient or poorest candidate nations as neo-classical orthodoxy might prescribe, but use aid to buy political influence within these nations. It has become the norm to continue these donations as long as the political alliance continues and to stop only once the political alliance has been fractured (Weeks 2006)[19]. These political relationships, and the development institutions themselves, have created a post-imperialist international society imposed by financial transfers, not by armies. We propose that only by deconstructing these institutions can we move on to the next stage of human development, beyond self-perpetuating nation-state classifications of donor and recipient, rich and poor.

It is no accident that we list the *Top Ten Donors* and the *Top Ten Recipients* in the same way that a football league lists its winning teams. Thorstein Veblen wrote of the tendency for nation-states to devolve into sportsmanship-like conduct, with patriotism being a substitute for skill and workmanship.

> The patriotic spirit is a spirit of emulation, evidently, at the same time that it is emulation shot through with a sense of solidarity. It belongs under the general caption of sportsmanship, rather than workmanship. Now, any enterprise in sportsmanship is bent on an invidious success, which must involve as its major purpose the defeat and humiliation of some competitor, whatever else may be composed its aim…; and the emulative spirit that comes under the head of patriotism commonly, if not invariably, seeks this differential advantage by injury of the rival rather than by an increase of home-bred well-being (Veblen [1904] 1958: 33).

Our donors and our recipients have become like these sports teams, dressed in the uniforms of the institutions of international economic development, especially the World Bank, the IMF, and the bilateral development programs. The institutions, and the people within these institutions, became "captured" by the constructs created at Bretton Woods and developed and solidified during the Cold War. These institutions have outlived their time and place. In fact, they may have now become a hindrance to the economic well-being and self-possessed will of the peoples the aid programs are intended to help[20]. The development industry offers only "the defeat and humiliation" of the world's poor by continuing to label them as the world's poor. In addition, as is discussed later, the nation-state construct of the development industry is a "fetter" (Karl Marx's term for power inequities thwarting progress) holding back development of the world's people.

a *Development and the nation-state*

Instead of *economic* development the industry has become, and in fact it could be argued was founded on, *political* development subject to the mores of the budgetary process[21]. Aaron Wildavsky states that, "being a good politician…requires essentially three things: cultivation of an active clientele, the development of confidence among other government officials, and skill in following strategies that exploit one's opportunities to the maximum" (Wildavsky [1964] 1985: 64-65). Wildavsky goes on to describe the 'clientele' process as one of 1) find a clientele, 2) serve your clientele, 3) concentrate on individual constituencies, and, 4) secure feedback. This aptly describes the development industry, where the institutions of the development industry are each others' clientele, and the feedback they receive are increased budgets. The bureaucracies of the host and donor country foreign ministries, the budget officials in the donor-governments and their partners at the aid agencies, the development bank officials and their oversight officials at the donor-nation finance ministries; these are both the *clientele* and the *constituency*. The bureaucracies of development work together in a self-perpetuating, self-evaluating, feedback mechanism within the given constraints of the development dialectic. Under the political process to win at the development 'game' is not to develop but to receive more funds during the next budget process.

Development is the politics of nation-states. Donors and recipients by definition exist on a contractual basis in agreements between nations. Where is Veblen's "common man" in this

construct of development?[22] Does development seek to improve the welfare of people or to create and perpetuate status-quo political ties amongst nations? According to Wesley Clair Mitchell when writing about Veblen's methodology, "As individuals we find our places either in the 'kept classes' or among 'the underlying population' – and either ranking makes us wince" (Speigel 1952: 386). The development industry and the host country general population serve here as proxies for Veblen and Mitchell's notion of the relationship between the common man and the government elite. The development elite--whether knowingly or unknowingly, consciously or unconsciously--perpetuates Veblen's ranking, dividing peoples[23].

b *A Thought Experiment: Perceptions of Development*

Here let us try one of one of Joan Robinson's 'thought experiments' (Robinson 1981). The next time you read about rich and poor nations, would not the 'think piece' or article say the same thing, or in fact more, without the generalities and artificial classifications? The journalism of rich versus poor has become an institution, no different than the institutions of international economic development. For example, a recent *Economist* article, "Banks in developing countries: branching out," states: "The days when American and European banks were the only foreign options in developing countries are long gone, as a growing number of banks in such places are owned by banks from other developing countries" (*The Economist* 2006: 71). The article then describes the increased cross-investment which is occurring worldwide under the WTO and other globalization efforts, "This is the natural development coming from increased trade and economic relations between southern countries… and is growing faster than North-South trade."

What is this article really saying? It is saying that *despite* the North-South divide, economic growth continues. The next step, the missing step, in our thought experiment is: what would that growth and development be *without* the divide in our collective consciousness?

Maybe this articulation points us in a new direction; "fast-growing" or "not fast-growing," e.g. either a country is growing at 5% per year per person or they are not. This may be more true to the language of macroeconomics under the rapid globalization of the 20th and 21st centuries than the increasingly economically anachronistic and tautological "rich" and "poor". Adam Smith in *Wealth of Nations* argued that,

> It is not the actual greatness of national wealth, but its continual increase, which occasions a rise in the wages of labor. It is not, accordingly, in the richest countries, but in the most thriving, or in those which are growing rich the fastest, that the wages of labor are the highest (Smith [1776] 1994: 79).

Labeling the world according to rich and poor, developed and developing, first and third world fails to recognize the fact that geo-politics are not constant and that economies are constantly changing. Who are rich and why they are rich is constantly changing, but the categories have been the same since development institutions first appeared[24]. This constitutes a hindrance to achieving development in the eyes of established media and perception, no matter the underlying realities of the situation. To quote Søren Kierkegaard, "once you label me, you negate me."

c *Classical Political Economy and Institutional Economics*

Karl Marx, like Adam Smith before him, used the concept of society and economies advancing through stages as a historical process, and then used these stages as a basis for analysis. The analytical method where man is the center of analysis, and economics - or the production of "commodities" - is the result of, or follows, this social stadial analysis. This analysis is the method of *classical political economy*. In contrast, *economics* uses the production of commodities as its center point, and the social structures of man as given.

To quote Marx,

> Let me point out once and for all that by classical political economy I mean all the economists, who since the time of W. Petty, have investigated the real internal framework of bourgeoisie relations of production as opposed to the vulgar economists who only flounder within the apparent framework of those relations, [who] ceaselessly ruminate on the materials long since provided by scientific political economy and seek there plausible explanations of the crudest phenomena for the domestic purposes of the bourgeoisie. Apart from this the vulgar economists confine themselves to systematizing in a pedantic way, and proclaiming for everlasting truths the banal and complacent notions held by the bourgeoisie agents of production about their own world, which to them is the best possible one (Marx [1867] 1979: 174-175, footnote 34).

The methodological approach of the development industry is one of "vulgar" economics, where "rich versus poor" is the given set of assumptions and within which economic technicalities are applied (that is when they are wealth-maximizing techniques as opposed to politically-driven techniques). The stadial development approach of classical political economy has been cast-aside--or actually taken *reductio ad absurdum*--for a methodology of technical economics under a world class-system built and sustained since the time of Bretton Woods[25].

In Smith's *Wealth of Nations* stadial development is one where society advances through stages from hunter-gatherer tribes to pastoral animal husbandry and small scale farming (concurrent with partitioning of land and the development of property rights) to an agriculture-feudal stage and then on to commercial society with limited government--the stage at which Smith's Society of Perfect Liberty manifests itself[26].

The commercial stage is one free of "systems of preference and constraints," e.g. free of government interventions which limit human wealth-creation and progress made possible through the division of labor. Both mankind and resources are free to move from one trade to another, and people are free to trade with each other (removed from mercantilist protectionist policies and other constraint "systems") under commercial society, whereas in previous stages power was uneven due to economic classes enforced through violence or fear of violence, e.g. feudal lord versus share-cropper.

> Projectors disturb nature in the course of her operations in human affairs; and it requires no more than to let her alone, and give her fair play in pursuit of her ends that she may establish her own designs…[and in one of Smith's most famous passages] Little else is requisite to carry a state to the highest degree of

> opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice; all else brought out by the natural course of things. All governments which thwart this natural course, which force things into another channel or which endeavor to arrest the progress of society at a particular point, are obliged to be oppressive and tyrannical (Smith [1776] 1994: xliv).

Using an analysis of this stadial, classical political economy approach to history and wealth creation we come to the crux of the problem of economic development as it stands today. Those countries which are deemed 'poor' never had the opportunity to grow organically their own indigenous sets of institutions needed for the Society of Perfect Liberty. The progress of history towards liberty was thwarted by imperialism, which only ended in the post-World War II era, after which the development industry and its external systems were placed upon the 'poor' world from above replacing one set of external systems with another. Thus emulation of (or exploitation by) the 'rich' instead of development of the 'poor' became the institutional construct, not one of internal, 'home-grown' progress. The nation-state--and the foreign assistance industry as its surrogate--became Smith's "projectors" and the foreign model for wealth-creation, not the stadial development towards commercial society envisioned under classical political economy.

Institutional Economics teaches us about the organic derivation and evolution of local social and economic institutions. From Gustav von Schmoller of the German Historical School of Economics we learn that, "human institutions are not the product of rational deliberations but that they grow unnoticeably out of the national characteristics of a people" (Speigel 1952, 367). Wesley Claire Mitchell states that John Commons of the
American Institutional School of Economics,

> Accorded a supreme attentiveness to the institutions contrived by workmen without the aid of mentors from those of high social stations [and what is the development industry but a form of international diplomacy?] and education – institutions such as trade unions, cooperative buying clubs, cooperative workshops and the like. He [Commons] rejoiced in tracing the steps of unlettered statesman whereby these movements laid stable foundations under these organizations by method of trial and error. And as a student of such movements he knew how incompatible such creativeness from below was with external domination by employers, messianic intellectuals, or government. To Commons the workingmen were not building blocks out of which a jealous deity called "History" was to shape the architecture of the new society, but beings with legitimate ambitions for higher standard of living and more dignity in their lives (Mitchel, in Speigel 1952: 406).

Mitchell then inserted financial institutions into the method of institutional economics, arguing, "the important matter to understand about money is the money economy – that is, the cultural significance of the highly organized group of pecuniary institutions, how they have developed since the middle ages, how they have gained a quasi-independence, and how they have reacted upon the activity and the minds of their makers" (Speigel 1952: 421). Development banks in particular have their own lives, they are less beholden to shareholders and performance based on market efficiency and profit than other financial institutions. Development banks by definition, and by their charters, have a large percentage of their portfolio at below-market rates and therefore are not held towards self-perpetuation and

growth through capital reflows based on repayment and profit. They perpetuate themselves through donor-nation contributions and sovereign guarantees.

Thorstein Veblen (a co-founder of the New School for Social Research) wrote that in fact there may not be a role at all for the nation-state in commercial society,

> As an industrial unit, the nation-state is out of date…Life and material well-being are bound up with the effectual working of the industrial system; and the industrial system is of an international character - or it should perhaps be said that it is of a cosmopolitan character, under an order of things in which the nation has no place or value (Veblen 1934: 388-89).

The development industry has been forced – not by the point of a gun, but through the allure of inexpensive financial resources -- upon those countries who gained independence after World War II. These foreign "development" institutions may have crowded-out the evolution of domestic commercial institutions by dominating the social consciousness--and cash flows--of those working for the development institutions in-country, where many of the best paying and most prestigious jobs are those with the bilateral agencies and international organizations of the development industry, as some of the most sound institutions in the poorest countries are those of the development industry.

The development industry too by its quasi- and actual governmental nature has created, consciously or unconsciously, a system of preferences and constraints for perpetuating the industry's institutions. The international development institutions by their very existence therefore may have taken the place of freely evolving local institutions where man's instincts for self-betterment in his or her community can take hold and flourish, and where commercial institutions and commerce-enhancing institutions might arise organically as appropriate.

IV. HEGELIAN DIALECTIC, PROGRESS AND ECONOMIC DEVELOPMENT

Georg Wilhelm Friedrich Hegel in *Philosophy of History* (1830-1831) proposed that mankind's history is a progress towards freedom. In *Science of Logic* (1812), Hegel introduces his now famous dialectical method of analysis; to paraphrase, that this march towards freedom is one of thesis, antithesis, and synthesis. In an institutional construct this can mean that institutions are developed during a historical (relative) moment in time, they outlive their usefulness, are opposed by alternative institutions which then evolve into a third set of institutions, synthesizing the first two set of institutions which then point the way towards progress, towards freedom. Institutions form, evolve and/or disappear along the paths of history according to whether or not they are just and proper.

The imperialism of the 18th, 19th and 20th centuries evolved into the post-imperialism of the 20th and now 21st century, and the creation, continuation, and ever-enlarging powers of the nation-state and international institutions of development. It may now be time for another antithesis, one that will move us beyond the artificial constructs of 'rich' vs. 'poor' nations and one that will help *people* (Veblen's "common man"), not *nation-states*, (Veblen's "sportsmanlike conduct") to progress. The Hegel dialectic of development requires a new

synthesis at this moment; one that takes up and negates and thus incorporates both imperialism and post-imperialism into a new configuration that is more reasonable.

The progress of history is one of moving from the finite to the infinite, and the next stage may already be before us. Hegel writes, "The infinity of the infinite progress remains burdened with the finite as such, is thereby limited and is itself finite…in this alternating determination of the finite and the infinite from one to other and back again, their truth is already implicitly present, and what is required is to take-up what is before us" (Hegel [1812] 1989, 142- 143).

The classification of 'rich' and 'poor' which began under Bretton Woods in 1944 is the definition of Hegel's finite. The international development institutions and the nation-state development agencies which followed are themselves limiting and finite, self-defining and perpetuating a by-definition limiting endgame: that of "rich versus poor." With the institutions of development the endgame is finite as opposed to infinite, which, arguably, is the better state of consciousness for the world's peoples[27]. Without the self-fulfilling "rich" and "poor" dialectic of development the endgame--and in fact an limitless endgame and thus no endgame at all--can evolve through history infinitely; with state-sponsored "rich" and "poor" classifications and the institutions which perpetuate and reinforce this notion, the endgame is finite.

We have seen in Schmoller and Commons that the economic institutions which belong in history are those of their own making, driven to the fore through man's own ambitions for self-improvement, not from above by his 'betters.' Marx wrote of institutions forming through class struggle and the seeking of and institutionalization of power. Smith argued that it is a free commercial society which evolved from the one-sided power relationships of feudal society, the state at which many 'poor' countries found themselves at the time of colonialization. These states, especially in Africa, have not had the opportunity to create modern institutions on their own historic trajectories due to the overlay of development institutions on their histories.

It is only when free will is exercised that old institutions are allowed to pass into new ones, building upon what has come before. Inorganic, inflexible, government institutions may be restrictive, may be 'fetters' preventing progress in the dialectical thesis-antithesis-synthesis formation of societal institutions. Institutions which are grounded in law–or in international treaty--and not subject to the laws of reform through free-association and evolution may not have historically-evolving life-spans. It may be that only their destruction, not their reform, is possible.

> As has been remarked, a share in government may be obtained by every one who has a competent knowledge, experience, and a morally regulated will. Those who know ought to govern, not ignorance and the presumptuous conceit of "knowing better"….This is the point which consciousness has attained, and these are the principal phases of that form in which the principle of Freedom has realized itself; - for the History of the World is nothing but the development of the idea of Freedom. But Objective Freedom – the laws of real Freedom – demand the subjugation of the mere contingent Will – for this is in its nature formal. If the Objective is in itself Rational, human insight and conviction must

> correspond with the Reason which it embodies, and then we have the other essential element – Subjective Freedom – also realized (that is the will of the individual goes along with the requirements of reasonable laws; translator's note)….Philosophy concerns itself only with the glory of the Idea mirroring itself in the History of the World. Philosophy escapes from the weary strife of passions [from sportsmanship] that agitate the surface of society into the calm region of contemplation; that which interests it is the recognition of the process of development which the Idea has passed through in realizing itself – i.e., the Idea of Freedom, whose reality is the consciousness of Freedom and nothing short of it (Hegel [1830-1831] 1956: 455-456).

The progress of freedom is one of consciousness; in this case the need to reexamine and replace our vulgar economics and our current commodity-man relationship for a renewed consciousness of shackle-reducing classical political economy. The Idea of Freedom asks that we re-examine our historic, nation-state proxy institutions *as they are* with an eye toward replacing them with indigenous commercial institutions and internally-empowered political processes *as they could be*.

V. CONCLUSION

This paper presents a new perspective on the creation, history, and current state of the international development 'community' and its attendant institutions, and grouped these together for purpose of analysis as the "development industry." The paper then attempts to show that the goal of this industry may or may not be the actual economic development of 'poor' nations through development programs funded by the 'rich' nations, but that the industry is one of a relationship between nation-states and thus highly subject to the vagaries of the budget process and political winds.

The analytical methodology of classical political economy and institutional economics shows that the institutions of development have created a roadblock to sustainable human development by obstructing stadial development over time, especially thwarting the evolution of institutions which had the opportunity to manifest themselves in 'rich' world commercial society through history. Lastly, Hegelian philosophy shows that the march of history toward ever increasing human freedom may be held back by internationally-created and nation-state development institutions and that only with raised awareness on the part of both rich and poor, but especially within the development industry--the funders of the construct--will the stalled progress towards freedom continue.

It is not the purpose of this paper, nor is it possible, to present a completed set of blueprints for the development of peoples of this globe whose lives remain at subsistence level. This blueprint, we endeavored to show, can only come with historical development and the evolution of institutions amongst 'free' peoples. This paper attempted to demonstrate, however, that this historical process cannot be obtained under current international development schema. As economists and social scientists, we need to become aware of this point in history and our current burden of the Hegelian finite.

Karl Marx,

> The veil is not removed from the countenance of the social life-process, i.e. the process of material production, until it becomes production by freely-associated men, and stands under their conscious and planned control. This, however, requires that society possess a material foundation, or a series of material conditions of existence, which in their turn are the natural and spontaneous product of a long and tormented historical development (Marx [1867]1979: 173).

Georg Hegel,

> In the absolute method the Notion maintains itself in its otherness, the universal in its particularization, in judgment and reality; at each stage of its further determination it raises the entire mass of its preceding content, and by its dialectical advance it not only does not lose anything or leave anything behind, but carries along with it all it has gained, and inwardly enriches and consolidates itself (Hegel [1812] 1989: 840).

The wealth of the world (the wealth of nations) increased ten fold in the 20th century over the 19th century (DeLong 2006) so perhaps the institutions of development could be abolished, per Veblen's concept of the obsolesce of outdated institutions, without those currently poor undergoing "a long and tormented historical development," per Marx. Or perhaps a metamorphosis of the development institutions is possible, per Hegel. However, history since these institutions' founding makes this doubtful.

We are not asking for the abandonment of the idea of economic development altogether; to help others avoid mistakes that one has learned him- or herself is altogether human. But the impulse for learning and the seeking of betterment can only come from peoples and societies themselves. A starting point might be to ask, "what next and why?" Do we want or expect the institutions of development, the prognosticators of the 'rich' versus 'poor' divide, to continue for another 50 years? What should we be doing about it now, if anything?

END NOTES

[1] Colander and Rosser. (2004) describe heterodox economics as that which is part in, and part out, of the mainstream. Orthodox economics is primarily neo-classical economics and is wholly in the mainstream. The authors list, but make it clear that heterodox economics is not limited to, Austrian, Feminist, Old Institutional, Marxist and Post-Keynesian economics.

[2] See for example Coyne and Boettke (2006) for a recent Austrian School critique of orthodox economic development.

[3] Economic calculation determines how resources are allocated in a society. The Austrian School describes the difficulty under socialism (state-led government) to make economic calculation absent the market price mechanism, which is needed to determine how the resources in an economy are most efficiently distributed via the profit motive. See for example von Mises [1927] 1985, 70-71.

[4] McNutt (2002, 49) states, "The bureaucrat directly determines the supply of government output." Note that the recipient does not have a say in the matter.

[5] See for example Cornia (1999) on resultant increased in inequality through market-led development.

[6] See for example Chang (2005) on the Washington Consensus in development policy.

[7] See for example Reddy (2006) on aid for public goods and effect on economic growth.

[8] See for example Weeks (2006) on the inconsistency of funding for aid in Africa.

[9] It should be clearly noted that the authors do not wish to infer that poverty, class systems, exploitation or monopoly capital do not exist, it is the way in which these economic issues are addressed under development orthodoxy which is being questioned in this paper.

[10] The full title of Adam Smith's book is *An Inquiry into the Nature and Causes of the Wealth of Nations*. This has been abbreviated to *The Wealth of Nations* in modern times.

[11] The vernacular for countries giving foreign assistance (aid) is Donor Country and for those receiving aid is Recipient Country. "Rich" and "poor" might be considered to be synonymous with donor and recipient, though this oversimplifies the income-status of both giver and receiver. Popular and politically-correct terms for recipient countries have changed over the last 50 years – from the "third world", to "lesser developed countries" (LDCs), to "developing countries", to "emerging" and "modernizing economies", and back again to "developing countries" and the now popular "North" and "South".

[12] Constant 2006 dollars. See http://usinfo.state.gov/usa/infousa/facts/democrac/57.htm for more information on the Marshall Plan. (Accessed November 24, 2006).

[13] All data in this paper taken from The World Bank 2005a unless stated differently. Figures are rounded to the nearest $US one billion or one million for narrative clarity.

[14] The calculations made, are assistance by donor country divided by total bilateral assistance. So for the USA: $16 billion USA bilateral development assistance divided by $54 billion in total bilateral development assistance.

[15] Taken from: http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/. (Accessed November 24, 2006).

[16] Contracting information from USAID.gov, the most recent list of contract, grants and cooperative agreements on the website is from 2001. (Accessed November 24, 2006).

[17] Note that the term "grant" in the aid industry may cause some confusion to readers. The term is used to describe money given directly, granted, to the recipient government, however, the term is also used to describe aid in the form of technical assistance which is usually the donor hiring under a contract or grant advisors (contractors or grantees, mostly from the donor nation itself) to manage the donor's projects. It can also mean the purchase of commodities which are then given to public or private institutions in-country.

Specific details on bilateral Official Development Assistance (for 2003 activity) can provide insight to the reader on how aid works [see the introductory chapter of this NSER issue for graphical overview of these statistics]. For example, the USA granted $16 billion to recipients and had net bilateral loans of negative $2 billion (more was paid back from previous bilateral sovereign concessional lending than was lent out for the year). France granted $6 billion and had net negative $0.5 billion in loans, Japan granted $4.5 billion and had net loans of $2 billion, and Germany granted $5 billion and had a net negative $1 billion in loans.

