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Re-examining the connection between peace, conflict and trade

An assessment through the lens of peace and conflict science.



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Executive Summary

This paper examines the connection between peace, conflict and trade through the lens of peace and conflict science. Core to the examination are the contradicting propositions that trade promotes peace and trade is a source of conflict respectively. The relationship between trade and peace is far more complex than simplistic trade theories have suggested. Costs of conflict, cooperation through trade, cross-societal understanding, and economic development are among factors suggesting that trade promotes peace. Unequal trade relationships, trade of unrenowable resources, perceived threats to trade agreement outsiders, and military intervention connected to trade relationships are among factors suggesting that trade is a source of conflict. Those points are of particular relevance given the changing nature of warfare.

Free trade agreements have the potential to lift environmental, labor, human rights and living standards. If designed and implemented that way, trade can indeed reduce root causes of destructive conflict. As currently practiced and implemented, trade interests are above the interests of people and the planet, consequently the potential for conflict is increased. The current debate on the Trans Pacific Partnership suggests that the agreement can lead to immense social conflict, unrest and instability. Contentious are: labor rights and income inequality, agriculture, environmental issues and national, regional and local community decision-making powers.

While the peace through trade question leads to inconclusive results regarding direct violence, it can be clearly stated that unregulated free trade strongly contributes to structural violence – the violence where social structures and institutions prevent people from meeting their basic needs. Trade is not the issue. People and societies have always traded and will