The *Top Ten Donors* gave $60 billion in grants, had net pay-back of $1 billion in bilateral lending and gave $19 billion to the World Bank and the regional development banks. The *Top Ten Recipients* received a total of $8 billion in grants, had a net negative $50 million from the World Bank, net positive $100 million from the IMF and net positive $375 million from the regional banks in concessional borrowing.

The Democratic Republic of Congo (the largest recipient of aid in 2003) received $5 billion in grants, $148 million net in World Bank lending, net $75 million IMF lending, and had negligible regional development bank lending. Iraq received $2 billion in grants and did not have any World Bank, IMF or regional bank lending. Vietnam received $1 billion in bilateral grants, received net $500 million from the World Bank, paid back $70 million to the IMF, and received net $180 million in regional (i.e., Asian Development Bank) lending. Tanzania received $1 billion in bilateral grants, received net $400 million from the World Bank, net $20 million from the IMF, and $50 million net from regional (i.e., Africa Development Bank) lending.

[18] Calculation: 103 recipient countries minus 61 low income countries equals 42 countries not in the low income category, e.g., 42 recipient countries were classified by the World Bank as lower middle income or higher.

[19] See for example Weeks (2006) who proposes that donors provide more stable levels of funding year-to-year so that recipient nations can better rationalize this funding in their national planning to garner larger impact from development assistance.

[20] See Locke (2004 [1690]), for the concept of self-possession - free will and the ability to exercise this will in a free society - which was built-upon by Adam Smith and other Scottish enlightenment figures.

[21] Reddy (2006) directly classifies aid given for political purposes and for economic development purposes.

[22] Dowd (2000, 21) in his intellectual biography of Veblen writes, "the instinct of sportsmanship, then, or the exploitative instinct, is a predatory inclination, setting man against man in a relationship of parasitism. This must be compared with the constructive instincts which are cooperative in their general application. The state, the military and the church are all buttressed by the predatory instincts, with patriotism and religious belief acting to preserve the existing order….which, consciously or not combined, to extract a toll – in the fashion of medieval robber barons – from the common man."

[23] Attempts to mediate between interest groups in a society to generate consensus about common development goals rather than initiating development according to a scheme set from outside seems to be a promising approach. The idea is to strengthen development ideas from within the country. If this dialogical method of development is possible in the existing institutional framework remains questionable, due to necessities of measurement of success for legitimization of development organizations, their hierarchical structure and their initial and still prevailing political setup.

[24] It is interesting to note that Wassily Leontief (1966, 210-214) charts-out in a paper entitled "The rates of long-run economic growth and capital transfer from developed to underdeveloped areas" returns on capital including aid transfers for "developed" and "underdeveloped" countries assuming different economic growth rates for these country classifications. Leontief assumes that underdeveloped countries don't grow faster than 3% and developed countries don't grow slower than 5% over the life of his analysis (10 years). Considering that much of current world economic growth is due to India and China (above 7% each *per capita*), this again shows how time and circumstance have overcome what was once assumed to be the rich and poor status-quo which helped serve as the foundation of current international economic development orthodoxy .

[25] It might be argued that the institutions of development have created their own form of a static stadial history, one with two perpetuating stages; *rich* and *poor*.

[26] See Smith (1976 [1759]) for the concept of the Society of Perfect Liberty based on philosophical views of man's nature as developed during the Scottish enlightenment, especially relating to political and social philosophy which Smith then used in his methodological approach to the later *Wealth of Nations*.

[27] An infinite consciousness is more equitable than a finite consciousness. Equality of opportunity, one definition of equity, is more open-ended without self-defining limits put upon one at birth.

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HEALTH, INCOME AND PUBLIC INSTITUTIONS: EXPLAINING CUBA AND COSTA RICA

Tim Anderson

ABSTRACT

The World Bank in 2004 sought to explain socialist Cuba's success in public health, and juxtaposed Costa Rica as a contender for similar public health gains, through the orthodox model which stresses 'broad based growth', backed by increased private investment. However a unique public institution (the *Caja Costarricense de Seguro Social*) for health and social security insurance better explains Costa Rica's health advances, and its superior performance to some higher income Latin American countries such as Mexico and Argentina. The relationship between increased income and improved health is positive, but weak and fragile. Other factors which may be more important are: levels of education (especially of women), numbers of trained health workers, universal access regimes for health services, well coordinated public health institutions, decent housing, and the adoption of new technologies. The experience of Latin America tells us that greater attention must be paid to well-organized public institutions, including those which train health workers, arrange universal access to health services and ensure adequate water, sanitation and housing.

I INTRODUCTION

In 2004, the year that infant mortality in Cuba fell below that of the US , the World Bank (2004a) ventured a brief explanation of Cuba's success in public health. Yet socialist Cuba represents the antithesis of World Bank style 'open market' development. To compensate for this apparent anomaly, the World Bank proposed Costa Rica as its contender for similar public health gains, through the orthodox model which stresses 'broad based growth' in income, backed by increased private investment. However a unique public institution for health and social security insurance (the *Caja Costarricense de Seguro Social*) better explains Costa Rica's health advances than simple income growth.

Neoliberal arguments for gains in public health, predicated on income growth, have been outflanked by the evidence of recent years. While income growth does correlate with improved health, there are several other factors than are as important or more important: levels of education (especially of women), numbers of trained health workers, universal access regimes for health services, well coordinated public health institutions, decent housing, and the adoption of new technologies. Deficits in one or more of these areas can negate the supposed benefits of increased income.

Making use of critical health indicators for Latin America, and some detail of the public health institutions of Cuba and Costa Rica, this article will interrogate the neoliberal

argument that income levels and gross investment are central to improvements in public health. The first section will examine the neoliberal explanations against global and regional data. The second section will evaluate the World Bank explanations for health advances in Cuba and Costa Rica, against the experiences of those countries. The third section will broaden this discussion to some other countries in Latin America. Finally, some informed observations can be made about health, income and public institutions.

II NEOLIBERAL EXPLANATIONS OF ADVANCES IN PUBLIC HEALTH

Neoliberal arguments on public health (such as the suggested positive link between income and health outcomes) are important, because aid and development decisions are often predicated on neoliberal assumptions. For example, whether aid money is used to build a hospital or train health workers is strongly influenced by the prevailing views of the 'user pays' principle in education and the practice of 'competitive tendering' for aid moneys. But why are these issues not re-examined, at their roots, in the face of stressed health systems and the many critical health challenges?

"Broad based growth" in income, backed by increased private investment, remains the major theme of development stressed by all neoliberal agencies – the World Bank, the Inter-American Development Bank, the US Government (World Bank 2004b; IDB 2006; US State Department 2001). The phrase is sometimes supplemented by "sustainable" and "pro poor growth", but the theme remains constant. It is a theme that rapidly links to arguments for 'open door' private foreign investment, public-private partnerships, competition policy and outright privatization.

On the other hand, in more recent years, critical mortality indicators (in particular infant, child and maternal mortality) have become leading indicators of progress in public health. The World Health Organization (WHO) now refers to 'high mortality' and 'low mortality' regions (eg. WHO 2003), rather than high and low income regions; and two of the eight UN Millennium Development Goals target child and maternal mortality, while a third targets major diseases (UN 2005). The World Health Organization now has a Commission on the Social Determinants of Health, stressing a range of important social and institutional factors (WHO 2006b). These institutional factors have been neglected by simple economic analyses.

There are good reasons for an emphasis on effective and critical health outcomes, rather than one supposed means to achieve such results (that is, aggregate income growth). First, survival is the 'sine qua non' of development. Second, a child's survival has nothing to do with its participation in economic markets. Third, the reduction of infant, child and maternal mortality is a substantial social achievement, requiring coordinated efforts to overcome disadvantage and social exclusion. It is no simple or technical matter, for example, to ensure that the poorest 20% of mothers have skilled birth attendants, or that the poorest 20% of children are vaccinated. Yet failures in these areas drag down national indicators. Conversely policies of social inclusion, such as those in Cuba, have allowed that country to have less than a third the infant mortality of Mexico, a country with 60% higher per capita income (see Table 1).

Table 1: Infant mortality, maternal mortality and income in 18 Latin American countries.

2004 Figures	**Infant mortality**	**Maternal mortality**	**GDP per capita**
Argentina	16	82	13,298
Bolivia	54	420	2,720
Brazil	32	260	8,195
Chile	8	31	10,874
Colombia	18	130	7,256
Costa Rica	11	43	9,481
Cuba	6	33	*5,700
Ecuador	23	130	3,963
El Salvador	24	150	5,041
Guatemala	33	240	4,313
Honduras	31	110	2,876
Mexico	23	83	9,803
Nicaragua	31	230	3,634
Panama	19	160	7,278
Paraguay	21	170	4,813
Peru	24	410	5,678
Uruguay	15	27	9,421
Venezuela	16	96	6,043
LATAM Average	22.5	156	6,688
USA	7	14	39,676

Source: UNDP (2006: Tables 1 & 10)

‘Broad based growth’ backed by increased private investment, is a theme consistent with the founding mandate of the World Bank, set out in its 1944 Articles of Agreement. These require the Bank to "assist in reconstruction and development… by facilitating the investment of capital" (Article 1.1) and "promote private foreign investment… and supplement private investment" (Article 1.2). This emphasis suggests that private investment in health systems can be seen as an unmitigated good, as it swells the health resource pool. This is a handy argument for private investors. No down sides - in the form of fragmentation, duplication, commercial conflicts of interest, compounded problems of access, or waste through surplus extraction – are suggested. Yet many such problems seem likely.

The demand for ‘big money’ in health is well entrenched. The OECD’s Development Assistance Commission (DAC) argues that "scaling up financial resources for health should be a priority" (OECD 2003: 14). Similarly, the World Health Organization’s committee on 'Macroeconomics and Health', chaired by Jeffrey Sachs, pushed for a massive expansion of foreign capital in poor country health systems:

> The level of health spending in the low income countries is insufficient ... poor countries can increase their domestic resources that they mobilize for the health sector and use those resources more efficiently ... donor finance will be needed to close the financing gap ... [this will mean] approximately $27 billion per year in donor grants by 2007 (Sachs 2001: 16)

"Donor finance" generally means a core of public 'seed' money, grants or loans, which sets the conditions for entry of a consortium of private, commercial capital. Developing country health systems thus become fields for private and foreign investment in infrastructure and service provision. These reports sustain the emphasis on scaling up resources in developing country health systems, in particular by the inclusion of private foreign investment.

However an important World Bank-funded longitudinal study, covering 115 developing countries (Wang et al 1999), found that increased income came third amongst three broad factors linked to improvements in critical mortality. On average for the 115 countries, increased income contributed only 17% to the reduction in child mortality rates, while education contributed 38%. A third factor, called 'technical progress' – really including a range of other organization and technical developments, such as improvements in immunization, health service regimes, and improved drug access – contributed the other 45%. The three factors were assessed for their impact on adult mortality rates, with adult female mortality being even more strongly associated with education (see Table 2).

Table 2: Global average (115 developing countries)

Contributions (%)	**Income**	**Education**	**Technical progress**
Under 5 mortality rate	17	38	45
Female adult mortality rate	20	41	39
Male adult mortality rate	25	27	49
Total fertility rate	12	58	29

Source: Wang et al, (1999:18–19)

General progress has been the order of the day in reduced child mortality. The salient questions are 'what rate of progress?', and 'by what means?' Ahmad et al (2000) noted that while over 10 million children died in 1999, this figure was 17.5% fewer than the thirteen million child deaths a decade earlier. Collating the child mortality data from 1955 to 1999 they noted that rates had fallen globally, except in the Western Pacific.

Yet China, the contemporary 'miracle' of economic growth, is not a top performer in health. Wang et al (1999: 13) noted that China showed a "deterioration in performance [in reducing under-5 mortality] … relative to what would be predicted from the country's income level". Worse than this, China's reductions in child mortality were below the global mean. China's average growth rates of 9% in the 1980s and 1990s were more than three times the global mean; yet China's under-5 mortality reduction of 24% in that same period compared unfavorably with a global mean of 28% (see Table 3). While China's take-up of telephones, internet and other commodities was strong, the country's progress in access to sanitation and clean water was unimpressive (UNDP 2006: Tables 7 and 13). This, combined with privatization of (and consequent uneven access to) health services may have contributed to its relatively poor progress in child mortality.

Table 3: China's poor progress in child mortality despite strong growth.

	1955-59	1970-74	change 1	1980-84	1995-99	change 2
China - U5M rate	225	104	54%	50	38	24%
Av. econ growth rate		5.5 %		9.1 %	9.0 %	
Global mean - U5M rate	180	128	29%	97	70	28%
Av. econ growth rate		3.2 %		3.0 %	1.4 %	

Sources:
Ahmad et al, 2000: 1180–1182 (U5M), World Bank (1995; Table 2), UNDP (2006: Table 14)

If China shows that strong economic growth might not be associated with strong health performance, the US demonstrates that massive investment in health can be wasted. With total health spending at 13.9% of GDP (the next biggest spender is Germany, at 10.7%), US health expenditure is far above that of any other country, both in absolute and relative terms (Reinhardt et al 2004: 11). Yet US infant and maternal mortality outcomes are well below the OECD average. In fact, we have to descend to Number 29 on the Human Development Index (Barbados) to find an infant mortality figure worse than that of the US (UNDP 2004: Table 9). One important reason for this poor performance is that the US, unlike most of the OECD and all western European countries, does not guarantee free access to health services, and there is an associated high level of privatized services (Schoen et al 2006; Anderson 2006a). The US experience demonstrates both an inefficient waste of health resources in a highly privatized system, and the fragility of the 'high income equals good health' link.

Faced with growing evidence of the weak and uneven positive relationship between generalized income growth and health improvements, neoliberal arguments often appear rather schizoid. In its 1993 report, with a focus on 'investing in health', the World Bank listed the "virtuous necessity" of "user charges and prepaid insurance schemes" as the main item of "community control and financing" in low income countries. Yet aware that such fees exclude the poor, the Bank calls for reduced fees or selective exemptions for poor people (World Bank 1993: 159). Of course, poor people are often the majority in low income countries. In its note on Cuba and Costa Rica, while aware of the important institutional factors at work, the World Bank presents the case for Costa Rica, and tendentiously suggests "one way to attain good health from initially low income is surely to stop having a low income" (World Bank 2004: 157). In its 2006 report, while noting unevenness in immunizations and that life opportunities are formed very early for children, the Bank repeats its neoliberal theme, saying that "wealth matters for the immunization of children" (World Bank 2006: 5). This constant reversion to crude income and wealth aggregates suggests unwillingness on the part of the World Bank to learn the more particular lessons of institution building in public health, even when these lessons arose from its own literature. With this in mind, let's examine the experiences of Cuba and Costa Rica.

III EXPLAINING CUBA AND COSTA RICA

In this section I will look a little closer at the Bank's 'big money' argument, with reference to the development of public institutions in Cuba and Costa Rica. In 2004 total births in Cuba fell by 7% to 127,062, and there were 735 infant deaths (De La Osa 2005). This led to the 5.8 infant deaths per 1,000 live births, just after the US rate had risen (for the first time in over 40 years) to 7 per 1,000 (Medical News Today 2004). In answering

its own question "how has Cuba done it?" the World Bank correctly notes "the sustained focus of the political leadership on health for more than 40 years… [as well as] universal and equitable health care". The Bank points out that the Cuban system had "concentrated on health care to rural areas", created a unified public system in health services, and had pursued mass immunizations and monitoring. The Cuban system also relied on "highly motivated staff". However the Bank suggested Cuba spends "substantially more" of its GDP on health than most other countries and questioned whether a system "that relies on a publicly paid doctor for every 150 families can be sustained in times of economic hardship" (World Bank 2004: 157-158). Whatever sting there might have been in the tail of this picture has been removed by Cuba's strong economic growth, throughout 2005-06 . Yet this explanation certainly does cover some of the institutional elements stressed by Cuban experts.

Two additional elements deserve attention. Cuban health workers and administrators stress 'intersectoral coordination' and education as key elements of their health system and their major health programs (e.g. De La Osa 2005; Ochoa Sato et al 2004). That is, the epidemiological vigilance, thoroughness in tracking vector born disease (such as dengue), systematic nature of health education (e.g. concerning HIV education, in schools and on television), and general institutional solidarity play a critical role in getting very good results with limited resources. Cuba's central coordination of health and education services is important. However participatory debates, for example during the country's depression in the 1990s (the 'Special Period'), that have backed the maintenance of free health services, have also been very important (Espinosa Martínez 1999: 83-84; Mellor 2001). Cuba's institutional development is unique, but a disaggregation of its institutional features can, I suggest, be instructive.

There are some particular institutional features relevant to Cuba's very good performance in infant mortality. There is a special maternal-infant program which has been given priority within the Cuban health system since the late 1970s. Pregnant women are given a large number of examinations, tests, and nutritional supplements. Infants are also given special care and13-disease vaccinations. There is also a great deal of official and moral pressure on doctors, to give special attention to mothers-to-be, under their care.

Within Cuba's public health debates there is constant reference to the 'integral health system' (De La Osa 2005). Many US observers are well aware of these discussions (eg. Gorry 2005). Particular public institutions of the Cuban health system include an integrated family doctor network, involving one or more doctors in a small office serving between 120-160 families, or 600-800 persons (Rojas Ochoa 2003); intermediate health centers or 'policlinics' at a municipal level, which carry out 80% of specialist services (including dental services and test laboratories) but have virtually no hospital beds (Portilla 2004); and a hospital system, including universal hospital-based childbirth. Other integral features of the system include Cuban production of a wide range of medicines and vaccines (PAHO 2003b) and a regular monitoring and review of the system, which includes review of dietary support and social assistance, development of natural medicines, and research (Ramirez Marquez 2002). Despite pressures imposed the US economic blockade, the Cuban system retains its public and universal character, with just a few private expenses through private payment or part-payment for imported items such as wheelchairs, glasses and hearing aids (PAHO 2003b; Anderson 2006b).

While the US blockade (Cubans call it a blockade, the US calls it an embargo) does create serious problems for imports of health technology, it has also fostered a relatively self-sufficient pharmaceutical industry. Domestic production of drugs grew into the 2000s, with 521 of the 827 listed 'essential' medicines being locally produced (ESPICOM 2007). Yet while health standards were largely maintained during the economic crisis of the 1990s, failures in infrastructure did have health consequences. The lack of investment in water, sanitation and housing, for example, no doubt contributed to a surge in diarrheal illnesses and some deaths, in the mid 1990s (see Anderson 2006b).

Costa Rica has also demonstrated substantial progress in public health. Between 1969 and 1990, with a lower per capita income than either Chile or Mexico, Costa Rica clearly out-performed both countries in child mortality rates (see Table 4). In 2004, Chile and Costa Rica competed for second place to Cuba in health indicators, amongst the better performing countries of Latin America (see Table 5). However, the World Bank's explanation of Costa Rica's progress in public health is seriously deficient. The Bank claims that:

> Since 1960, progress in Costa Rica has been rapid, but not too difficult to explain … Costa Rica's real income per capita increased by 25% from 1960 to 1970 – the same rate coincidentally that infant mortality declined. Income growth of 40% by 1980 along with the universalisation of health care saw a further decrease of 60% in infant mortality. After recessions in the 1980s growth has resumed and progress on health status continues. One way to attain good health from initially low income is surely to stop having a low income (World Bank 2004: 157).

This is misleadingly simplistic and, with the exception of the phrase "along with the universalisation of health care", ignores the country's institutional development.

One might begin with Costa Rica's 1948 abolition of its army, a move which enhanced the capacity of its public finance. However the principal relevant public institution is the *Caja Costarricense de Seguro Social*, (CCSS or the '*Caja*') a peculiarly Costa Rican body which underwrites health care and pensions for all citizens. The CCSS developed, as a public institution, over several decades, beginning in the 1940s with a law which drew from European thinking and the Chilean experience. Health services backed by the CCSS include general and specialized medical care and subsidies for medicines, testing and dentistry.

The CCSS was made autonomous from the executive government by the social security law of 1943, the main principles of which were then reinforced in Article 73 of Costa Rica's 1949 Constitution. Amended in 1961, this section establishes a tripartite social security system, with employee, employer and state contributions, administered by the financially 'autonomous' CCSS (Editec Editores 2005a). Regulated subscription to this fund is compulsory for all employees. Article 74 of a special law set up for The CCSS further protects the funds of the institution, and guarantees the "universalisation" of social security to the entire community (Editec Editores 2005b). This universalisation, which extended coverage past other Latin American contributory systems, was proposed in 1961 and finally occurred in 1974, with the creation of the Social Development and Family Payments Fund (FODESAF). Through this fund, supported by two taxes, coverage by the CCSS has been extended to those low income Costa Ricans who have not been able to make the normal contributions. The aim of the system is to guarantee:

> The well-being of all ... and to give individuals and families the assurance of knowing that their quality of life will not be affected by any adverse circumstance (CCSS 2005: 2-6).

So Costa Rica, like Cuba, has guaranteed universal access to health services and a very high proportion of births attended by skilled assistants (see Table 5). Presence of a skilled birth assistant is the major factor in preventing maternal and perinatal deaths (De Brouwere, Tonglet & Van Lerberghe 1998).

One example may help us identify some underlying causes of the superior performance of these two countries. If we compare infant deaths in Cuba and Costa Rica with those of a poorer Latin American cousin, Bolivia, we can see some striking differences in the reasons for infant death, other than perinatal. In Bolivia, 14.3% of infant deaths were due to diarrheal illness, compared to 3% in Costa Rica and 1.3% in Cuba. (2000 figures, WHO 2006: 23). With what we know of diarrheal illness in children, three factors could be making the difference: access to safe drinking water and improved sanitation, parental education in hygiene and access to health services to assist with oral rehydration, the major treatment for diarrhea (Vesikari et al 1994: 135-146). The UNDP reports educational levels as being highest in Cuba, with adult illiteracy at 0.2%, compared to 5.1% in Costa Rica and 13.3% in Bolivia. Populations without access to improved drinking water were reported at 9% in Cuba, 3% in Costa Rica and 15% in Bolivia (2004 figures, UNDP 2006: Tables 1 and 3). So better performance in education and water sources, combined with better access to health services, are likely to explain the lesser risk of infant death through diarrheal illness in Cuba and Costa Rica. This is essentially an institutional explanation, rather than one based on income.

IV HEALTH, INCOME AND PUBLIC INSTITUTIONS IN LATIN AMERICA

Looking more broadly at the Latin American region we can see further evidence of the fragile positive relationship between income and health outcomes. In a highly unequal region, there are many departures from that orthodox notion; departures which I suggest are best summed up as the development of public institutions. Nevertheless, the idea of gross investment continues to be advanced by neoliberal institutions, in the region.

The two biggest countries of the region, Mexico and Brazil, show above average incomes but below average infant mortality rates. Argentina, the country with the highest income in the region, ranks only equal 5th in infant mortality rates (see Table 1). Cuba is the most striking counter example, with less than average income but the best infant mortality rate. But Venezuela and Paraguay also have less than average incomes and better than average infant death rates (Table 1).

This is a static picture, so let's look at some of the longitudinal evidence, of under-five mortality, income and female education rates in Brazil, Chile, Costa Rica and Mexico between 1960 and 1990 (see Table 4). We can see that, while Mexico started at the same income level as Chile in 1960, by 1990 Mexico had substantially higher average income but Chile had substantially lower child mortality. What did Chile do, with less resources, than Mexico could not? Mesa-Lago, in my view, pays too little attention to institutional development in his detailed empirical study of the economies of Chile, Costa Rica and Cuba (Mesa Lago 2000). His focus on growth aggregates, and his advocacy of open

markets and privatization (Mesa Lago 2000: 624), leads him to neglect the public institutions that have underwritten education and health gains in each country.

Table 4: Changes in child mortality, income and female education, 1969–1990

	1960	**1965**	**1970**	**1975**	**1980**	**1985**	**1990**
Brazil							
under-five mortality rate	177	159	135	111	86	81	na
income per capita	1660	1891	2139	3151	3982	3914	4226
female education (yrs)	3.1	3.2	3.2	2.9	3.1	3.3	3.7
Chile							
under-five mortality rate	155	121	97	67	37	24	19
income per capita	2738	3133	3505	3579	3431	3524	4008
female education (yrs)	5.1	4.9	5.5	5.6	6.3	6.4	6.7
Costa Rica							
under-five mortality rate	124	104	85	54	29	20	14
income per capita	2001	2262	2692	3189	3671	3195	3381
female education (yrs)	4	4.2	3.9	5.1	5.2	5.4	5.6
Mexico							
under-five mortality rate	134	123	111	94	76	54	47
income per capita	2723	3078	3730	4587	5351	5791	5457
female education (yrs)	2.5	2.7	2.9	3.3	4.4	4.9	6.4

Source: Wang et al, (1999: 156, 158, 162, 180)

From Table 4 we could surmise that higher levels of female education in Chile, at least until the late 1980s, may well have played a role in Chile's better-than-Mexican health outcomes. Female education most obviously translates into improvements in nutrition and sanitation for children, as well as women. It is also a major determinant of lower fertility rates, which are in turn associated with lower infant deaths (e.g. Browne and Barrett 1991; Mellington and Cameron 1999; Sivamurthy 2003). The female education deficit in Brazil might also help explain that country's relatively poor progress in reducing child deaths. We know that Costa Rica developed a unique public institution, and this probably explains why it out-performed Chile in child death rates, despite a lower level of female education.

Yet while high levels of education require significant institutional development, considering only one factor additional to income seems unsatisfactory. Let's look a bit closer at Mexico, and the arguments over health reform there. Mexico has a private subscription health and social insurance system which, although compulsory, extends to only 55% of the population. Yet an OECD view of the system criticized the "public integrated model" which existed within the national hospital system, calling it a "quasi-monopoly", and abusing Mexican public health as a "command and control" system which provided "no effective consumer choice" (OECD 1998: 100-102). Such assaults on public institutions are common in neoliberal discourse. However the fragmented Mexican system suffers from such failures of access that "choice" is barely relevant for the 45% who are not enrolled in any of the compulsory social security schemes (PAHO 2002).

The OECD accepted there were serious problems in Mexican access to health services, and in poorly coordinated services, and that there was a need to "reduce disparities in health status" (OECD 1998: 88, 91-97). However, in its conclusion, the OECD backs an expansion of private health insurance through voluntary affiliation, family insurance packages and the delegation of financial responsibilities to the Mexican states (OECD 1998: 104-111). Such a process failed, in the following few years, to lift health insurance rates more than 2 or 3 percent (PAHO 2003a).

While Chile also has a private contributory health system, it resides within a unified national health system dating back to 1952. This system has undergone a number of changes, with both 'private choice' of health care provider and 'health as a basic human right' being embedded in the 1980 constitution. Employees can contribute to their private funds, but a National Health Fund (FONSA) finances care for the rest (PAHO 1998: 173-174). National government subsidies provide more than half the funds of the decentralized municipal health services (Bossert 2000: 21). One important result is that virtually all births in Chile occur in a hospital. This is not yet the case in Mexico (see Table 5). Further, Chile made progress in covering its housing deficit, using public funds to support the construction of almost a million houses, throughout the 1990s (Ravinet 2001). Mexico, by contrast, has an ongoing deficit of more than 4 million houses (OACNUDHM 2003: 70). This difference no doubt contributes to Chile's sanitation advantage. Chile reports 91% of households having access to improved sanitation, while Mexico reports just 79% (UNDP 2006: Table 7). A Chilean Minister for Housing explained the country's progress as through: "sustained economic growth, fiscal balances and a steady increase in public social investment in sanitation, housing and habitat" (Ravinet 2001). So it is the way in which Chile has used its resources - mobilizing public institutions in support of health, education and housing - that seems to have made the difference.

Such progress can be reversed through attacks on public institutions. For example, one consequence of Costa Rica's impending accession to the regional 'free trade agreement' with the US (CAFTA) would be the partial privatization of telecommunications in that country (Stanley 2006). In the longer run, private investors may also have their eyes on pension funds. If Costa Rica's central public institution, the CCSS, were to be subjected to 'competition policy' (and therefore partial privatization) by the introduction of new contributory schemes, there is a significant risk that introduced inequalities and problems of access would undermine that country's health achievements.

V CONCLUDING REMARKS

The World Bank's (2004: 157) suggestion that the road to good health is principally based on broad based income growth, backed by increased private investment, ignores the evidence, including evidence commissioned by the World Bank. Wang et al (1999) place income in third place (after education and new technology) in the major factors linked to critical health outcomes. Yet the World Bank's approach is consistent with its constitutional mandate to facilitate, supplement and promote private foreign investment. The OECD's Development Assistance Committee (DAC) similarly collapses these two issues – supporting the improvement of health systems in developing countries and promoting its own member states' foreign investment ambitions. Consistent with

neoliberal discourse, there is no recognition of potential conflicts of interest (Anderson 2006a).

Both bodies have adopted a rather schizoid approach to health in developing countries. On the one hand, they recognize some of the social and institutional determinants of health yet, on the other hand, they condemn publicly-integrated systems, instead promoting private investment and user pays regimes. In view of this ideological offensive, it seems important to point out the conflicts of interest inherent in 'growth-based' private investment arguments, particularly when there are threats to undermine the very public institutions which are critical to public health.

Many countries demonstrate that, while resources are important, political will and social organization are critical. Cuba is the best example of this, with below average income but the best health outcomes in Latin America. It relies on a single, integrated public system with guaranteed, free access to health services. It's important notion of 'intersectoral coordination' in health stresses the relationship between its various public bodies, including the schools, public nutritional programs and infrastructure. Costa Rica has developed a unique public institution, the *Caja Costarricense de Seguro Social*, which guarantees health services and pensions to all citizens. This institution helps explain its better health performance than higher income Latin American countries such as Mexico and Argentina. Recognizing these institutional features help us better appreciate the differing outcomes in each country.

The relationship between increased income and improved health is positive, but weak and fragile, in the highly unequal societies of Latin America. Institutional factors which may be more important are: levels of education (especially of women), numbers of trained health workers, universal access regimes for health services, well coordinated public health institutions, water, sanitation and decent housing, and the adoption of new technologies.

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Table 5: Health–related indicators: select Latin American Countries.

	Argentina	Brazil	Mexico	Venezuela	Cuba	Chile	Costa Rica	Uruguay	DC av.
Life expectancy at birth (2004)	74.6	70.8	75.3	73.0	77.6	78.1	78.3	75.6	65.2
Adult illiteracy (2004)	2.8	11.4	9.0	7.0	0.2	4.3	5.1	2.0*	21.1
Children underweight for age (%>5) (1996-2004)	5	6	8	4	4	1	5	5	na
Births attended by skilled personnel % (1996-2004)	99	96	95	94	100	100	98	100	59
Infant mortality/1,000 (2004)	16	32	23	16	6	8	11	15	57
Maternal mortality/100,000 adj (2000)	82	260	83	96	33	31	43	27	na
TB cases/100,000 (2004)	53	77	43	52	12	16	15	33	275
HIV prevalence % ages 15-49 (2005)	0.6	0.5	0.3	0.7	<0.2	0.3	0.3	0.5	1.1
Doctors/100,000 (2004)	301	115	198	194	591	109	132	365	na
Public health exp (%GDP, 2003)	4.3	3.4	2.9	2.0	6.3	3.0	5.8	2.7	na
Private health exp (%GDP, 2003)	4.6	4.2	3.3	2.5	1.0	3.1	1.5	7.1	na
GDP per capita (US$PPP) (2004)	13,298	8,195	9,803	6,043	5,700*	10,874	9,481	9,421	4,775
Gini index for income / expenditure	52.8	58.0	49.5	44.1	na	57.1	49.9	44.9	Na

Sources: UNDP (2006: Tables 1, 3, 6, 9, 10 & 15), UNDP (2004: Table 1), based on a distinct method.

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PEACE ECONOMICS: PRIVATE SECTOR BUSINESS INVOLVEMENT IN CONFLICT PREVENTION

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ABSTRACT

Conflict prevention has escaped pure state responsibility and needs to involve a wide range of societal actors, including business. The private sector, especially multinational corporations, can powerfully contribute to comprehensive peace building and derive profit from doing so. However, profit-oriented behavior can also endanger peace, unless the economic incentive structure induces conflict preventing business strategies. Yet, such ideal scenario requires commitment from the state, the civil society and the companies themselves.

I INTRODUCTION

Our world has long moved beyond the Westphalian system of international relations; matters of peace and war have evolved as well. Currently the civil population plays a more important role as actors, instruments, and victims (Nelson 2000). Congruently, conflict prevention and peace-making escaped pure state responsibility and need to address society as a whole through involving a wide range of interdependent actors. Peace, it appears, can only be sustained if carried by majorities among all stakeholders and mainstreamed within all parts of society.

In order to attain sustainable peace traditional first-track diplomacy of formal governmental negotiation must be complemented by the inclusion of various social actors. John McDonald and Louise Diamond elaborate further distinctions of diplomatic efforts emerging within the civil society, among them track three: the involvement of business through private sector economic activities aimed at preventing conflicts (Diamond and McDonald 1996). In recent years a seemingly global and allegedly representative civil society repeatedly blamed global capitalism and, in particular, large multinational corporations (MNCs) for causing, triggering, or maintaining violent conflicts. A broad lack of understanding of how capitalism and its agents--corporations and consumers--work limits the development of criticism to sheer blame shifting without constructive dialogue or solutions. The perceived importance of companies definitively increased under economic globalization since the 1970s, giving birth to quasi-autonomous structures independent from conventional national economies.

This paper outlines a reflection of popular discourse, including how businesses can powerfully contribute to peace building (see section II). Given that business activity – as any human activity – relies on strong incentives, the third section will focus on the advantages which the companies could derive from peace building initiatives. Admittedly, profit-oriented behavior possibly endangers peace, as explained in section

IV. Nevertheless, shifts in the economic incentive structure can induce conflict prevention business strategies, outlined in section V.

II THE PROMISES

The central argument for multi-track diplomacy builds on the actors' capabilities. Their involvement is justified because they are capable of fostering peace and can therefore supplement state representatives' efforts. In this sense business actors can be first-class diplomats because they possess the necessary means to build peace.

a *Providing Technical and Financial Input*

Peace is more than just the absence of war and cannot be established simply be signing peace accords. Conflict prevention efforts should begin in post-conflict environments to avoid re-eruption of old conflicts and the creation of new ones. Sustainable peace relies on social conditions favorable to human development and conducive to the protection of human rights and social justice (Barash and Webel 2002). Especially in post-conflict settings, where war destroyed basic infrastructure, business enterprises can make a difference. In order to keep and build peace in these environments substantial rebuilding initiatives need to be carried out, giving hope to those affected most. Businesses provide the necessary technical and financial input to jump-start the economy by replacing missing infrastructure, providing job opportunities, and investing first in the collapsed economy.

b *Inducing Economic Growth*

Economic growth is also a primary prerequisite for social development. Once basic needs are satisfied the social structure of a conflict-ridden zone can be rebuilt slowly. At this stage business involvement is indispensable to provide jobs, create and satisfy new demands, and thus induce political stability. Strategic economic activity can successfully minimize absolute or relative deprivation and overcome social divides. Some hold the view that economic growth inherently carries improvements in a society's value system. Benjamin M. Friedman (2005) even suggests that the enhancement in opportunities for a great number of citizens fosters tolerance, fairness, and democracy. Yet such alleged automatisms cannot be proven easily. The assertions also entail suspicion regarding possible value imperialism by industrialized 'democracies.' Emphasis needs to be put on the distribution of wealth and social equity rather than mere economic growth.

c *Fostering Social Stability*

Still, even while driven by purely economic interest, companies can unite people across cultural and social divides if employees consider themselves part of a cross-cutting group. Such a corporate identity can generate strong and inclusive socio-emotional bonds that invalidate discrimination. Furthermore, stable work environments have an empowering effect on employees if they relate the reward (wage, recognition, career opportunities) to their own efforts. Combating hope- or helplessness withdraws the breeding ground for radical ideology (Gerson 2001). Additionally, the positive impact on the social and educational systems--financed by taxes deducted from the companies' profit--further fosters contentment and diminishes the probability of conflicts based on

absolute and relative deprivation[1]. In fact, the mere offer of employment, career opportunity, and individual economic security increases the interest in maintaining stability, thus weakening movements which aim at overthrowing the existing system. Opportunity costs of participating in violent uprisings increase tremendously the more people find themselves in an economically secure position and the more property they own and endanger by engaging in conflict.

d *Exercising Political Power*

In addition to directly or indirectly influencing a potentially conflict-prone society, large multi-national companies distribute sufficient amounts of money which translates into enormous economic and political power. Businesses can therefore exert great pressure on first-track diplomats by linking political alternatives to economic decisions of investment, trade relations, or retreat. Obviously this approach is based on the underlying assumptions that peace is in the interest of the economic actors and their power will be therefore used for the 'right' cause[2]. In several cases, such as in Lebanon or Northern Ireland[3], advocacy by business actors led to cease-fire and peace accords and successfully prevented the eruption of violence.

III THE INCENTIVES

The previous paragraphs merely outlined a selection of business capabilities to foster peace. The question, why business enterprises should help build peace, remains to be resolved.

a *Adopting Ethics*

Why should corporations foster peace? From the perspective of morality the answer would be: because it is the right thing to do. Any business acts within the society, forms a part of society, and therefore shares a certain obligation toward the common good. All members of society--including enterprises--are dependent on each other and mutually agree on ethical norms and minimum standards. David C. Korten points out that "the human condition as we know it is a tragic, self-inflicted crime against ourselves" (2006: 31) and calls upon all members of society to cooperate for improvement. Noel Preston differentiates between the personal and social dimensions of ethics (Preston 1996), but companies can certainly not be regarded as persons in this sense although they might be awarded the status of persons in legal terms.

Still, ethical behavior can be prescribed in the business arena because enterprises constitute a coalition of conscious individuals whose choices rely on moral weighting. The recent rise in formal "Codes of Conduct" in companies illustrates this aspect. The National Business Ethics Survey (ERC 2005) analyzed employees' perception of ethics across for-profit, nonprofit, and governmental sectors in the United States since 1994. The report focuses on ethical conduct or misconduct in the workplace only, yet it states that the abidance of ethical standards – written or informal – depends on the circumstances: "Ethical Culture Matters" (ERC 2005: 3). Formal guidelines and codes of conduct can help formalize an environment conducive to the adherence to ethics standards and thus favorable to peace building.

b *Marketing Corporate Social Responsibility*

While this business ethics approach looks at internal relations of an organization only, it is still questionable how a business' external relations comply with ethical standards. It is at this point that the reference to Corporate Social Responsibility (CSR) may be introduced into the discussion. The wave of CSR on public agendas since the 1970s is mainly linked to environmental concerns, calling upon businesses to limit their ecological footprint. Nevertheless, business' social responsibility reaches beyond green concerns and encompasses the wider range of social improvement and development with human beings at the center of attention. CSR is mainly founded in ethics as explained above. It aims at unleashing the potential for a better future with "ethics as instrument of social transformation" (Preston 1996: 8). Furthermore, the profit-making potential of CSR has been illuminated extensively. In this context, public pressure is rising, influencing consumer decisions, and forcing companies to adopt minimum standards in social responsibility. Hence, corporations not only fulfill their moral obligations but also gain marketing strength and ensure customer loyalty. Effective selling of peace building as element of a company's corporate social responsibility can increase profit. Peace as an abstract concept is a goal shared by the great majority of the populace. The challenge is to tap into this marketing potential.

c *Making Profit*

The profit-making potential of peace building is not only limited to CSR activities. Rather, peace in itself is an economic interest for corporations in the short and the long-term. Heavily destroyed infrastructures attract foreign direct investment or domestic entrepreneurial initiative because the profit margin seems immense. This point underlines the position that, in general, post-conflict reconstruction is in the interest of companies (Mendelson-Forman 2002). While demand is enormous due to the destruction, competition is low if not absent right after a violent conflict ceases. Companies – established either through foreign direct investment or through domestic entrepreneurship – can profit from first-mover advantages, referring to the unique opportunity to satisfy the entire demand and practically absorbing the total possible profit. Furthermore, a dominant position on the market involves the (morally questionable) liberties of price determination and supply control. This initial maximum profit margin covers fixed costs incurred in the company's establishment period. Once competition becomes effective these advantages will rapidly decrease with the market share.

In addition to short-term profit calculation businesses share an interest in re-establishing stable market conditions on the long run, including a sustainable infrastructure and a functioning system of capital flows. Post-conflict investment will therefore also be guided by insurance incentives, guaranteeing future growth and profitability. To a certain extent even the increase in competition is desired to promote innovation and specialization, thus inducing growth advantageous to all market participants. It follows from this reasoning that, under supportive circumstances, a period of self-enforcing growth and diversification can eventually lead to veritable development which decreases the chance of future conflict. Obviously, the companies themselves also share an interest in long-term stability since they otherwise endanger their own profit (Windmueller 2004). Peace is a prerequisite for business activity because capitalist consumption patterns emerge notably beyond the satisfaction of basic needs. Furthermore, any company

engaged in international trade relies on a positive reputation of their home country's situation. As a result companies can be expected to actively oppose destabilizing forces using their bargaining power in the political realm (Johnson 2001). Even more importantly, transnational trade discourages conflict because it generates important external stakeholders. The evolution of a domestic conflict might suddenly appear on the international agenda if foreign income is threatened.

IV THE THREATS

As beautiful as the previous sections sound, they do not depict reality. At their very base the assumptions are faulty. Peace is not a natural business objective. The source of economic activity remains purely the quest for profit. Thus any involvement in post- or pre-conflict areas is driven by self-interest which possibly promotes conflict (Patey 2004). Ethical concerns are certainly not shared by corporations which profit directly or indirectly from conflict. Others, adopting moral criteria to their activity, would hesitate to build peace if their profit calculation is not as clear as suggested in the discussion of CSR above.

a *Resource Wars*

First and foremost, in the worst-case scenario economic activities and competition are often the very reasons for violent conflict and war. Geo-economics endanger peace since access to resources and the expectation of first-mover advantages in the wake of the conflict are primary economic concerns[4]. Scarcity of resources – whether absolute or relative and perceived – causes conflicting interests over access and property rights. In institutionally weak settings such opposition can easily escalate into violence. Existing divides between ethnic or political groups exacerbate the conflict or are exacerbated by it. Well-known examples of the fighting over conflict commodities are Angola (oil, diamonds) and Sierra Leone (diamonds) (Klare 2002 and Sherman 2002). In these cases the thirst for lootable resources is the central cause of conflict, aggravated by the presence of multi-national corporations which are the primary clients of looting and fighting groups. The extractive industry tends to downplay conflicts in regions where they operate because they depend on the resources, no matter whether they extract them themselves or buy and sell as intermediaries. In this context it becomes obvious that not only does resource scarcity trigger conflict, but also that an abundance of resources attracts parties with conflicting interests. In both scenarios it is the promise of potential richness that leads each side to violence as ultimate means.

b *Military-Industrial Complex*

Another sector comprised of definitely conflict-prone business is the arms industry. The production and sale of weapons is inherently geared towards violent conflict – or the deterrence of a threat. If the number and intensity of conflicts decrease the arms industry looses profits. While seemingly logical, the implications of these dynamics are devastating. Following their sole interest of increasing profit, arms manufacturers share the goal of maintaining conflicts or at least the perception of threats. Thus, true and lasting peace will not be reached unless the military-industrial complex is disentangled. Unfortunately this vision is idealistic and improbable. The arms industry and politics are too intertwined[5]. First, the production of weaponry is highly concentrated in a few very

large companies. International capitalism bears within it the concentration of capital which simultaneously entails a concentration of political power. On the one hand, the owners of capital can easily manipulate decision-making processes through corruption – whether legal or illegal. On the other, the distinction between politicians and businessmen in the arms industry is often blurred: a number of politicians are directly involved in the supply of weaponry and not only the demand. Considering the overproduction, weapons need to be used at a point in time in order to decrease supply and keep prices from falling. From this perspective today's wars can be considered proxies for regulating the market of military weaponry. If conflicts are not pertinent the demand will be created artificially.

c *Lack of Profitability*

Profit is theoretically the ultimate goal of business activity. Peace building efforts conducted by enterprises need to be scrutinized from the perspectives of private costs and benefits as well as social effects. Peace building entails direct or indirect costs for business. If these expenses are not matched with actual income or even higher opportunity costs a company will not pursue peace. Hence--under its mandate to maximize shareholders' profit--any corporation should engage in peace building activities if profit is at risk.

At the same time, corporations endure conflict as long as financial losses are smaller than the costs of peace building activities. Most MNCs have the option of retreat from a conflict-ridden region if necessary. Lamentably, the costs of peace building activities are generally higher than the opportunity costs of retreat.

> Corporate power never stands still. Blocked from getting what they want in one arena, companies quickly move to develop new mechanisms for bypassing whatever obstacles have been put in their way (Hildyard and Muttitt 2006: 43).

A similar argument is true for CSR. Currently the assumed consumer pressure is too weak to be reflected in profit tables. The public only focuses on issues which are tangible for the individual who is personally impacted by adverse effects such as pollution or local social underdevelopment. Violent conflicts are usually issues beyond the sphere of personal experience of strong consumer populations because as soon as people are personally affected by conflicts their consumer power generally drops drastically. Consumer pressure for CSR is only possible if the buyer can chose from a variety of alternatives to fulfill their needs or wants. Monopoly structures—as present in conflict or post-conflict settings—undermine this force. Companies are therefore not pushed by their clients to actively seek peace. Besides, some hold the view that corporate social responsibility beyond a company's integral operations should not be supported considering that it is outside of the enterprise's expertise and thus beyond the legitimate exercise of their influence.

Corporations – organizations in nature – are only effective if their focus on one singular goal is maintained, avoiding distraction by other objectives such as social betterment (Drucker 1994). Adopting this view, business actors will not support peace unless it is directly linked with their economic operations. Any other approach would unjustifiably diminish their profit and demand a change in mission.

d *Illusionary Ethics*

Another assumption put forth before is unrealistic: business ethics. Corporations are formed to maximize profit only, not to put morale on its agenda. Milton Friedman wrote that "Only people can have responsibilities" (1970: 274). A corporation--although accepted as a person in legal terms in many countries--does not adapt ethical standards; at least not towards the outside (Patey 2004). Internal organizational ethics and CSR policy are not inextricably linked. A cursory glance at reality demonstrates that each seems to be completely independent from the other. Corporations live with flamboyant double standards. The fact that companies are associations of individual human beings is not at all visible to the outside. For some reason the corporation manages to act as a filter against humanity and emotions, extracting only the strategic well-defined goals of a then independent pursuit: profit. There is no pressure from within to act morally to the outside. Employees readily accept that they are not responsible for the big picture and only account for their small sphere of influence. CEOs are no different in this respect. It is easy to justify their actions by referring to the board's objective and shareholder interests. And indeed, a failure to comply with profit projections results in a precipitant farewell of the respective manager who will then be substituted by a less moralizing figure – a traditional principal-agent relationship (Friedman 1970).

V THE CONDITIONS

The comparison between promises and threats of business actors' involvement in peace building sheds light on the conditions which are necessary to induce a positive influence of enterprises in (potential) conflict zones. It will be accepted that conflicts of interest within military-industrial relations and the attractiveness of lootable resources would need to be resolved at a structural level beyond the range of influence of individual stakeholders. Therefore, the following recommendations are naturally limited to enterprises which do not depend on conflict-prone business. Responsibilities for creating an environment conducive to successful peace building efforts will be shared among companies, the state, and the broader civil society.

a *Business Responsibility*

As explained above, companies do not inherently follow the 'good cause' unless they take up responsibilities in the promotion of sustainable peace.

Companies have to invest in a (former) conflict zone with good intentions regarding peace. This excludes any interest in maintaining or creating tensions, implying that companies producing arms are useless in conflict prevention. Rather, companies should aim at long-term profit generation guaranteed by sustainable investment and stability. Once a major investment into local infrastructure and production facilities has been undertaken geographic mobility of the firm becomes improbable and an interest in maintaining stability can be assumed. By seriously investing in a region a business also demonstrates a genuine interest in working with the community, employing locals, and establishing confidence among local customers. To be successful companies will have to prove a minimum level of cultural sensitivity and consciousness of local customs, working habits, and negotiation style. Thinking further, this raises hope for a certain standard of profit-sharing; for example through reinvestment or tax system redistribution.

At any stage of business investment and activity a high degree of community interaction is advisable, opening channels for communication to all relevant stakeholders. Close ties with the community allow for early warning and response in the rise of conflicts and generate a deeper understanding of the social fabric surrounding the business activity.

b *State Responsibility*

Requirements do not only apply to companies if they are to promote peace. Rather, business actors rely on at least a minimum commitment from state authorities.

In post-conflict situations, business involvement is tremendously facilitated by national or international reconstruction aid which cuts down investment costs. The reestablishment of infrastructure and competitive markets can be accelerated decisively and triggers the stabilization process, hindering new conflicts. At the same time the reconstruction and stabilization of national institutions should be prioritized to provide a framework for economic activities independent from international support.

In addition, an enabling environment of official commitment to social stability promotes the availability of credits and loans for investment in the respective region (Christiansen 2006). If development determinants--including governmental attitudes--are favorable, entrepreneurs enjoy broad financial support. On the contrary, if conflicts appear to be pending interest rates will rise enormously and impede investments – although the instability itself will be a strong deterrent. The same holds true for corruption and mismanagement which may hinder economic development in general.

State regulation should therefore concentrate on creating an investment-favorable environment while having some form of open market system available for companies. Otherwise businesses will be discouraged from investing--an important factor in conflict prevention. Problematically, the imposition of a tax system is simultaneously necessary to redistribute profits that are necessary to help finance governmental structures, health and education systems, etc. The difficult task to establish a sustainable balance between market and regulation lies with the state[6].

c *Civil Society*

For companies to adhere to the responsibility requirements mentioned above a shift in incentive structures is necessary. Companies have to be rewarded for good conduct so that their behavior is reflected in accounting books. Particularly, consumers should be conscious of their power, giving them the opportunity to jointly reward or punish business behavior at least in a non-monopoly (or oligopoly) market environment.

Considering that in post-conflict settings the consumers' power is very limited, responsibility needs to be shared internationally as far as possible. Optimistically, the recent public discourse about corporate social responsibility raises awareness and creates a forum for economically effective denouncements. Still, none of the commonly referred to guidelines--such as the UN Global Compact or the OECD Guidelines for Multinational Enterprises--include peace as an explicit objective. Logically the consumer pressure model is practically restricted to MNCs but is also most important for these large

international enterprises since, as explained before, most MNCs can retreat from a conflict zone if peace building initiatives become too costly. Alternatively, focus in research and civil society advocacy should shift to domestic businesses, including small and medium-sized enterprises (SMEs). Contrary to MNCs domestic firms can usually not retreat from their area of operation without giving up their profit-generation activities altogether. Furthermore, SMEs can generally be considered to maintain closer links with the communities due to a higher degree of dependence and a limited disconnection of the executive personnel from social interaction. Thus domestic enterprises also enjoy a head start in terms of understanding the culture and conflict dynamics in the area.

VI CONCLUSION

Companies can play an important role in preventing conflict. On the one hand, they readily engage in post-conflict reconstruction which is a basis for peace. On the other, business activities can decrease poverty, empower people and discourage social division. Furthermore, business representatives become important stakeholders in the political sphere. Nevertheless the inherent economic rationale of business activity demands the 'economization' of peace. This burden will have to be carried jointly by companies, governments, and civil society, who all share the responsibility for peace.

As this paper elucidated, MNCs could decisively help foster peace if the incentive structures were favorable. Lamentably, pressure is not sufficient. The reasons are manifold. On the one hand, politics and business are too intertwined to expect change. Legal provision could only be effective if agreed at the international level but implemented and enforced on the national level. Otherwise MNCs will take advantage of their wide networks and retreat to loopholes in order to maximize their profit. The illusion of the 'good' company needs to be abandoned and responsibility shifted back to the consumer and the citizen.

In addition, attention should not be limited to MNCs but instead examine the prospects of peace building by domestic business actors, including SMEs. Surprisingly, research and policy have widely neglected the analysis of this potential despite the inherent advantages SMEs and other domestic enterprises enjoy regarding conflict prevention and peace building. After all, the responsibility for peace is ideally shared among all members of the human community.

END NOTES

[1] To achieve this positive impact, effective distribution of wealth is necessary.

[2] See section III for scrutiny of this assumption.

[3] Johnson (2001: 5) explains in the case of Lebanon that "no social class […] could perform the unifying role played by the 'commercial-financial bourgeoisie' that had created independent Lebanon in the 1940s".

[4] Consider for example their discussion about oil supply as decisive factor in strategic warfare in Diamond and McDonald (2002).

[5] Terry Boswell and Christopher Chase-Dunn (2000: 6) coin this phenomenon "economic democracy" and deem it more favorable than other authoritarian regimes.

[6] See Liotta (2000) as an illustration of the difficulties with the example of 'reconstructing Bosnia'.

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VOLUNTEER *CHILD* SOLDIERS AS REALITY: A DEVELOPMENT ISSUE FOR AFRICA

Alice Schmidt

ABSTRACT

Cruel methods of forced recruitment of child soldiers are popular images often used in the academic literature and by the media. Child soldiers are usually portrayed as vulnerable victims and their agency in violent conflict is denied. In some contexts this is justified. Overall this picture is largely misleading. A number of recent studies from Sub-Saharan Africa show that the majority of children and young people join armed groups voluntarily, for a number of reasons. Taking up arms may be a sensible choice and an attractive option, even – and especially – for the young. After pointing to the benefits of children's participation in conflict, this paper analyses the reasons for widespread denial of their agency, suggesting a number of hidden agendas by various actors. The micro-level benefits of child soldiering (which become especially obvious where the common fallacy of comparing child soldiers with children in peaceful and prosperous societies is overcome) are nevertheless outweighed by the disadvantages on the macro-level when it comes to reintegration, economic growth and peace. Preventing children's participation in war is therefore crucial. However, this can only be effective if children's volunteerism and agency is recognized and addressed, for example through positive structural change.

I INTRODUCTION

Preventing the recruitment of children for war is a declared goal of the international community. However, the number of child soldiers seems to be growing and it is clear that child soldiering continues in countries that have made commitments to end this practice. Recruitment is the *sine qua non* of armed groups. There are a variety of approaches, including forced and voluntary recruitment, and conscription by government armies. Under-18s are employed by armed forces in at least 60 countries around the world. Some governments recruit children directly into their official armies and indirectly support this practice by backing proxy forces that use child soldiers. Furthermore, armed groups involved in peace processes have been reported to recruit children as bargaining counters (CSUCS 2004). Child soldiers are defined as any individual under the age of 18 who is a member of or attached to any regular or irregular armed group, whether or not an armed conflict exists[1].

In Sub-Saharan Africa it appears that state collapse and rebel insurgencies have contributed to rising numbers of child soldiers (Mjoset and van Holde 2002), estimated across Africa to be as high as 120,000 (Wessells 2002). According to UNICEF data (2004) 51 percent of all people living in Sub-Saharan Africa are children under the age of

18, meaning that 'children' represent an "absolute demographic majority". While this figure is significant, it conceals the cases of countries where demographic predominance of children is even stronger, such as in the Democratic Republic of Congo (DRC) or Uganda, where they account for 54 percent and 57 percent of the population respectively. This contrasts with Western industrialized countries, where children only account for 22 percent of the population (UNICEF 2004)[2].

The phenomenon of abduction and otherwise forced recruitment of child soldiers has frequently been stressed in the literature as well as in the media. Northern Uganda, where abducted children constitute the vast majority of the LRA's (Lord's Resistance Army) fighters, might currently be the most notorious and publicized case of forced recruitment[3].

In Part 2, I will present an overview of recent research findings from Sub-Saharan Africa that contradicts the commonly held assumption that child soldiers participate in wars almost exclusively because of forcible recruitment. After outlining and challenging various definitions pertinent to the issue of child soldiers, such as childhood and forced versus voluntary recruitment in Part 3, I will use these findings to shed more light on young people's motivations for participation in war in Part 4. I will argue that a substantial part of volunteerism is 'real' rather than 'structurally forced' as is often suggested. Children can be seen as exercising free will, similar to adults.

I then turn to analyzing the reasons behind the widespread reluctance to recognize children's agency. Moreover, I will argue that on a micro-level, child soldiering may have benefits, especially when the common analytical fallacy of comparing child soldiers with children in peaceful and prosperous societies is overcome. In Part 5, I will analyze the relevance of recruitment realities for reintegration and peace. A failure to take these realities into account – as seems to be the case in current practice - and address the root causes which lead children to volunteer will easily result in them choosing to (re-)enlist. I will end with a concluding summary and some recommendations for child protection.

II RECRUITMENT REALITIES

Armed groups see a number of benefits in recruiting children rather than adults. For example, there is evidence that Renamo in Mozambique preferred children to adult combatants because they were thought to have more stamina, be better at surviving in the bush, did not complain and followed orders more readily. Furthermore, in many cases children are needed to fill in gaps between demand and supply of adult soldiers. In the Mozambican war recruitment of children increased over the years and was heaviest in areas from which adult men had migrated for work and in other areas where support for Renamo was low. Force is necessary to recruit fighters who otherwise would not be willing to join – this is true for both children and adults, even if the former are arguably less able to defend themselves against such practices (Cohn and Goodwin-Gill 1994).

a *Methodological issues*

Most findings presented here are the result of primary research based on in-depth country studies conducted in the post-Cold War era[4]. Nevertheless, some studies, most notably

those by Dumas and de Cock (2003) and Brett and Specht (2004), look at several countries in Sub-Saharan Africa[5] simultaneously. All studies look at the modes of recruitment and reasons for volunteering by children, either specifically or as part of wider research on issues relating to child soldiers. I have tried to gather as much data as possible and included all studies I managed to identify. While I have attempted not to present a picture biased towards volunteerism, I should mention that some of the studies included here do seem to be biased towards this end. Whether this accurately reflects realities in the respective violent conflicts analyzed or is because their authors, like me, took a particular interest in volunteerism I cannot say with certainty[6].

Whilst analyzing such research it is important to keep in mind that the biases and limitations associated with most kinds of social research are exacerbated when it comes to self-reports in the context of child soldiers. People who have suffered great hardship are less likely to talk about negative experiences, especially if these are related to subjects typically associated with shame, such as rape or killing, and they may affect children particularly strongly. Furthermore, interviewees might be fearful that what they say might be used against them. Alternatively, people in desperate circumstances may exaggerate their experiences to receive additional assistance (Wessells 1998). Based on his experience with young ex-combatants in Liberia Utas (2004) coins the term "*victimcy*" to denote the phenomenon of respondents representing themselves as powerless victims. He argues that such *victimcy* and other issues with research can only be overcome if researchers establish long-term relationships with their subjects. This may not have been the case in some of the studies presented here.

To some extent, the reluctance or inability of children to tell the truth may be measured. For example, in their research in Central Africa, Dumas and de Cock (2003) received rather different responses from current and former child soldiers, with the latter more likely to say that they had been abducted or recruited by force. They attribute these differences to fear of reprisals of those who remain with armed groups, the likelihood that they are staying because they joined voluntarily in the first place, and explanations of forced pride while still with armed groups and a realization of their hardships and suffering only once they have left. In any case it is important to remember, as Honwana (2006) points out, that only survivors can tell their stories. This might influence findings towards volunteerism as it is conceivable that those who were forcibly recruited are less likely to survive due to greater hardship, mistreatment by their commanders and the possibly lethal punishment for failed attempts to escape which have been reported from a number of armed groups.

b *Why children volunteer*

In their relatively large-scale study on Burundi, Congo-Brazzaville, DRC and Rwanda Dumas and de Cock (2003) found that two out of three present or former child soldiers took the initiative of joining armed groups themselves, i.e. they joined voluntarily. For many children in the sample, joining an armed group represented an escape from marginalization. 'Personal decisions'[7], i.e. voluntary participation, were found to be based on six major factors, namely material needs, ideology, prestige of the army, feeling of exclusion, desire for vengeance, and fear, in that order. In addition, living in the neighborhood of an armed group and mixing with them as well as family encouragement were two more reasons cited for joining. In some cases the reasons were cumulative.

Brett and Specht (2004), who interviewed a number of self-defined volunteers in Congo-Brazzaville, DRC, Sierra Leone and South Africa, identified three levels in each individual case that contributed to children's decision to take up arms.

The precise combination of factors is unique in every case. Firstly, there are environmental factors. In this regard the prevalence of war - as war has a multiplier effect because it leads to situations where many risk factors coincide, such as family members dying or joining armed groups, a lack of food and income, closure of schools, presence of armed groups in young people's immediate vicinity – and poverty[8] are most influential. The fact that very few young people go looking for a war to fight is so obvious that there is a tendency to overlook war as a factor in its own right (Brett 2003).

There are another five broad categories of *interlinked environmental factors* which frequently motivate children to volunteer. These are employment and education - while a lack of education can be crucial, the opposite may be true as educational institutions often advertise for armed groups[9]; family and friends can be important both as push factors, for example where there is a military history in the family or when peers join in groups, or as protective factors; politics and ideology; features specific to adolescence, including the search for identity and the perceived prestige of armed forces; and finally, culture and tradition.

Secondly there are factors relating to individual children's *personal characteristics and histories.* Building on the environmental conditions presented above, which are similar for all children in a given area, the authors then analyze personal experiences of children and explore why some are more likely to volunteer than others. The applicable categories are similar to the environmental conditions that favor volunteering, i.e. they include war and insecurity; economic motivation; education; family and friends; the appeal of and by armed groups; and politics and identity[10].

At a third level, there are *trigger* events. With the cited risk factors as a backdrop, these are more immediate situations that eventually determine whether a young person will sign up or not. Some children are able to recall a particular event that *triggered* their final decision, such as a sudden outbreak of violence, witnessing the massacre of family or events that might not be highly extraordinary in themselves but simply tip the balance from consideration to action. In other words, the trigger might not be "an isolated event so much as a specific moment in a chain of interrelated factors that have cumulatively put the young person at risk" (Brett 2003: 73). It is important to keep in mind that such events can only work as triggers in the presence of war, for without the existence of war, young people would find different ways to cope with structural and personal constraints.

In the case of Sierra Leone, Richards (2002) found that while most Revolutionary United Front (RUF) fighters were abductees, nearly all other combatants, including civil defence forces (CDF) and the government army, were volunteers. Another study from Sierra Leone revealed that close to half of child soldiers interviewed described their participation as voluntary, with revenge and community protection as their major motives (Aning and McIntyre 2005)[11]. A study on Sierra Leone and Liberia by Sesay (2003) found that almost three quarters of children joined voluntarily, especially on the side of pro-government forces[12]. Another study from Liberia showed that while all warring

factions have forcibly recruited some children the majority of children have joined voluntarily because they saw no realistic alternative to survival. Most children interviewed said they joined "because of the advantage" (Human Rights Watch 2004: 25). Specific reasons given were revenge, family protection, to get food for themselves and others as well as political motives, such as "to liberate our people" or to "fight for my country" (Human Rights Watch 2004: 26). Yet others were induced to fight through promises, such as "we'll take you to a football game" (ibid: 28) or promises of money, cars or houses. The glorified nature of the military may have provided a further incentive as well.

In a study of Ethiopian women who had been recruited into the Tigrean People's Liberation Front (TPLF) as children and were demobilized as adults in 1992/1993, a variety of reasons for volunteering were cited, including political motivations, inspiration by peers or family members, loss of family members due to droughts, escaping unwanted marriages, educational opportunities, or being brought up in the fighter camps (and attending kindergarten and school there). TPLF policies aimed at establishing social services secured the confidence of local communities and indirectly acted as a recruitment mechanism, possibly encouraging children to volunteer. Furthermore, and uniquely in the literature, songs, dramas and cultural shows are mentioned as mobilization tools that were particularly effective with girls and women (Veale 2005).

In Mozambique's war between Frelimo and Renamo, forced recruitment was predominant, not only among child soldiers. Based on his survey of ex-Renamo soldiers and some other sources, Minter (1989) estimates that in excess of 90 percent of all rank and file combatants of Renamo were recruited by force. These findings have to be put in perspective with later accounts, such as the more recent study by Schafer who found that the image of Renamo recruits typically being unwilling, coerced and uncomprehending children is incorrect (2004). Similarly, Honwana (2006) suggests that while coercion was the predominant recruitment tool for child participants in the wars in Mozambique and Angola, there were cases of child volunteers who were motivated by a variety of reasons, such as insecurity, vulnerability, lack of food, revenge, sheer adventurism or ideological reasons. She also found that some children 'volunteered' under social pressure from the community or because they felt that volunteers would be treated better than those forcibly recruited. Minter (1990), who also conducted interviews with ex-Unita-combatants in Angola, found that roughly a third had joined voluntarily, with the rest being forcibly recruited. He observed that while the first generation of Unita participants (1974-76) largely joined voluntarily, the second generation (especially after 1980) was principally recruited by force and among ordinary soldiers volunteers were rare.

At the same time, all available accounts from the ongoing conflict in Northern Uganda such as those presented by Human Rights Watch (1997) and Muhumuza (1995; 1998) indicate that volunteering is almost non-existent when it comes to children joining the LRA. Most children are abducted and forcibly recruited. This ongoing conflict between the Ugandan Government, the LRA as well as their respective supporters must not be confused with the war that led to Museveni and his National Resistance Army (NRA) taking power in 1986, where child soldiers were also infamously involved, and a significant number of them volunteered to join the NRA despite hardship and suffering (Keitetsi 2002).

A further reason for young people to take up arms stressed in the literature is that guns are often seen as keys to a world of modern wealth and power. The "emancipatory significance of militarization in the popular imagination of marginalized young men" is often significant (Argenti 2002: 148). Simply put, so long as violence is glorified and young people with guns are better off than those without guns - to get a girlfriend or free drinks, for example - young people will always join armed groups (Rabwoni 2002).

While disadvantaged children such as orphans or those from the poorest families generally seem more likely to volunteer (and are more vulnerable to forced recruitment as well) , this is not always the case. For example, in Sierra Leone Peters and Richards (1998) came across a girl soldier from a strong and supportive Freetown family background with good educational prospects. Her motive to join the military was love - she wanted to follow her soldier-boyfriend to the front. Furthermore, while orphanisation or family break-up may make children more vulnerable to recruitment, family members sometimes encourage children to participate in war out of hopes for money, increased protection, a better future, or in order to maintain or restore honor (Wessells 2000; Dumas and De Cock 2003).

c *Against popular sentiment*

Given the evidence, it seems justified to conclude that the majority of child-soldiers in Sub-Saharan Africa join voluntarily. This is especially true for Burundi, Congo-Brazzaville, DRC, Liberia, Rwanda and Sierra Leone but does not apply in other contexts such as the ongoing conflict in Northern Uganda. There is an indication that volunteerism in these contexts means that children choose to join armed groups despite having alternatives that – under the given circumstances – are acceptable. It goes without saying that compared with those available to young people in most of the Western world, these alternatives are hardly very attractive[14].

When it comes to the driving forces behind such voluntary recruitment, the studies come to similar conclusions and point to economic, educational and socio-political factors. This is true despite the fact that methods and categories used to classify and present those findings differ and vary in detail. I believe that what may look like differences in the findings are largely due to different use of terminology and possibly highly context-specific circumstances.

While analyzing what makes young people volunteer is very important, it may be equally or even more enlightening to find out what encourages resilience or rational choices against volunteering in others. Some children think about joining for years before they actually do so (Brett and Specht 2004). Therefore, more research is needed to find out why the majority of young people choose *not* to join, even though they are facing similar economic, educational and socio-political constraints as those who do.

The results confirm that, while the perception of young people as victims of forced conscription and unscrupulous warlords might be correct for many of the very young children, the quantitatively more significant number of older child and youth combatants often do not fit this picture. Indeed, adolescents make up the vast majority of child soldiers worldwide (Peters 2004; Greitens 2001), yet they are neglected in research and programming (Swaine and Feeny 2004).

There are several conceivable ways of classifying risk factors that make children vulnerable to recruitment. I deliberately refrain from providing a typology of recruitment as the classification that would be required for such a typology would constitute an illusory simplification of reality, masking the complex interplay of factors and the blurred lines between different categories of recruitment and motivation.

d *A new phenomenon?*

Until recently, the view that children are necessarily innocent victims of war, much more so than adults, and that abduction and physical force are necessary to make them become soldiers was predominant. At least in popular opinion, this is still the case. This is true despite the fact that history has been rife with examples of children taking up arms voluntarily[15], including in western landmark wars such as the 30-year war (Brett and Specht 2004) and the American Civil War (Werner 1998). In the latter, between ten and twenty percent of all new recruits were underage. Similarly to some of today's young recruits, they volunteered to take part in an adventure that seemed like an exciting alternative to the routines of farm life and school. Young people who volunteered in the 30-year war listed similar reasons for joining as young people interviewed today in Sub-Saharan Africa, such as deteriorating living conditions, including hunger and unemployment, harassment by soldiers, adventurism, religious motives, and military tradition within the family (Brett and Specht 2004, citing Mjoset and van Holde 2002). From this I would argue that the increased interest in what causes children to volunteer has not evolved because such volunteerism is a new phenomenon. Rather, there have always been young people for whom taking up arms was an attractive option, for whatever reason.

One explanation for the reluctance to acknowledge the voluntary participation of children in war may be that until recently not much academic thought was given to the causes and motivations of individuals in general, and young people in particular, for joining armed conflict. It is possible that the growing analytic focus on reasons for recruitment has to do with the increased interest and strengthened debate on the causes of war as sparked and influenced to a significant extent by Paul Collier[16]. Explaining the causes of war necessarily involves analyzing the motivations and interests of actors engaged in them and therefore recruitment is tightly linked with not only the presence but also the nature of war. Another conceivable explanation is the recently very widespread interest in terrorism and with that in the motivations of its predominantly young suicide bombers.

In order to better understand the general reluctance to assign agency to children for participation in wars one needs to look at the understanding of forced versus voluntary recruitment as well as definitions of children both in the north and in the south.

III DEFINITION MATTERS: VICTIMS, AGENTS OR DEMONS?

Definitions of one phenomenon can differ widely, depending on who creates them and for what purpose. The meaning and use of the terms 'voluntary' and 'forced' recruitment as well as different definitions of childhood and how they relate to armed conflict are a case in point. Using polar opposites may not be a fruitful exercise, so I will suggest the idea of a recruitment spectrum as an analytical tool to understand various forms of

recruitment. Further the standard international definition of childhood predominant at least in the west conflicts with how childhood is defined in Sub-Saharan Africa. These definitions have heavy practical significance for this paper and beyond.

a *The recruitment spectrum*

When it comes to child soldiers, 'forced' recruitment is most often put in direct opposition to 'voluntary' recruitment, indicating a sharp dichotomy. Forced recruitment is commonly associated with abductions (individually or in groups), death threats (to the children themselves or their family and peers) as well as severe punishment for desertion, a logical step as forced recruitment would be pointless without such a deterrent. Voluntary recruitment refers to cases where children take the initiative of joining armed groups themselves, without being under immediate physical threat. There is continuous debate about whether the term 'voluntary' is appropriate and whether it is at all possible for children to volunteer, given that they may lack the ability to judge their situation correctly and that while they may not be forcibly recruited in a physical way, structural or emotional factors may force them to volunteer. It must be remembered that poverty and marginalization blur the lines between voluntary and involuntary by fuelling desperation and encouraging choices that the economically or socially better-off are insulated from (Wessells 2000). In my view, however, such a discussion is futile as it is premised on a view that recruitment is a dichotomy where everything that cannot be considered 'forced' recruitment automatically has to be 'voluntary'. If one accepts that there is no dichotomy but that recruitment rather happens along a spectrum, one can escape this apparent dilemma.

Some authors do mention more than two recruitment categories. For example, Dumas and De Cock (2003) distinguish between "abductions", i.e. situations in which children are taken forcibly or under threat of arms; "forced recruitment", which is used to refer to other cases in which children do not have a choice, either because of moral pressure or a legal obligation to enlist; and "personal decisions", to indicate cases where children themselves take the initiative to join. That such definitions and categories are not universal is also illustrated by one ex-Unita combatant interviewed by Minter (1990). He argued that apart from "abductions" and "voluntary recruitment", "drafting" from areas already controlled could be considered a third recruitment category. In other words, he compared "compulsory service" with Unita to conscription by Angolan government forces, which, in this context, could become a fourth category of recruitment.

Others, such as Wessells (2002), have already pointed to the fact that the boundaries between forced and voluntary recruitment are blurred, and Brett and McCallin (1996) have argued that the overlap between the categories of recruitment are more striking than the differences. The latter also suggest that rather than a clear dichotomy there is a continuum between forced and voluntary recruitment, thus implying that recruitment happens on a one-dimensional scale and is largely a matter of the extent of 'voluntary' or 'forced'.

However, I would suggest that recruitment takes place on a spectrum that allows for qualitative differences rather than a continuum, as not all forms of recruitment can be classified as showing a certain degree of volunteering or force. Rather there can be a mixture of both, with the overlap of categories adding a second dimension. For example,

conscription – which is commonly understood as lawful recruitment by government armies – while arguably being a form of forced recruitment, is not necessarily different from other types of forced recruitment in *extent* of force. Nevertheless, it is most likely different in *nature* of force, not least because, as Aning and McIntyre (2005) have pointed out, conscription is aided by governments that have the added advantage of state mechanisms such as the education system, youth leagues, and criminal justice systems to support their agendas.

While recognizing that conscription by government armies represents a form of forced recruitment and is practiced also by a number of western governments, it is key to acknowledge that it differs from other forms of forced recruitment also because a failure to comply with conscription – at least in theory – would lead to imprisonment but not direct physical harm or death. However, in contexts where 'government armies' are hardly different from 'rebel groups' in terms of coordination, military strength, size and political or financial backing, conscription becomes a rather curious category. Forced recruitment into opposition forces has also been framed as conscription, for example in Burundi where all members of a particular ethnic group were required to contribute to the armed struggle (Brett and McCallin 1998), or in Angola where the drafting from areas already controlled by Unita was also seen as a form of conscription.

The fact that recruitment categories are context-specific and recruitment of an individual may not properly fit into any given category at all, points to the need for viewing recruitment as taking place on a spectrum. While much recruitment is likely to happen on either end of this spectrum, a considerable number of cases will be situated somewhere in between and thus do not fit the commonly accepted dichotomy.

b *Who is a child soldier?*

Liberal views on childhood and the law

In liberal thought, chronological age draws a clear demarcating line between childhood and adulthood, most commonly at 18 years. Liberal views, which dominate at least the western, developed world, essentially see children as innocent, weak and in need of protection rather than as agents of their own and significant contributors to social and political life. It is important to realize that this currently predominant perception of children as vulnerable and innocent entered our mindsets only in the seventeenth century when it was pioneered by Rousseau (Twum-Danso 2005; Honwana 2006). Thus, rather than being a natural category, 'the child' is a "socially constructed idealization that reflects the values and agendas of particular researchers, cultures, and traditions" at a certain point in time (Wessells1998: 640).

While the liberal definition of children is aimed at their protection, it is not very helpful to explain their vulnerabilities. The liberal view of children as being vulnerable and in need of protection in contrast to strong and protective adults may be justified in politically stable and prosperous societies that offer extensive educational opportunities and long life expectancies. However, it is less applicable to contexts where poverty is the norm, reasonable-quality education only exists for an elite and lives are short. For example, in 1999 the average life expectancy at birth in Sierra Leone was 25.9 years (WHO 2000), making the treatment of under-18s as particularly young and vulnerable

members of society difficult to justify[17]. In other words, in many of Sub-Saharan Africa's most war-torn societies drawing a line between childhood and adulthood at the age of 18 strikes one as even more inappropriate than in other contexts.

Liberal ideas about who is considered a child needing to be protected and prevented from participation in warfare are largely reflected in international legal standards. Child soldiers are defined by the Coalition to Stop the Use of Child Soldiers (CSUCS) as "any person under the age of 18 who is member of or attached to government armed forces or any other regular or irregular armed force or armed group, whether or not an armed conflict exists" (2004: 15), which reflects the view of childhood as defined by chronological age. However, definitions of what constitutes a child soldier and international legal standards in regard to age limits for participation in armed conflict are inconsistent[18]. This goes to show the difficulties involved in defining and thereby protecting children, even in relatively homogenous cultural contexts.

Southern definitions and realities

The liberal and largely western concept described above collides with the definitions of children in other cultures, which are only rarely based on chronological age in such clear terms. Chronological boundaries between childhood, youth, and adulthood are highly varied and rooted in the historical experience of each society and culture (Rosen 2005). Persons under 18 may well be considered adults and ready for marriage, to provide for their wider family or indeed to fight.

Some African societies regard young people in their early teenage years as adults once they have participated in cultural rites of passage. In other societies, childhood, youth, and adolescence may not even be regarded as separate stages of life. What counts rather than children's age is often their size (Wessells 2002). In Africa, children seem to have more duties than in the west and they share responsibility for welfare of their families and wider communities. Childhood can thus be seen as shorter than in the west. However, one can also argue that it lasts much longer or is never-ending since the concepts of being someone's child, or childhood related to social status, matter significantly. Moreover, in some societies women never cease to be considered as minors (Twum-Danso 2005).

The following examples from Liberia, Mozambique and Uganda illustrate different cultural approaches to childhood that relate to participation in war. In Liberia, participation in war could be seen as a kind of fast track into adulthood. Utas (2005) explains that since the category of youth in Liberia is constructed upon notions of social age, social markers such as marriage are required to move out of the youth category and into adulthood. However, young men's access to stable relationships and marriage was traditionally limited by a lack of financial resources and status. Men between the ages of 20 and 45 who participated in the war were in effect youth in social terms, i.e. they lacked the wealth and power required to cross the border into adulthood. Their participation in war can therefore be seen as a "means of strategic upward mobility" aimed among other things at obtaining respect and status. The Liberian war turned society's power structure upside down by lowering the dividing line between childhood and adulthood, and ex-combatants were getting married and able to acquire land much earlier than was the norm in pre-war times.

In cases such as the war between Frelimo and Renamo in Mozambique, childhood was entirely free from age-based distinctions and constructed to signify belonging instead. It was linked to the concept of being the child of someone, i.e. part of a family. Military leaders were portrayed as father figures, which provided motivation and comfort to young recruits and ensured their loyalty and obedience. This proved to be very effective with young fighters who despite having to cope with a wide range of deprivations and hardship, identified their worst suffering as being separated from their families and far from home (Schafer 2004). Similarly, in Angola, 'children' on the side of Unita were to address faction leader Savimbi as 'father' and Unita was seen as family. The MPLA also tried to establish itself as family, albeit with less success (Parsons 2005). This identification of fighting forces as family had two other noteworthy effects: firstly, it allowed ex-combatants from both sides of the conflict to be reconciled with their former opponents as "brothers and sisters" and disavow responsibility for their actions, thus fostering peace building and reintegration[19]. Secondly, within Renamo, patriarchal imagery was used to portray relationships between male and female soldiers as incest, thereby possibly limiting sexual violence against female combatants (Schafer 2004).

In the case of Northern Uganda, childhood is defined and functionalized in a different non-chronological way. Acholi society bases its definition of children on physical maturity, social expectations, peer group seniority and position within the family. As far as returned abductees are concerned, "virtually anyone who has been with the LRA and gives themselves up or is captured in combat has characteristics that enable them to be defined as a child" (Mawson 2004:136). Not only are most abductees children under the state's legal definition, i.e. under 18, but almost all are children under Acholi notions of what constitutes a child. This collective fiction allows for a degree of freedom from responsibility of child soldiers and thus facilitates social reintegration.

While the practice of conscripting child soldiers has been justified as an African cultural tradition by some (Bennet 1998), it must be stressed that the view of children as 'adult enough' to participate in war is not a southern phenomenon. Children have participated in several very recent conflicts in Europe, for example in Bosnia-Herzegovina, Kosovo and Macedonia (CSUCS 2001). Moreover, child soldiers were ubiquitous in the landmark wars of western powers, and under-18s are part of today's national armies in many countries of the highly developed north, including the US and the UK, who regularly send individuals under the age of 18 into armed conflict (Wessells 2002; Brett and Specht 2004). It seems therefore that liberal notions of childhood are applied at will by some or at least whenever it is convenient, for example, for the north to patronize the south.

Who is a soldier?

Soldiers may be male and female members of paramilitaries, rebel groups, warlord-led bands of youth, or groups of stone-throwing adolescents engaged in liberation struggles (Wessells 2002). Child soldiers may perform a range of tasks, including participation in combat, laying mines and explosives, scouting, spying, acting as decoys, couriers or guards; training, drill or other preparations; logistics and support functions, portering, cooking and domestic labor; and sexual slavery or performance of other sexual tasks (CSUCS 2004). Caution is necessary in the use of terminology, as categorization of child soldiers may set the stage for stigmatization and marginalization (Wessells 1998).

c *Why definitions matter*

That definitions matter is evidenced by the fact that they can be decisive in determining punishment, including death. Bearing in mind that many RUF fighters were abducted and locked within the movement and thus themselves victims of human rights abuse due to forced recruitment, the Attorney General of Sierra Leone suggested in June 2000 that no underage RUF abductee was to be charged with war crimes but would be facing a Truth and Reconciliation Commission instead (Richards 2002). This has created some controversy, reflecting the differing views of child soldiers as victims, agents or even demons. Moreover, issues, such as whether underage status is determined by the age of abduction, or the age when the alleged crime was committed, have become practically important. The definition of young people during apartheid in South Africa is another example of childhood becoming a profoundly controversial and contested category as it had practical implications for punishment. Young political activists were defined by the authorities as "youth" to establish their legal culpability, while the activists referred to themselves as "children" in order to avoid adult penalties (Boyden 2000).

IV BETWEEN VICTIMISATION AND AGENCY[20]

Resulting among other things from liberal definitions of childhood, children are almost exclusively presented as victims and their agency is often ignored[21]. In this part I will relate back to the findings and discussion presented in Part 2 to argue that 'children' are agents and participates in war out of free will. Given the conditions prevalent in areas of armed conflict, this might be to their benefit. I will then discuss the benefits the victimization of children may have for certain actors and thereby attempt to explain why children's agency has been ignored so far.

a *The agency of children*

It is important to recognize that some of the conventional wisdom related to the subject of child soldiers may represent adult perceptions from the outside rather than the reality experienced by the young people themselves (Brett and Specht 2004). Certainly, children are victims of war and most likely more so than adults. However, there are children who, faced with a variety of grievances and/or opportunities, make conscious decisions to take up arms and fight, just like adults do. This has generally not been acknowledged by academics who, even when stressing the phenomenon of voluntary participation of children in wars as do Machel (1996) or Brett and McCallin (1996), tend to portray such volunteerism as being the only option available in a desperate situation, i.e. something like a 'coerced choice' and therefore not 'real' volunteerism. In other words, children are denied agency. This is very different from the way in which adults are often portrayed as rational utility-maximizing actors in wars (Keen 1997).

While the idea of rational choice in contemporary wars can be overemphasized and reality is usually more complex (Cramer 2002), it nevertheless needs to be acknowledged that many actors do make rational choices in their attempt to maximize utility. Within the usual constraints that affect such choices, such as imperfect information, this is not only true for adults but also for children. In other words, children have to be recognized as actors exercising free will, even if they differ from adults in so far as the information they possess and their ability to weigh one choice against another may be more limited.

Furthermore, in questioning choice and volunteerism, it is important to ask, as Peters (2004) does, whether adults necessarily have more options to choose from than children and whether 'voluntary' is a better-fitted term to describe adults' reasons to join.

In this context, it is important to note that children have considerable resources for coping with hardship and it seems that fears of permanent psychosocial stunting by change, confusion and misfortune have been somewhat exaggerated. Some studies even suggest that children in conflict zones may be especially able to accommodate dissonance and change, and that they are capable of greater personal resilience than adults (Boyden 2000).

The nature and benefits of agency

Children's agency can be seen as being of a specific type called "tactical agency", employed to "cope with and maximize the concrete, immediate circumstances of the military environment in which they have to operate" (Honwana 2006: 73). Tactical agency is different from strategic agency, which, in its purest form, requires a position of power, full consciousness of the ultimate goals of actions and an ability to anticipate long-term gains or benefits. Tactical agency is an "agency of the weak, which is sporadic and mobile and seizes opportunities" that allow young soldiers to cope with the constraints imposed upon them (Honwana 2006: 73). This also means that, possibly with few exceptions such as the often referred to "crisis of youth" in West Africa, children must not be seen as agents in the origins of conflict but rather as sensibly acting individuals maximising their opportunities to help themselves and their families when faced with violent conflict. Generally children do not actively look for wars.

There are numerous examples of child soldiers in Mozambique, Angola and other places creatively engaging with their situation and constructively managing their risk: Children found ways of protecting themselves and coping with the hardships of war by deceiving their commanders through outright lying, playing tricks or obscuring the truth and thus minimising risk for themselves and their families. One boy gave a false name when he was kidnapped in order to prevent his superiors from being able to do harm to his family. Others would feign illness to avoid combat or pretend to be retarded or weak in order to evade onerous and dangerous as well as particularly morally questionable duties (Honwana 2006; Boyden 2004).

Children's motivations to participate in war also seem to matter when it comes to rehabilitation. For example, strong ideological commitment is associated with reduced anxiety and depression as it assigns meaning to a person's environment and actions and thus lessens psychological damage. Similarly, children's agency was found to be conducive to rehabilitation and dealing with trauma and fear (Wessells 1998; Boyden 2000; Greitens 2001).

Children are also able to exert agency by using the popular image of their victimisation. By portraying themselves as vulnerable victims they may help themselves to better access to rehabilitation and reintegration programmes. This is exemplified by cases from Liberia where Utas (2004) identified the phenomenon he called "*victimcy*" to denote young ex-fighters representing themselves as powerless victims, in part as a political response to

real security threats and an economic strategy in order to access benefits provided by aid projects.

A vulnerability-focussed view of 'children' ignores the specific capabilities and strengths that children may have (Galperin 2002). There is some evidence that children, who try to actively overcome adversity – by attempting to resolve the problems they face, regulate their emotions, protect their self-esteem and manage their social interactions – are likely to be more resilient than children who passively accept their fate (Boyden 2000). In other words, being active agents rather than passive victims can be beneficial for children.

b *Benefits of child soldiering*

Child protection activists, program managers and policy makers often ignore that participating in war can yield a number of benefits for children in areas of violent conflict. It goes without saying that while participating in war, children may be wounded, raped, maimed, emotionally scarred, stigmatized, deprived of education, and "wrapped in warrior identities that make it difficult to re-enter civilian life" (Wessells 2002: 248). However, such harmful effects must not be taken as absolute but have to be judged against the wounding, raping, maiming, emotional scarring, and deprivation of education of civilian children. It seems to be a common fallacy to compare child soldiers to children in peaceful and prosperous settings and conclude from this that soldiering is entirely negative and therefore undesirable for children. Unsurprisingly, in general, the life of a child soldier in a poor African country does not compare well with the life of a child from a reasonably well-off family background attending school in an industrialized nation of the west. Therefore, it is more pertinent to compare child soldiers with civilian children within the same socio-political and economic context. Materially at least, child soldiers are likely to be better off than their civilian counterparts in most cases. The same is true to some extent when it comes to health and education.

From this, it should be clear that I see as beneficial what is relatively more likely to ensure children's survival in a given situation and helps fulfill their basic needs in the short-term, as opposed to adhering to certain moral or ethical standards. This is not least because survival is a necessary condition for concerning oneself with morals and ethics in the longer-term. In a sense, this reflects Maslow's now standard idea of a hierarchy of needs: The appearance of one need usually rests on the prior satisfaction of another, more "pre-potent" need (Maslow 1943). Children in areas of violent conflict tend to find themselves on the lower levels of the pyramid - whether as a cause or as a result of such conflict. Striving for education and "self-actualization" may not be a priority if physiological and security needs are not satisfied. In other words, joining war might be beneficial for those whose basic need levels are not satisfied, but will most likely be harmful for those who find themselves faced with higher-order needs. Nevertheless, benefits to child participants in wars might also go beyond helping with the fulfillment of basic needs. In the following I will look at examples of positive war experiences, i.e. experiences that were seen as positive and beneficial by the actors concerned, in a number of recent African conflicts.

Positive war experiences

All women interviewed by Veale (2005) in Ethiopia who had joined the TPLF as children felt that their experience in the fighting forces had empowered them and influenced them in a positive way compared to civilian women, thus challenging common assumptions about children's risks and resilience in wars. They felt that they had learnt to speak out, be assertive, strong and confident, received education, learned to be (economically) independent and equal in domestic decision-making and had been educated about family planning and reproductive health. On the other hand, demobilization represented a challenge and was an experience of loss, at least initially, which is why many preferred military life. What these women missed most in civilian life was camaraderie, social life and the sense of a common purpose. Civilian life also involved coming to grips with inequality with men[23]. Furthermore, they found practical tasks of civilian life difficult. Similarly, a study by Bruchhaus and Mehreteab (2000) on combatants in Eritrea found that on demobilization, 64 percent of fighting forces would have preferred to stay in the army. This compares well with some former child soldiers of Museveni's NRA in Uganda for whom the impact of civilian life had been "almost traumatic" (Colletta et al 1996).

According to Utas (2005), ex-combatants in Ganta, Liberia, found skills they had acquired in the war to be very useful in the civilian economy. They had learned to conduct business, and their war-network made up most of their social ties. Thus the brick-making gild in Ganta consisted mostly of ex-combatants who were applying the organizing skills they had gained through military activity. In many cases their former commanders worked as their contractors or brokers.

Similarly, young combatants in Sierra Leone said that they had acquired detailed knowledge about certain geographical areas, technical skills, survival techniques, an extensive network of contacts and "open eyes". Moreover, armed groups - as alternative authorities - sometimes provided reasonable social systems, including free education, transport and health services, constituting further benefits. Economically, there were few attractive alternatives to combatant life. While rank and file soldiers rarely shared in the profits enjoyed by their superiors, combatants were almost always better off than civilians in the same area. In terms of education, joining an armed group may also have paid off. The war had led to the closure of schools, but some armed groups, such as the RUF, offered free bush-schools in their camps (Peters 2004).

When it comes to politics, democracy has a different meaning in a context where most of the population is under 18 and thus excluded from voting. If this is the case, even the freest and fairest 'universal' elections will necessarily lead to minority rule. The abuse of power by chiefs and elders against youth is partly to blame for the latter's taking up of arms. Many young people who are given a gun feel that they are taken seriously and listened to for the first time (Peters 2004).

The study by Dumas and de Cock (2003) revealed that child soldiers who were forcibly recruited were treated much more harshly and sent into combat more rapidly than those who volunteered. Similarly, evidence from Mozambique shows that some children chose to volunteer in order to avoid being forcibly recruited, expecting to be treated better as volunteers (Honwana 2006). This provides further evidence that in the presence of armed

conflict, volunteering to join armed groups may be a rationally justifiable option for children, especially in areas or times where forced recruitment is common.

There are examples of young people not seeing any prospects beyond soldiering and hiding or escaping so as not to be demobilized (Brett and Specht 2004). While reluctance to return to civilian life can be overemphasized and it is clear that some of the problems with (re)settling into civilian life were caused by participation in war in the first place, there are indications that participation in war can have a number of positive effects which, in some cases, outweigh the negative aspects and may therefore be seen as representing a sensible and commendable choice. So far, this fact has been largely ignored in the literature.

Rabwoni (2002), who was a child soldier with Museveni's NRA in Uganda and followed a military career before going into politics, argues that the key issue is not whether young people join armed groups or not, but how they are treated, what training they receive and what opportunities they are faced with after demobilization. Dumas and de Cock (2003) support this with findings from Central Africa which showed that there are important differences between the situations of children depending on which armed group they belonged to. They report that living conditions are harder and relations between adult and child soldiers more violent in rebel groups than in the armed forces or militias.

c *Benefits of children's victimization*

The victimization of child soldiers, i.e. their portrayal as vulnerable victims, is in line with the fact that children tend to be seen as innocent, at least in the west. Such portrayal of children as victims goes well with the image of abduction and cruelly forced recruitment, frequently seen as the result of child-specific powerlessness. In order to understand why child soldiers have been victimized to such an extent one must not only look at definitions but also ask what kind of benefits such victimization might bring to the variety of stakeholders contributing to this image and work out what agendas might possibly be behind such an approach. To paraphrase Keen (1997)[23], in order to end child soldiering, one has to understand its functions and not only its costs. The traditional view of children as victims of forced recruitment can have a number of benefits.

Firstly, presenting weak and vulnerable 'children' can help to mobilize resources, as both institutional and private donors are known to be disproportionately generous when it comes to relieving the suffering of children. Some interim care centers in Sierra Leone had to institute "no-journalist" policies to prevent exploitation of children for media purposes. While such attention was a nuisance to the centers' work, the children's testimonies were nevertheless crucial in amassing political and financial support for war-affected children (Aning and McIntyre 2005).

Secondly, increased political attention and support for the case of child soldiers is a second benefit derived from children's victimization. As a result, it might help international actors and peacemakers to put pressure on government and other armed forces to discontinue violent conflict and the practice of recruiting children. The aid industry, media and relief agencies all have good reasons for using "images of vulnerable children to sell their products, promote their stories, and enhance the profile of their organization" (Greitens 2001: 157).

Thirdly, armed groups such as government armies have used the recruitment of child soldiers by their opponents as a tool for denouncing the latter and generating negative publicity for them. This has often happened despite the fact that the finger-pointing faction was using child soldiers itself. For example, Frelimo in Mozambique frequently accused Renamo of employing forcibly recruited child soldiers but was reported to have engaged in similar practices (Schafer 2004; Mausse 1999).

Fourthly, children's victimization can facilitate demobilization and improve the provision of programs. Demobilization while armed conflict is *ongoin*g is a feature peculiar to the issue of child soldiers (Brett and Specht 2004) arising from local, national, regional and international pressure, largely due to the view of children as innocent and particularly vulnerable. In Northern Uganda, being seen as underage victims of abduction helped returnees to access rehabilitation and reintegration programs while those seen as adults are often excluded (Mawson 2004).

Fifthly, the portrayal of child soldiers as innocent victims can have positive effects when it comes to social reintegration as it may help communities to accept former members back without too many repercussions. Northern Uganda, where the concept of childhood is to some extent based on negotiation and used loosely to encourage reconciliation and community forgiveness for LRA abductees, even when they are well above 18 years of age (Mawson 2004), is a case in point.

Sixthly, victimization facilitates understanding and tolerance between former opponents as it helps relieving ex-combatants of responsibility for their actions, such as in the case of Frelimo and Renamo in Mozambique (Schafer 2004). In this regard, it makes the life of agencies working in the field of DDRR (Disarmament, Demobilization, Rehabilitation and Reintegration) of soldiers easier as only few, both on the donor as well as on the community side, will argue against helping those who involuntarily have suffered through tremendous atrocities.

Finally, a victim-focused approach does indeed seem to facilitate child protection, at least in the short-term, partly for reasons mentioned above such as facilitating fund flows, political pressure as well as demobilization and reintegration. In the longer term, however, such an approach risks relieving symptoms rather than actually making a substantial difference.

In sum, it becomes clear that the victimization of child soldiers bears a number of benefits that go well beyond protecting those children. However, despite the value of these benefits, ignoring children's agency and putting a blanket of victimization over them can be harmful as it leads to misunderstanding of the reasons for and nature of children's involvement in wars and thus makes their protection through prevention and mitigation of child recruitment more difficult in the long term.

V CONSEQUENCES FOR REINTEGRATION AND PEACE

Modes of recruitment and motivations of children for participation in war matter a great deal if they are to be successfully reintegrated and prevented from re-enlisting or participating in war in the first place, especially where DDRR exercises are implemented

in situations of ongoing conflict. The reasons for joining armed groups can make or break the success of young people's reintegration and, by extension, the chances for peace. If the conditions that led young people into war have not changed and structural and other risk factors are not addressed they are likely to return to war if an opportunity arises. The economic, educational and socio-political constraints that cause young people to volunteer contribute also to a prolonged stay with armed groups and, after demobilization, make re-enlistment more likely (Peters 2005; Utas 2005; ILO 2003).

Reintegration is essential to prevent re-recruitment. For example, in Northern Uganda, children who have managed to escape from the LRA are highly vulnerable to re-abduction, as they face a number of difficulties in reintegration, such as community hostility, problems with concentration at school and difficulties in tolerating authority (Wessells 2002). Dumas and de Cock (2003) found that more than 80 per cent of a group of parents of both child soldiers and civilian children interviewed in Central Africa thought that former child soldiers represent a danger for the population. This clearly constitutes an obstacle to reintegration. Furthermore, even in contexts where child volunteering is almost non-existent, such as in Northern Uganda, there have been accounts of children who see participation in war as the lesser evil given their failure to be reintegrated into society as well as domestic abuse and deprivation encountered after their return from LRA captivity[24].

Successful reintegration largely depends on opportunities. Such opportunities may come from the outside in the form of aid projects[25] or be created by ex-combatants themselves, as has happened in Sierra Leone where self-demobilized ex-combatants used skills and networks built in war times and set up the highly successful Bo Town Bike Renters association. This motorbike renting business capitalized on the fact that many cars had broken down in the war and roads were torn and filled an important market gap thus helping activate the local economy (Fithen and Richards 2005).

Failed reintegration prolongs conflict. As children and young people have the power to perpetuate the cycle of violence, their successful rehabilitation and reintegration is crucial to help prevent further violence in war-affected societies. Benefits arising to children from participation in armed conflict prolong war for a number of reasons, including by increasing the flow of willing recruits and thus adding to structural change favoring war economies and insecurity, thereby contributing to a perpetuation of poverty. Accounts of former child soldiers in Sierra Leone repeatedly stress that it makes little sense to stand down voluntarily without any real promise of social reintegration, education and training, or civilian job prospects, and that failure to address this complex of aspirations caused and now prolongs the conflict (Peters and Richards 1998).

I concur with Brett and Specht (2004) who suggest that where children are not abducted or otherwise physically forced to join, demobilization and reintegration are unlikely to be successful and sustainable unless the reasons why they became involved in the first place are addressed[26]. I would like to take this further and propose that – ceteris paribus - volunteers are more likely to stay with armed groups and thus contribute to a continuation of war than those who were forcibly recruited[27]. While volunteering as a recruitment mode can yield benefits to individuals on a micro-level, it decreases the opportunities for reintegration and peace on a macro level.

VI CONCLUSIONS AND RECOMMENDATIONS

It is impossible to specify the ratio between those who are recruited by force and those who volunteer, due not only to obvious difficulties in research but also because many cases of recruitment do not fit neatly into either category. However, an analysis of the available evidence does permit the conclusion that the phenomenon of volunteerism among child soldiers has been underestimated so far and indicates that in Sub-Saharan Africa the majority of children join armed groups for reasons that are on the volunteer rather than the forced end of the recruitment spectrum. In their variety, reasons for volunteering seem relatively consistent across the continent. As such, they do not differ greatly from reasons commonly cited by adults and cover a wide array of motivations ranging from greed, feelings of revenge, a craving for power and status, to protection of self and others, ideological reasons, subsistence needs and even love. There is no conclusive evidence that adults are significantly better at ex-ante evaluation of the consequences of participation in war and thus better able than children to make informed decisions to volunteer.

While clearly acknowledging the harm violent conflict causes to both children and adults, I argue that, in the presence of war, becoming a child soldier is the best available option for some children. There are numerous cases of children who, rather than being forced by structural or other factors, recognize this and make sensible and well-founded decisions to participate in war. In other words, they display 'true' volunteerism. Such agency deserves much greater attention if further recruitment of children is to be prevented and reintegration is to be successful, facilitating peace in the long-term. The question why some choose to volunteer while others do not, even if they face similar circumstances and constraints, remains an important one requiring further research.

The benefits that arise to children due to their participation in war make reintegration more difficult and therefore prevent sustainable peace. While volunteering may be commendable and beneficial for some individuals, it therefore does not pay off on a macro-level. What might be beneficial for an individual's survival and satisfaction of basic needs in the short term does not translate into benefits for wider society in the longer term. In this sense, volunteering might be a way to relieve symptoms but in the long run only contributes to a prolongation of the condition[28] of war. As a result, it can only be prescribed with reservation and to remedy immediate consequences rather than as a long term cure for the suffering of children in war zones.

The finding that the majority of children and young people voluntarily join armed conflict, for one reason or another must not be mistaken for a universal law. Significant exceptions, such as the conflict in Northern Uganda, exist. Moreover, even if volunteering, including 'true' volunteering is an Africa- or even worldwide phenomenon, in as much as structural and relational conditions differ from conflict to conflict, children's motivations to join wars will inevitably differ as well. Therefore, detailed analysis of individual conflict parameters is necessary for prevention, mitigation and cessation of violence, including through the involvement of child soldiers. This means that no general statements as to the prevention of child participation in wars can be made that go beyond rather obvious recommendations to improve structural conditions in terms of material, educational and socio-political factors and a call for thorough and unbiased attempts at understanding such participation in every conflict individually.

As children and young people are such significant contributors to armed conflict in many countries of Sub-Saharan Africa, they need to be involved in peace processes as well. So far, their involvement has been insufficient. For example, stakeholdership of young people in the Lome peace process in Sierra Leone was not taken seriously, including by the international community (Aning and McIntyre 2005).

'Children' constitute a moving target as they are constantly getting older, both in chronological and in social terms, thus blurring lines and making identification of and response to their needs more difficult. Therefore, in regard to programming it might be useful to apply the term 'child' in a way that encompasses all different cultural approaches and is sufficiently broad to capture the wide range of phenomena commonly assigned to it. I believe that by using the term 'child' rather than resorting to more vague terminology such as 'youth' or 'young people' as is frequently done one can keep the buzzword character of the notion of 'child soldiers' - generated by its implication of a syncretisation of the innocent with the evil – and thus realize a number of political and financial benefits which ultimately facilitate child protection.

Lastly, long-term peace building needs to give sufficient priority to socio-economic factors since, as McMullin (2004:630) notes, "post-conflict states with impoverished economies offer little to reintegrate into". To the extent that former child soldiers represent such a quantitatively significant part of Africa's future, it is crucial and rational to specifically address them – not only to ensure lasting peace but also to improve social and economic development.

END NOTES

[1] For this paper and in line with international standards.

[2] Percentage figures given in this paragraph are based on author's calculations using absolute numbers provided by UNICEF (2004).

[3] It is worth mentioning that despite widespread international condemnation this conflict and with it forced recruitment of children as soldiers has been ongoing for almost two decades. Very recently, peace negotiations have resulted in a cessation of hostilities. However, the longer term impact of this initiative remains to be seen.

[4] While these studies were conducted after the end of the Cold War, the wars that some of them are looking at were of course taking place before or ongoing in 1989.

[5] Dumas and de Cook look at four Central African countries; the study by Brett and Specht is based on interviews with children in nine different countries around the world, including four in Sub-Saharan Africa.

[6] For an overview of the studies and their major findings consult the table in the appendix.

[7] "Personal decisions" in this study are put in opposition to "abductions" and "forced recruitment" and mean those cases where children themselves took the initiative to join, without being under physical, moral or legal pressure to do so.

[8] Poverty, it would seem, here is narrowly defined as material poverty.

[9] This is true both for developing countries as well as Western countries, such as the UK.

[10] It is worth noting that the main difference between boys' and girls' motivation to join is that the latter most often cite domestic violence and abuse as a determining factor. Furthermore, some girls volunteered to assert their equality with boys, thus opening up an interesting gender dimension.

[11] The latter study found that all children in the sample who were with the government army claimed that they had been abducted or forced to join. This contradicts findings of the study by Richards as presented above but may be due to the small sample size and the fact that most study subjects had participated on several sides, with the most common move having been from the RUF to the CDF or the government army.

[12] In this context, it is interesting to note that for the case of violent conflict in Ireland, Israel and Palestine it has been argued (by Rosenblatt 1983, cited in Cohn and Goodwin-Gill 1994) that opposition groups hold a special appeal for children because they are wild and conservative at the same time and thus combine a response to children's need for stability with their interest in excitement and adventure.

[13] A case study from Ethiopia shows that the relatively wealthy were better able to protect themselves from press-ganging as people riding in cars were usually safe, and employers, friends or relatives with cars would pick boys and young men up from school or work if there was imminent danger of press-ganging. Furthermore, bribery is another channel open to those with money to evade recruitment (Brett and McCallin 1996).

[14] Just how attractive alternatives to spending time with armed forces can be is evidenced by the many young men in the west as well as children from social and financial elites in parts of the south (cf Brett and McCallin 1996) who go to great lengths to escape conscription into compulsory military service, feeling that their time and health is too valuable to be spent with armed forces.

[15] Military philosopher Carl von Clausewitz, who entered the Prussian Army in 1792 at the tender age of 12 (Howard 1983), is among the more famous former child soldiers.

[16] See for example his 2000 paper, "Doing Well out of War: an Economic Perspective"

[17] In many parts of Africa, insufficient birth registration systems make it difficult to accurately establish the age of children in the first place (CSUCS 2004; Machel 1996; Brett and McCallin 1996).

[18] The issue of child soldiers relates to human rights law, humanitarian law, criminal law and labor law and is regulated by a number of international treaties. Both the 1977 Additional Protocols to the four Geneva Conventions and the Convention on the Rights of the Child (1989) use a 15-year minimum age for recruitment and participation in hostilities. It is noteworthy that in all other respects, the Convention on the Rights of the Child defines children generally as persons under 18. The Rome Statute of the International Criminal Court (1998) calls the conscription or enlisting of children under 15 into national armed forces or other armed groups a war crime. The African Charter on the Rights and Welfare of the Child (1999), the only regional treaty in the world which addresses the issue of child soldiers, uses a "straight-18" position. Furthermore, the ILO Worst Forms of Child Labor Convention 182 (2000) and The Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict (2002) also use the age of 18 as determinant factor. The Optional Protocol distinguishes between government armed forces and other armed groups in that the latter may not recruit under 18s even on a voluntary basis, something which is allowed, under certain circumstances, to government forces (HRW 2006). While it becomes clear from the above that there is no uniform international consensus prohibiting the participation of under 18-year olds in war, it may be argued that a shift seems to be underway towards a comprehensive ban on the participation in armed conflict of children under the age of 18 (Kuper 2005).

[19] It must be stressed that this approach later backfired somewhat given that former Frelimo and Renamo soldiers are not treated equally as "brothers and sisters" as the latter are not entitled to pensions like their Frelimo counterparts and that the new government did not fulfill many other expectations created in wartime, leaving many former fighters disillusioned (Schafer 2004).

[20] In this paper I attempt to unpack certain issues that are commonly taken for granted, and some of my conclusions might be uncomfortable, especially when it comes to the benefits of child soldiering and

children's agency rather than victim-status. By no means do I seek to downplay the risks involved in children's participation in war, neither for themselves nor for wider societal development.

[21] A parallel to the victimization of children and child soldiers is the often-cited "*infantilisation*" of the South, which is commonly portrayed as weak and dependent on a strong north (Greitens 2001).

[22] This can be compared to the Mozambican war of independence, where the experience of women fighters was often framed by a heroic Frelimo narrative that portrayed women as being equal to men but, as their expectations were not fulfilled in the post-war period, led to such narratives later being replaced by cynicism and resentment (cf West 2004).

[23] Keen essentially argues that to end wars, one has to understand not only their costs but also their functions, including very specific groups of actors.

[24] For example in the film documentary by Ahadi and Stoltz (2005).

[25] However, there are a number of examples of reintegration projects causing more harm then good, for example when training an abundance of mechanics in places with hardly any cars (Utas 2005) or electricians in villages without electricity (McMullin 2004).

[26] In this context it is important to note that what matters is not whether external observers define children as voluntary participants in war but rather whether young people see themselves as having volunteered or not (Brett 2003).

[27] To my knowledge there is no systematic research on the link between mode of recruitment and success of reintegration. Such research would be needed to see if my hypothesis is correct.

[28] Whether one likes to see war as a disease or more a chronic condition that naturally goes with humankind and might even help society progress is not for this paper to answer.

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APPENDIX

Author	Year	Country	Sample	Theme	Findings	Remarks
Aning and McIntyre (2005)	2002	**Sierra Leone**	34 child soldiers (under 18 at time of interview), including 3 females	Youth as a constituency with a stake in African stability	14 out of 34 joined voluntarily, mostly motivated by revenge and community protection	
Veale (2005)	2002	**Ethiopia**	11 women recruited as children to fight with the TPLF	Gender-specific issues of demobilisation and reintegration	Variety of reasons for joining, including escaping early marriage, education, belonging, etc.	Possibly volunteer-focused sampling
Brett and Specht (2004)	May 2002 – February 2003	9 countries on 4 continents; including **DRC, Congo-Brazzaville, Sierra Leone and South Africa**	53 self-defined volunteer boy and girl child soldiers (7 from DRC, 5 from C-B, 5 from SL, 6 from SA)	Risk factors and trigger events leading to voluntary recruitment of young people	Key risk factors are war, education, employment, poverty, and family	Volunteer-focused sampling
Peters (2004)	1996/1997 and 2001, 2002, 2003	**Sierra Leone**	Unspecified number of child and youth-ex-combatants from all fractions, mostly males	Reasons for youth to join army or rebel forces	Direct relation to economic, educational and socio-political constraints; same constraints cause prolonged stay and re-conscription	Volunteer-focused sampling
Dumas and de Cock/ILO (2003)	2002	**Burundi, Congo-Brazzaville, DRC, Rwanda**	>1,000 former child soldiers, children never recruited, as well as their parents	The use of child soldiers in Central Africa	Two-thirds of child soldiers enrolled voluntarily	

Sesay (2003)	Not indicated	**Liberia and Sierra Leone**	50 child soldiers, plus government officials, donor agencies, NGO workers	Role of children in wars and impact of war on children	The majority of children (72 %) joined voluntarily, especially pro-government factions (only half for RUF)	Sample size (child soldiers) probably 50
Muhumuza (1998)	Not specified, but probably 1995-1997	**Uganda**	Selection of 11 former abductee child soldiers with the LRA undergoing counselling	Experiences of recovery and rehabilitation	All were recruited by force	
Peters and Richards (1998)	1996	**Sierra Leone**	22 underage ex-combatants in rehabilitation programmes (plus self-demobilised conscripts up-country)	Young people's motivations to fight	Many young people make very conscious decisions to join and proudly defend their choices	Findings might be included in the later Peters study presented here
HRW (1997)	May-June 1997	**Uganda**	30 LRA escapee-abductees plus government, NGO, military	Abductions of children and experiences of life with and escape from the LRA	All children abducted; adults may join voluntarily	
HRW (1994)	April 1994	**Liberia**	Unspecified number of child soldiers as well as counselors, social workers, child care workers, relief workers, etc.	Child soldiers in Liberia	Only a small percentage of child soldiers were forced to join; many did so for "the advantage", ie. revenge, protection, and subsistence	No indication of whether current or former child soldiers were interviewed
Minter (1990)	September-October 1989	**Angola**	16 male ex-UNITA combatants	UNITA described by ex-combatants and foreign visitors	5 joined voluntarily; in later recruitment phases force became the norm.	Does not specifically look at child soldiers but many interviewees were under 18 during the war or even at the time of interview
Minter (1989)	November-December 1988	**Mozambique**	32 male ex-Renamo participants	Renamo as described by ex-participants	90 percent or more recruited by force	Does not look specifically at children; but majority of interviewees fit the youth category (teenagers or under 25 when joined)

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THE NORTH-SOUTH ENVIRONMENTAL CRISIS: AN UNEQUAL ECOLOGICAL EXCHANGE ANALYSIS

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For Gideon Rosenbluth

ABSTRACT

This paper offers a political economy problematisation of the current trends of production towards environmental degradation, while offering an environmental critique of mainstream economic thought and capitalist exchange and production. A case is made for a re-appraisal of 'unequal exchange' analysis of international trade. First, this essay explains the evolution of economic thought on trade, offering a brief explanation of where 'unequal exchange' analysis comes from. In Part two, unequal ecological exchange is introduced and a political analysis of how and why the South[1] allows its environmental capacity to be appropriated is discussed. Part Three discusses the ecological impact of the current global trading system, and Part Four looks at the phenomenon of 'Perverse Subsidies' and their influence on free trade arguments. Finally Part Five examines responses to the environmental crisis, by questioning mainstream economists' optimism about the ecological crisis. Further addressing the 'ecological modernization' paradigm and the Red-Green approach, in order to show the salience of an unequal ecological exchange methodology for understanding the links between the expansion of global capitalism, environmental degradation and international inequality.

I INTRODUCTION

> At every step we are reminded that we by no means rule over nature like a conqueror over a foreign people, like someone standing outside nature—but that we, with flesh, blood and brain, belong to nature, and exist in its midst, and that all our mastery of it consists in the fact that we have the advantage over all other creatures of being able to learn its laws and apply them correctly (Engels 1876).

This paper offers a political economy insight into the environmental crisis; it draws attention to the political and economic driving forces of environmental degradation. The analytical tool of 'unequal ecological exchange' offers a critical analysis of the extensive, hidden ecological costs of international trade.

[*] I would like to thank all the anonymous reviewers and copy editors for their most useful comments and suggestions, and to the NSER editorial board for having faith in the potential of a rather rough treatment of such an important subject.

Part One explains the evolution of economic thought on trade, including the justification of producing according to comparative advantage, structuralist critiques of this approach, and the rise of the dependency theory school, offering a brief explanation of where 'unequal exchange' analysis comes from.

In Part Two unequal ecological exchange is introduced, and the overwhelming evidence for unequal ecological exchange is presented. Ecological Footprint data shows the geographical locations of aggregate energy consumption, while Esty's (2005) Environmental Sustainability Index draws attention to the geographical locations of environmental degradation. Unequal ecological exchange analysis is used to draw attention to the causality between these two sets of data. This is followed by an analysis of the externalization of the negative environmental effects of production, with the aim of elucidating the mechanism by which Southern ecosystems are degraded by Northern consumption patterns. A political analysis of how and why the South allows its environmental capacity to be appropriated is discussed, from intra-national and international frames of analysis.

Part Three discusses the ecological impact of the current global trading system. A materialist historical analysis of international trade is used to highlight the global trading system's inherent inequality. Trade liberalization is critiqued from an environmental perspective; Polanyi's (2001[1944]) analysis of the rise of 'market freedom' as the disembedding of the economy from its social and environmental ties is used to explain the contemporary trading system's tendency towards environmental degradation. In this context, attention is drawn to the lack of institutional capacity in the South to manage the environment responsibly, and that this, combined with trade liberalization, allows for an unhealthy scale of appropriation of the South's bio-capacity.

Part Four looks at the phenomenon of 'Perverse Subsidies.' These subsidies are not only inefficient but also environmentally damaging. The weight of these subsidies and their influence in informing 'free trade' parameters is drawn attention to. These subsidies permit the market to be especially environmentally irresponsible, and reinforce patterns of unequal ecological exchange.

Part Five examines responses to the environmental crisis; it questions mainstream economists' optimism about the ecological crisis, and their belief that humanity will somehow be able to come up with a technical solution to the degredation of ecosystems is questioned. The 'ecological modernisation' paradigm is examined and we argued that while its recommendations of a re-orientation of capitalism towards ecological sustainability are valid, it will not solve the problem highlighted by the scale of Northern aggregate consumption, which is fuelling the majority world's ecological devastation. Finally the 'Red-Green' approach is commented upon, and the analytical strength of its deconstruction of 'use-value' and 'exchange-value' in relation to the environmental crisis and as an alternative critique of capitalism is highlighted.

I EVOLUTION OF TRADE THEORY

a *Comparative Advantage*

Neo-classical trade theory is based on the notion of comparative advantage conceived by David Ricardo, which explained that the allocation of capital and labor within a country into areas with which it has a 'comparative advantage' in production would lead to economic efficiency, and therefore success. The premise is based on the assumption that "As long as the cost ratios differ between countries in the absence of trade, every country will have a comparative advantage, an ability to find some good it can produce at a lower relative cost than others" (Muradian and Martinez-Alier 2001: 282).

b *Competitive Advantage*

The Ricardian free trade theory was updated by Heckscher and Ohlin (H-O); economists whose trade model assumes that "trade should be based on the comparative advantage of countries, which in turn is determined by the relative abundance of production factors" (Derinayagala 2005: 100).

In the 1950s, the Structuralist School, led by Latin American Raul Prebisch and the economists of the United Nations Economics Commission for Latin America, critiqued the neoclassical theory of comparative advantage as a development strategy. Their critique was a direct response to neoclassical economists' espousal of comparative advantage "who favored planning and the non-market-allocation of resources through a variety of controls and government incentive for domestic investment, and foreign trade" (Auty 2001: 6).

Because of the resurgence of neoliberalism during the late seventies and early eighties, the free trade argument became mainstream economic policy: 'The neoliberal resurgence in international economics since the early 1980s gave almost axiomatic status to the optimation potential of free trade, a view which has now come to represent the conventional wisdom on trade policy' (Deraniyagala 2005: 99).

c *Unequal exchange*

In the late sixties and early seventies, a theory rooted in the structuralist critique of comparative advantage, and a materialist historical perspective emerged, the 'dependency theory' school. While their analysis has been critiqued (notably by Brenner 1977), it is perhaps more salient than ever in its ability to deconstruct neoliberal globalization. One of its proponents, Emmanuel Wallerstein proposed that

> The trade-induced world division of labor will, in turn, give rise to an international structure of unequally powerful nation states: a structure which, though maintaining and consolidating the world division of labor, determines an accelerated process of accumulation in certain regions (the core), while enforcing a cycle of backwardness in others (periphery) (Brenner 1977: 30).

The process Wallerstein describes is 'the development of underdevelopment', a concept first developed by Andre 'Gunther' Frank in 1966. The dependency theory analysis builds on structuralist critiques of trade, and emphasizes that the current system of

international trade is inherently unequal, and severely detrimental to the majority of people in the poor world.

> The continuing underdevelopment of the 'South' was complementary to the continuing development of the countries of the 'North'. For skeptics about mutual benefit, economic relations between developed and underdeveloped countries were seen as necessarily 'unequal' (Sutcliffe 1995: 201).

'Unequal Exchange' is associated with Arrighi Emmanuel (1972) who attempted to put a 'development of underdevelopment' hypothesis into a Marxian labor-centric theoretical framework. He saw the relationship between wages in the peripheral areas and core areas of the world as being a defining feature and cause of the dynamic of underdevelopment in the periphery[2].

For elementary economists, the concept of unequal exchange is fundamentally problematic. Exchange is defined as what the buyer is willing to pay is equal to what the seller is willing to accept. Therefore,

> Few mainstream economists would recognize 'unequal exchange' as an acceptable and objective category of economics. . . .As long as exchange is conducted in terms of monetary exchange values, and prices are understood to reflect the rational, or even benevolent logic of market forces, there is no way—other than under conditions of monopoly—that a market transaction can be classified as 'unequal' (Hornborg 2003: 4).

II UNEQUAL ECOLOGICAL EXCHANGE

a *Sustainability*

There is a salience of an unequal ecological exchange methodology for understanding the links between the expansion of global capitalism, environmental degradation and international inequality. We can clearly see the existence of unequal ecological exchange through global ecological footprint data country by country. 'The global Ecological Footprint—humanity's consumption of natural resources expressed in land and sea surfaces necessary to renew them—is an average of 2.2 global hectares (5.4 global acres) per person, while the area available to support the global population (6.3 billion) is an average of 1.8 global hectares (4.4 global acres) per person' (www.globalfootprint.org).

On average high-income countries consume an average 6.4 global hectares of bio-capacity per person, while low-income countries consume 0.8 hectares per person. The inequality of ecological consumption is striking. The United States consumes 9.7 global hectares per person, while its national bio-capacity is only 4.7 hectares, thus the ecosystemic overshoot of the United States overshoots its bio-capacity by 4.9 hectares per person. Data from 2002 data shows that throughout the world, humanity is overshooting the regenerative capacity of the world's ecosystem by 0.4 hectares of ecologically productive land per person on the planet.

Levels of ecosystemic sustainability on the other hand, are higher in the North than in the South. Yale University's measures of ecological sustainability—the Environmental Sustainability Index (ESI) ranks Finland first, the United States forty-fifth, and Haiti one-hundred-forty-first out of a total of 146 countries, out of a total of 146 (Esty et. Al. 2005).

Haiti's global footprint is only 0.6 hectares per person, well within the total bio-capacity of 1.8 hectares per person while the average Finn uses 6.8 hectares each.

b *Unequal Ecological Exchange*

Unequal Ecological Exchange is an analytical key to understanding the discrepancy between the concrete data of global footprints and ecosystemic sustainability results. This analysis draws on the works of the 'unequal ecological exchange' school that is seen in Bunker and Ciccantel (2005), Hornborg (1998, 2003), Jorgenson (2004), Jorgenson and Rice (2005), Lipke (2004), Martinez-Alier (various including 2002, 2003), Murandian and Martinez-Alier (2001) and Odum (1988).

Exactly how is this 'environmental surplus' extracted from the periphery? Odum (1988) conceptualized unequal ecological exchange in terms of energy and argued that the North imports 'embodied energy' (emergy), or 'energy memory' from the South, to explain the unequal exchange of energy between nations (Hornborg 1998: 130). The inequality of this exchange arises from the periphery's exportation of the energy content of its natural resources, which are not factored into prices: 'Odum believes that the periphery is being underpaid for the energy memory content of its natural resources because free gifts of nature and thus not properly evaluated on the market' (Hornborg 1998: 131). Odum's 'energy memory' theory broadly captures the root of the problem but we need to look at what is actually driving this energy exchange.

c *Obligatory Unequal Ecological Exchange*

As poor countries have no alternative but to export their environmental resources at prices dictated by the market, unequal ecological exchange may be better understood as 'obligatory unequal ecological exchange'. If we consider the factors of a developing country's structural limitations to autonomous policy decisions, it is clear that these countries are in no position to dictate conditionalities on the foreign cash inflows, which they receive in exchange for natural resources. "Conditionality" includes fiscally crippling external debt, an internalization of the Washington Consensus doctrine of an export led economy based on factor endowments, and the lack of a military deterrent to foreign imperialism.

These countries are in fact 'locked-in' to a path of ecological destruction to supply the voracious consumption of the richer segments of the capitalist world economy. A power discourse analysis highlights the importance of bargaining power differentials between economically powerful states and economically disempowered states.
From an ecological perspective, Frank's 'development of underdevelopment' theory (first mentioned in 1966) regains salience in light of the ecological footprint and ecosystemic sustainability evidence.

The ecological footprint data and geographical location of environmental degradation unequivocally demonstrate that the North's development path (albeit unsustainable ecologically) relies on the South exporting its bio-capacity to the North. Thus, the North's development path is dialectically responsible for environmental degradation in the South.

d *The mechanism of under-valued exchange*

We have now established a macro level justification for the consideration of unequal ecological exchange. Joan Martinez-Alier, explains the actual mechanism by which unequal ecological exchange takes:

> By ecologically unequal exchange we mean, then, the fact of exporting products from poor regions and countries, at prices which do not take into account the local externalities caused by these exports or the exhaustion of natural resources, in exchange for goods and services from richer regions (Martinez-Alier 2002: 214).

Unequal can also refer to 'ecological dumping', which means—'selling at prices that do not include compensation for the exhaustion of resources' (Martinez-Alier 2003: 19). This occurs when negative environmental 'externalities', i.e. ecosystemic costs that are attributable to production, are not factored into prices. Some examples are a mining process that pollutes a river system with its waste product but is not held accountable for it or the effects of subsidized industrial agricultural water consumption on aquifers and the spiraling ecosystemic costs of large-scale production:

> In order to extract one ton of aluminum, major inputs of bauxite are necessary, and in order to extract and move the bauxite a great deal of material and vegetation is destroyed. Then the large input of electricity for the smelting of aluminum has its own material rucksack (Martinez-Alier 2003: 23).

The World Watch Institute, estimates that the amount of gold produced for a single 0.33 ounce, 18 karat gold ring leaves at least 18 tons of mine waste in its wake. (Radhika 2007).

e *A Political Economy understanding of Unequal Ecological Exchange*

Approaching unequal ecological exchange from a political economy perspective, we are drawn to analyze the political and economic power struggles regarding environmental externalities.

A country's ecosystemic resources, its 'natural capital' does not translate to a one to one ratio to money capital. l. In the process of changing natural capital into liquid capital, the aggregate economic effects of ecosystemic degradation exceed, in money terms even, the returns from the original conversion of ecosystemic use-value into profit.

From a political perspective, it is clear that the economic benefits of activities which degrade ecosystems usually benefit small powerful groups of individuals, whereas the economic costs of degrading the ecosystem are spread in a more aggregate way among society's members. Therefore, unequal ecological exchange represents a 'cost shifting success' for more powerful members of global society. Unequal Ecological Exchange's marginalisation of ecosystemic value runs parallel to McMurty's (2002) critique of neoliberal business practice: 'The unstated but ruling principle of business 'cost efficiency' is to externalize all possible costs of for profit commodity cycles onto those who do not profit from them' (McMurty 2002: 151, his italics).

f *The Value of Ecosystems*

A few recent studies attempted to set a value on the ecosystem. Costanza *et al*. estimated fundamental ecosystemic services to have a value of US $33 trillion a year. (1997: 255). However, mainstream economist critics such as Sagoff (1997) believe this effort to assign prices to ecosystems is inherently flawed because these services cannot be traded in open commerce. Nevertheless, ecosystems do have an inherent value—such as soil formation, nutrient cycling, and water regulation and supply (Constanza *et al*. 1997: 255). Neoclassical economics provides an insufficient framework for internalising these values, which are essential for sustainable human development.

In the current economic framework for the environment, the guidelines for factoring in externalities into prices could be brought about by classifying them as a social marginal cost of production or extraction (Martinez-Alier 2003: 15). For example, the detrimental costs to society of a polluting industry could be internalized through a payment to compensate society for its negative environmental effects. McMurty (2002) also offers a solution to the built-in blindness of market accounting, a type of full cost accounting. In his analysis of the problematic ecosystemic externalities to production, he recommends a reconnection to reality that either prohibits corporations by law from ecosystemic degradation, or makes externalized costs internal to the businesses imposing them. A framework for the comprehensive internalization of the effects of production on ecosystemic sustainability is needed, but for such a scheme to work, a very strong environmental policy network would have to be in place.

g *The Natural Resource Puzzle*

Unequal ecological exchange draws attention to the political economy relationship between extractive economies and the economies that consume their resources. When Richard Auty (2001) compared per capita incomes of developing countries from1960 to 1990, he found that

> Resource-poor countries grew at rates two to three times faster than those of the resource-abundant countries and the gap in growth rates widened significantly since the 1970s… Moreover the mineral driven resource-abundant countries have been among the weakest performers (Auty 2001: 3, his italics).

Ascher (1999) explains that the widespread abuse of natural resources in developing countries poses many perplexing riddles. He attributes poor-resource practices to government policy failure, but argues that this cannot be simply attributed to incompetence or 'short-sightedness' of government officials. He explains that the resource rich developing countries' policy failures are illogical, arguing that 'Governments chronically ignore the first principle of resource economics for public lands, namely, that they should charge the users the full value of the resources they extract, lest the users overexploit 'cheap' resources' (Ascher 1999: 16). An unequal ecological exchange perspective explains this developmental conundrum which we will address from both the intra-national and international perspective.

h *The Intra-national level of analysis*

The intra-national level of analysis enhances our understanding of the under-valued ecological exchange involved in natural resource extraction. The environmentally degrading effects of mining for example does not happen in the analytical category of 'periphery', i.e. poor country, but in the 'periphery of the periphery' as in the marginalized areas of these already poor countries. Ascher (1999) writes that the sites of resource exploitation are often geographically and economically marginal, and inhabited by marginal groups.

> In these areas, property or user rights tend to be poorly defined or have passed into state control… [Therefore,] the political costs are also low because the losers from poor resource exploitation are often economically marginal people who have little voice to protest the manipulations, as well as future generations who will suffer the loss of resource wealth and healthy ecosystems (Ascher 1999: 22).

An analysis of intra-national political economy dynamics captures the class perspective of environmental degradation. Resource extraction, depletion, and pollution do not happen at the aggregate level of countries, but affect the lives of individuals. The benefits and costs of environmental degradation happen at different places. 'For example, revenues and environmental costs from oil exports or from copper exports in Nigeria and Indonesia are enjoyed by and fall upon different sectors of the population' (Muradian and Martinez-Alier 2001: 288).

From this perspective it becomes clear that social inequalities within developing countries facilitate unequal ecological exchange. Unequal power relationships are not only socially damaging for a country, but ecologically damaging as well.

i *An International Perspective*

Bunker and Ciccantel (2005) explain why peripheral countries apply detrimental resource policies. They believe that securing access to cheap and abundant flows of natural resources is so important for powerful nations, that powerful nations' corporations, policy makers and consultants try to influence resource-rich states' policies.

> Competing core states strove to influence economic and political policies of resource-rich nations in ways that allowed them to adapt to and exploit the materio-spatial characteristics of the new extractive peripheries at low costs (Bunker and Ciccantel 2005: 56).

A way that core states have subtly gained access to the South's resources is through influencing the economic understandings of the peripheries policy-makers, to realise the benefits of exporting their environmental resources. Bunker and Ciccantel (2005) refer to this process as promotion of the 'hegemonic ideologies of the core'.

For students of development studies, this manipulation of hegemonic economic discourse is well known and there are many critical works deconstructing the myths of neoliberalism including Chang (2002), Chang and Grabel (2004), Saad-Filho and Johnston (2005). The developing country experience with neoliberal restructuring has been uniformly one of following policies originating in Washington, which was expected

to bring welfare gains and economic growth, but failed to do so. Instead, they succeeded in improving the terms of trade for core countries and the interests of financial capital. The lobby that supports this anti-developmental strategy domestically is often the elite (with stakes in primary commodity exports), or those who internalized the above 'hegemonic ideology of the core' from their foreign education.

The dependence of the North on Southern biosystems to maintain current consumption and energy use levels mean that the North uses all its bargaining power advantages (debt, debt conditionality, military force, international trade agreements, etc.) to maintain and reinforce this unequal relationship.

The analysis of unequal ecological exchange is based on an awareness of production's 'cost-shifting' of environmental externalities. The ecological burden of consumption of the North shifts to the South. What is also clear is that unequal ecological exchange is facilitated by social inequality, the social inequality of Southern nations' societies, and the inequality between consumers from the North, and producers from the South. Therefore, high levels of social inequality are integral to the global environmental crisis.

III. AN ANALYSIS OF THE ECOLOGICAL IMPACT OF THE GLOBAL TRADING SYSTEM.

a *International trade in historico-materialist perspective*

Ecologically unequal exchange is essentially a matter of trade and we will review how the current global trading system perpetuates and contributes to inequality driven environmental degradation. Materialist historical analysis reminds us that the global trading system has always been an imperial structure designed to maintain the core's hegemony in trade

> Trade-dominant nations create formal regimes of administration and finance that govern relations with their peripheral suppliers—colonization, free trade, rights to foreign investment, autonomous joint ventures, structural adjustment programs, and organizations to monitor world trade and guarantee continued cheap and stable access to adequate and expanding supplies of raw materials (Bunker and Ciccantel 2005: 233).

Historically, the 'colonial contract' was used as a mechanism to keep the colonies at a level of underdevelopment in order to ensure that they could not compete with the imperial centre; trade restrictions were the tool used to maintain it.

> According to Bairoch (1997), the 'colonial contract' was the main cause of non-transmission of industrial revolution outside Europe since it implied that (a) colonies could import only products from the metropolis and tariff rates had to be low, normally 0%, (b) colonial exports could be made only to the metropolis from which they could be re-exported (c) production of manufactured goods that could compete with products of the metropolis was banned and (d) transport between colony and metropolis was conducted only on metropolis' ships. Economic policy of the colonies was therefore entirely subjugated to the interests of the metropolis, the most important objective being to prevent industrial competition from the colony (Milanovic 2003: 671).

Trade liberalization is promoted as beneficial by mainstream economists because it forces the logic of comparative advantage to become universal, allowing the market freedom to bring efficiency gains, and force countries to promote innovation by 'keep[ing] abreast of the latest technical advances' (Neumayer 2001: 104). However, the mainstream argument that trade liberalization could be beneficial to the environment is naively optimistic.

b *The Disembedded Market and the environment*

A salient way of understanding the trade liberalization process is that of the 'disembedding' of the market. Karl Polanyi (1944[2001]) eloquently analyzed the rise of the global market economy as an example of the market 'disembedding' itself from social and environmental constraints through the rise of the market economy. This separation of market transactions from social and ecological considerations is obviously to going to have unforeseen environmental consequences as market decisions prioritize profit, in terms of maximum financial capital appropriated, rather than concerns about maintaining the functionality of ecosystems.

The ecological and social effects of disembedding the market from its social and ecological grounding belie neoliberalism's optimism about the economic and social gains of greater efficiency and innovation accruing from a disembedded market economy. The global economy refuses to acknowledge the natural limits of production because it is disembedded from any ties to a particular place.. Corporations can ride roughshod over the environment, moving from one place to another, leaving destruction in their wake.

> Unlike earlier modes of production, whose reproduction was often tied to particular local or regional eco-systems, capitalism can afford to ruin ecosystems—leaving deep and broad 'ecological footprints' in its wake and then move on over time and space in a slash and burn fashion (Burkett 2006: 136).

c *Obscuring Ecosystemic Sustainability*

International trade allows the product of one area to be consumed in another, and advances in international trade allow economically and politically powerful countries to overstep their own ecological limits of resource consumption. This process has facilitated over-consumption patterns, allowing them to be perceived as normal in the North, thanks to mechanisms of unequal ecological exchange. Outsourcing obscures the causal link between the North's consumption of resources and the South's environmental degradation. The danger of this approach is that the link between consumption and degradation is forgotten. Environmental degradation remains out of sight and out of mind.

With economic globalization, the market makes digital what was analogue; production processes spread out all over the globe from the absolute advantage in complex production chains. Therefore production processes are digitalized and disembedded. Danger lies when there is no causality between the 'digitalization' of the consumption of the finished product and the environmental degradation inherent in its production. It allows production to exceed scale limits and causes the majority world's ecosystems to malfunction. There exists an avoidance of responsibility for environmental degradation which the process of unequal ecological exchange which must be redressed.

d *Ecological Cost-Shifting*

Muradian and Martinez-Alier (2001) argue that the import of environmentally intensive products is an example of environmental 'cost-shifting'. The present situation of a world market disembedded from environmental limitations allows environmental cost shifting to occur on a massive scale. From a business efficiency perspective, factoring out the costs of environmental 'externalities' is representative of 'cost-shifting successes' through social asymmetries in the distribution of (mostly de facto) property rights, income and power"(Muradian and Martinez-Atlier 2001: 289).

e *Southern Property Rights and Trade liberalisation*

Chichilnisky (1994, 852) argued that a lack of property rights in the South gives the illusion that the South has a comparative advantage in the export of resource intensive goods. In reality, however, the South exports environmentally intensive products because control over natural resources is not defined (or not controlled) properly.

The idea that market prices accurately represent scarcities and that factor endowments should inform what a country exports are fundamental free market ideology. However, Chichilnisky points out the opposite: the market does not accurately represent environmental scarcities—institutional limitations such as lax property rights, and an inability to understand the true value of ecosystems—give developing countries the appearance that they have an advantage in natural resource exports. Therefore the externalities associated with their production renders their export uneconomical in the mid- or long-term from a national accounting perspective. In the South an institutional lack of capacity means that the environment is degraded because those who suffer the ill effects of environmental degradation are not empowered to complain that their neighbor's environmental externalities are infringing on their property rights.

Developing countries also have a very weak bargaining position regarding the appropriation of their natural capital by Northern interests. While they have a relatively abundant level of natural capital, they also have a great scarcity of financial capital. Their weak bargaining position on the issues of natural resources and negative environmental externalities of production, forces them to undersell their natural capital.

The South's lack of sufficient institutions coupled with a free trade regime leads to a wasteful allocation of environmentally intensive goods. Neumayer argues that:

> Trade liberalization can lead to a global increase in resource depletion and to a global increase in environmental pollution. These effects are more likely to occur and be stronger if property rights over resources are ill defined and if the environment is not managed optimally (Neymayer 2001: 109)

From Neumayer's analysis and the institutional lack of capacity in the South, trade liberalization in the current context should not be extended until strong institutional controls over natural resources are in place. Chichilnisky succinctly draws attention to the central problem of the environmental crisis, where the North over-consumes and the South overproduces (1994: 863).

The mainstream economists' approach to institutions and governance is to highlight the importance of creating institutions to enable the market (such as institutions what will protect private property rights), and market enabling bureaucratic reform, including downsizing government influence on business transactions with the goal of lowering the transaction costs of doing business, while enabling investment. However, in the context of the rapid, irreparable damage of Southern ecosystems, private property rights needs to be re-examined to include what private owners are prohibited to do. At present, environmental externalities represent 'cost-shifting successes' where the rights of those who are negatively affected by production externalities needs to be enforced by a strong institutional framework. It is clear that a more equitable distribution of property rights in developing countries would facilitate a more conscientious framework for environmental management in the South. From a policy perspective, a more integral consideration of both the right to impact on a given territorial ecosystem inferred by property ownership, and the right of access to continued ecosystemic integrity that property ownership could include would facilitate ecological considerations be factored into a legalistic framework.

f Trade liberalization

It is our contention to have a policy reform debate on international trading practices with a pragmatic understanding of social activities impacts on the world's ecosystems. We find a consensus among economists that increases in trade liberalization leads increases in environmental degradation.

A developing country's natural capital accounts desperately need enforceable property rights alongside government accountability and intervention in the market for eco-sustainability. Stronger institutions and policies that cap the ecosystemic appropriation inherent in exports are a step in the right direction. Terms of trade could be re-orientated towards the full-cost accounting of Southern exports.

> If developing countries collectively adopt reasonable environmental standards in commodity production and increase the prices to include the cost of environmental compliance, their terms of trade would improve because northern consumers, whose demand is relatively insensitive to prices in the primary sector, would be paying a larger share of the environmental costs associated with their consumption (Muradian and Martinez-Alier 2001: 283).

IV PERVERSE SUBSIDIES AND THE PLAYING FIELD OF ECOLOGICAL EXCHANGE

By taking a critical look at the structure of markets, whose extension into developing countries the mainstream purports as development 'best practice', while ignoring the reality of Northern subsidies to production. The weight of environmentally subsidized production causes unequal ecological exchange by artificially altering the parameters of the market toward ecological degradation.

Myers and Kent define a subsidy as 'Any government expenditure that makes a resource such as energy or water cheaper to produce than its full economic cost, or make a product, notably food or education cheaper to consumers' (Myers and Kent 1998: 3). We define Perverse Subsidies as those that 'exert adverse effects of both environmental and economic sorts over the long run' (Myers and Kent 1998: 1). Not only do these 'perverse' or 'environmentally damaging' subsidies wantonly deplete the natural resources where

their production takes place, but their existence has a negative effect in other areas as Perverse Subsidies form the gradient of the playing field of international trade. Perverse Subsidies cause other countries exporting the same product, through price competition to intensify production in a weak environmental policy environment to become more competitive. They essentially calibrate the market towards environmental degradation because 'A country that internalizes environmental costs into its prices will be at a disadvantage, at least in the short term, in unregulated trade with a country that does not internalize environmental costs' (Daly and Goodland 1994: 78).

Myers and Kent's extensive research shows the influence of subsidies on trade and estimate that 'Overall subsidies are estimated to be almost $1.9 trillion per year and Perverse Subsidies almost $1.5 trillion per year' (Myers and Kent 1998: 135). Beers and Bergh also find the Environmentally Damaging Subsidies' effect on international striking. 'The three sectors receiving most of the subsidies (81.5% of global subsidies) affect 66.1% of total world trade. If manufacturing is added, 87.3% of subsidies affect 96.7% of world trade' (van Beers and van den Bergh 2001: 483).

The above figures show the extent to which international trade externalizes the natural inputs to production. The prevalence of Perverse Subsidies highlights the fact that the international trading system has an under-valuation of nature built into its structure. This is not international trade's fault. Blame the governments who choose to increase their own countries' economic bargaining power through subsidies, while protecting their market share from foreign competitors.

Perverse Subsidies have the negative environmental effect of over-stimulating production where 'In a typical year of the early 1990s the Department of Agriculture obliged farmers to squander 1 billion oranges, half a billion lemons, 100,000 tons of raisins and 30,000 tons of almonds' (Myers and Kent 1998: 34).

a *Perverse Subsidies and Environmental Externalities*

Essentially Perverse Subsidies and environmental externalities not factored into prices are two sides of the same coin, as both represent a free appropriation of ecosystemic value in production. 'Not all environmental externalities can be readily attributable to subsidies, but any externality being an uncompensated cost, is effectively a subsidy paid by society' (Myers and Kent 1998: 21). But, the question is: What or whom does society represent? The externalization of environmental factors, whether through subsidy or free appropriation, represents gratis value gains to capital. Capital reaps profits while the environmental costs are born by the aggregate population—'society'. 'Any form of production or consumption that generates an environmental externality is in effect being under-priced and is consequently implicitly subsidized.' (Deacon and Mueller 2004: 36). For example, in agriculture, by cost-shifting the negative environmental externalities of production, the long term costs of soil erosion and pesticide usage are paid for by society, rather than the company profiting from production. To illustrate, the externality costs of soil erosion are estimated at $150 billion a year and the externalities of the use of pesticides have been estimated at $100 billion a year (Myers and Kent 1998: 44).

While the market has 'disembedded' itself from its social and economic humus, Perverse Subsidies have embedded themselves in the foundations of liberalized trade. 'That these

policies have persisted in many instances for decades has created a system of 'lock-in' a situation of distorted comparative advantage patterns and thus the international distribution of economic activities' (van Beers and van den Bergh 2001: 476). This process of "'lock-in' situation of distorted comparative advantage" means that the market is needlessly geared to be especially environmentally destructive. This situation is objectionable to both the defenders of the economic model of capitalism, and those of a more socialist orientation. If a competitive advantage can only be obtained by subsidizing production (as in the North) or externalizing ecosystemic value (as in the South) policy interventions at the highest level need to be undertaken, to recalibrate the global market away from a spiral of environmental degradation and the wasteful use of state resources.

From the size of Perverse Subsidies, we can observe that governments have a very large fund of resources readily available to prop up inefficient national industries, and to shift the costs of production onto freely appropriated ecosystems. Eliminating Perverse Subsidies and redirecting the money instead towards institutions of environmental management or the transition costs to a more ecologically sustainable economy (by subsidies and government investment) would be an economically simple way of reducing the negative ecological impacts of production. Not only that, but lessening Perverse Subsidies would allow the prices of some Southern environmental exports (such as agricultural exports) to rise, giving developing countries more money with which to internalise the negative ecological externalities of production.

V RESPONSES TO THE ENVIRONMENTAL CRISIS.

a *Mainstream economics' response to the environmental question*

Solow, in 1974 offered an economic approach to the environment that emphasized the inter-changeability of natural resources for reproducible capital:

> The finite pool of resources . . . should be used up optimally according to the general rules that govern the use of reproducible assets. In particular earlier generations are entitled to draw down the pool (optimally, of course!) so long as they add (optimally, of course!) to the stock of reproducible capital (Solow 1974: 41).

Solow's view remains currently the view of the mainstream. For example, the OECD's criteria for environmental sustainability (2005) states that: 'Non-renewable resources should be used efficiently, and their use limited to levels which can be offset by their substitution by renewable resources or by other forms of capital' (OECD 2005, my italics).

A contemporary defender of mainstream economics' approach to the environment is Sagoff (2004) who argues that humanity has the potential to innovate around the environmental crisis. Defending the mainstream economists' response to environmental degradation he writes that,

> These economists argue that we can 'choose among an indefinitely large number of alternatives.' They believe that the earth's 'carrying capacity' cannot be measured scientifically because it is a function or artifact of the state of knowledge or technology (Sagoff 2004: 155).

According to Sagoff, necessity is the mother of invention, and when the need is pressing enough, the market is self sufficient and will fix itself, "either by increasing reserves, substituting between flows or making resources go further" (Sagoff 2004: 174). He is strikingly optimistic regarding the ability of the disembedded economy to innovate around environmental problems. Sagoff dismisses the arguments of ecological economists about nature imposing limits to production (such as Daly 1999) as flawed, because he is confident that "the formal cause of production, that is design, knowledge, innovation, and ingenuity, can always overcome shortages in resources or materials." (Sagoff 2004: 165).

The scale of this environmental degradation of China's water problems belittles Sagoff's optimism that ingenuity will bring a solution. Wen and Li (2006) report that 60 per cent of the water in seven major river systems—the Yangtze, Yellow, Huai, Liao, and Pearl Rivers—are classified as grade IV or worse (meaning not suitable for human contact). It is estimated that 25 per cent of aquifers are being polluted and 75 per cent of lakes suffer from various degrees of eutrophication (Wen and Li 2006). Wen and Li detail that despite the Chinese government spending billions trying to clean up the Huia river, improvement of the water quality remains an illusion. (Wen and Li 2006). Even with the incentive of an investment of billions of dollars, the market has been incapable of providing a solution to China's irreversibly polluted rivers.

More specifically in relation to production, an ecological perspective forces us to recognise that Capital is 'an amalgam of natural, manufactured, human, and cultural capital' (Burkett 2006: 103). Therefore, the idea that the input of nature can be substituted for the input of capital is flawed, as financial investment, labour, and nature are needed as production inputs.

b *The Ecological Modernization argument*

Vlachou (2004) argues that with enough state regulation and market incentives capitalist businesses could become environmentally responsible. Strong state regulation would guide them into better environmental practice, through the use of emissions standards, emissions taxes, and subsidies for pollution reduction (Vlachou 2004: 931). This perspective she refers to as 'mainstream ecological modernization', a perspective promoted by Hawken (1997), and Porter and Linde (1995).

> The key argument for ecological modernization is that there is money in it for business… State regulation can strengthen the incentives for business to expand their focus beyond short-term profits to long term competitiveness and profitability (Vlachou 2004: 943).

There are two problems with the ecological modernization paradigm. First, the analysis of Esty's (2005) Environmental Sustainability Index data together with the Ecological footprint data implies that richer nations' environmental legislation and regulation often lead to a simple relocation of environmentally costly activities. Anderson (2006) questions the potential geographical 'cost-shifting' of ecological modernization's environmental improvements 'Some of the reported improvements at the geographical scale of individual countries are achieved by spatially displacing damaging activities such as pollution to other (typically third world) countries' (Anderson 2006: 252). Muradian and Martinez-Alier also warn that: 'Imports of semi-manufactured materials may imply

larger environmental cost-shifting compared to imports of non-processed materials because they embody the environmental impacts of both extraction and processing' (Muradian and Martinez-Alier 2001: 28). Thus the environmental policy legislature of the ecological modernization paradigm requires a global, multi-lateral regulatory accord in order to avoid the problem of side stepping regulation by outsourcing.

Vlachou's ecological modernization somewhat resolves one of capitalism's environmental failings, but ignores the others. The environmental modernization perspective highlights the potential for stricter regulation to improve the environmental technique and composition of capitalist production, but the problem of scale remains. 'Technique' is defined as the effects of cleaner production processes due to increased wealth and 'composition' refers to shifts in preference towards cleaner goods (following Esty 2001). 'Scale' effects however, refer to the 'increased pollution due to expanded economic activity and greater consumption made possible by more wealth' (Esty 2001: 115). The scale effects of large consumption orientated economies vastly outweigh the benefits of more conscientious production processes. A demand reduction in the aggregate use of environmental resources is urgently needed.

The ecological modernization paradigm misses the essential political mechanism that is driving the world's ecosystemic destruction so that the ecological overshoot of the North is paid for by the South's ecosystems (as documented by the data from the Ecological Footprint and Sustainability Index). This is the essential message of unequal ecological exchange. The scale of energy and resource consumption needs curbing dramatically, as well as improvements made to the environmental efficiency of production.

The late J. K. Galbraith (2001) eloquently pointed out that the modern economy is calibrated towards consumer demand, and the relationship between consumption and environmental degradation simply 'reflects the higher preference of the people for the goods being produced as opposed to the protection of air, water and landscape' (Galbraith 2001: 121). Bunker and Ciccantel (2005: 48) highlight that environmental degradation in peripheral economies is driven by the difference between capital enabling socially constructed demand, and capital disabling natural limits to production. This expresses Galbraith's point, and shows that Northern consumers do not care about the impact on Southern environments of the production processes inherent in the goods they consume. The consumer demand of the North for the South's resources overloads the Southern countries' ecosystemic ability to sustain this demand, leading to a marked productivity decline of Southern ecosystems (Bonker and Ciccantel 2005: 48).

Lele (1991) defines sustainability as 'the existence of the ecological conditions necessary to support human life at a specified level of well-being through future generations' (Lele 1991: 601). While both mainstream and heterodox economists espouse enabling economies of scale as a growth strategy for developing countries, the planet's ecosystems do not subscribe to their logic, because 'natural production resists increased scale and speed' (Bunker and Ciccantel 2005: 48). The logic and application of economies of scale in processes that rely on natural inputs, puts too much pressure on ecosystems capacity and is therefore ecologically unsustainable because "social production can expand much more rapidly than natural production, even if it remains absolutely dependent on it. The reiterated expansion of social production thus overshoots, degrades, depletes and destroys the material basis that enables it to exist (Bunker and Ciccantel 2005: 227).

c *The Salience of a Red-Green approach.*

Negative ecosystemic externalities created by capitalist production and consumption processes are difficult for a capitalist value system to conceptualize because ecosystems have a 'use-value' and not so much an 'exchange-value'. Saad-Filho (2003) defines value in the capitalist system as 'not a product of nature or a substance physically embodied in the commodities. Value is a social relationship between commodity producers that appears as exchange value, a relationship between things' (Saad-Filho 2003: 35).

Costanza *et al*. estimated fundamental ecosystemic services to have a value of US$33 trillion a year (Constanza *et al*. 1997: 259). However, these values are inherently difficult to exchange in a market setting; for example, the economic value of a clean river has a use-value, but it does not have an exchange-value. The usefulness of Marxian analysis is not least in its deconstruction of value. Marxian analysts point out that use-value is subordinate to exchange-value.

> Broadly speaking, capital represents that regime in which exchange-value predominates over use-value in the production of commodities—and the problem with capital is that once installed, this process becomes self-perpetuating and expanding (Kovel 2002: 39).

The obsession with fitting all natural and social process into an 'exchange-value' framework—the fetish of the disembedded market system—accounts for the incompatibility of the disembedded market with ecological sustainability. An ecosystems complex web of functions cannot be addressed by such a system because the laws of nature are internal relationships are violated by conversion to the money form. 'Ceaseless rendering into commodities, with its monetization and exchange, breaks down the specificity and intricacy of ecosystems' (Kovel 2002: 40).

A key to understanding the environmental crisis offered by a Marxian perspective is the recognition that it is the 'exchange-value' of Southern environments that are exported as the effects of removing the parts of a natural system which has an 'exchange-value', with no concern for their inherent 'use-value' leads to environmental degradation. Understanding this phenomenon, Northern producers and consumers, and Southern exporter elites are directly implicated in appropriation of the use-value of Southern ecosystems, and should be made to compensate the South for this social and ecological injustice.

A brief Marxian aside into the social roles of worker and capitalist offers us a profound insight the roots of the environmental crisis. Burkett (2006) explains that the goal of the capitalist is to accumulate capital for capital's sake, whereas the goal of the worker is to exchange their labor power for the use-values that can be obtained with the money. Burkett concludes that the difference between the capitalists' 'maximum monetary accumulation' and workers' use of money is how they socially reproduce themselves (Burkett 2006: 139).

Marx once said 'Capital is dead labor which, vampire-like, only lives by sucking living labor, and lives the more, the more labor it sucks' (Marx 1995). Not only does capitalism appropriate labor in this manner, it does the same with the environment. Capital

accumulation (as exchange value, not use-value) occurs at the expense of environmental crises. Cycles of over-consumption and overproduction allow for huge financial capital concentrations that serve to increase capital's political influence while heaping negative externalities onto already overtaxed ecosystems and unsuspecting governments and their taxpayers.

A Marxian critique of capitalism's inherent ecological destructiveness is very strong, but unfortunately, this approach remains confined to the margins of academia. The lobby for ecological modernization is laudable, as they offer salient ways of restructuring production to be less environmentally destructive, which is urgently needed. An analysis of unequal ecological exchange makes us aware that an overwhelming driver of the environmental crisis is global social inequality and a wanton consumption driven economy.

VI CONCLUDING REMARKS

We recognize and are optimistic about the capacity of humanity to innovate in times of necessity. Therefore, there must be a solution to environmental degradation. A major issue is that time is of the essence as the negative effects of production on ecosystems are irreversible and the damage sustained will already affect future generations. The most important scientific innovations are not of the technical solutions but ones that recognize the flaws in the structure of social organization. True innovation would mean we put to practice the scientific critique of the negative environmental externalities generated by the structure of the disembedded market.

There are two fundamental conclusions of this paper; First, we have observed that the mechanism of the appropriation of Southern bio-capacity by the North, and of Northern 'cost-shifting' of its ecological overshoot leads us to conclude that the dynamic of global social inequality, and Northern over-consumption of global resources is a main driver for the degradation of Southern ecosystems.

Global social inequality means that a small section of the world's population consumes most of the world's resources, and is responsible for most of the pollution. The majority of the world's population consumes very little of its resources, but faces dwindling ecosystemic sustainability because their exports to their richer neighbors do not take into account of environmental externalities. We are beginning to see the aggregate effects of these externalities

Institutional inequality within poor countries, such as the inequitable distribution of property rights and weak political representation informs their policy environment, and allows exporter elites and their foreign allies to freely appropriate their nation's bio-capacity for a very cheap transaction cost, and high financial reward.

Second, the development trajectory of Northern countries is one of accumulating maximum aggregate energy usage per capita. This development path urgently needs to be recognized as drastically irresponsible in light of scientific finding regarding the earth's limited bio-capacity. Development practitioners who have a genuine compassionate desire to improve the majority world's population must acknowledge that a dramatic 'de-development', in terms of aggregate energy usage of privileged countries' populations

and industries, is necessary from a Southern development perspective. The North's bio-avaricious lifestyle is only possible by 'cost-shifting' its immense negative ecological effects onto others who do not deserve them.

We need a new, reflexive paradigm of development that focuses on developing countries by improving their economic growth, ameliorating their poverty, and improving their institutions. We need a paradigm that is equally critical of the developed countries. Their over-development from their energy usage and consumption, and the societal organization that allows this to happen should be questioned. The sustainability of their development path, and the impact that their level of development has on other countries should be included in the study of development. If development is to be at all synonymous with improving this dialectical relationship between the North and South, we need to recognize the harsh reality that our current level of development is only possible because of their level of underdevelopment.

END NOTES

[1] The political economy analytical categories of 'The North' and 'The South' are used to capture the dynamics of unequal ecological exchange. The North refers to the economically and politically powerful countries geographically concentrated in the Northern Hemisphere. The South refers to the economically and politically disempowered countries of the world concentrated in the Southern hemisphere.

[2] The unequal exchange refers to the periphery exporting a lot of low paid low-skilled hours of labour for much fewer but high-skilled hours of labour from the core. In the core, the benefits of increased productivity stays in the country because of strong union power, while in the periphery the existence of a reserve army of labour means that productivity gains translate to a lower export price rather than a rise in income for the general population.

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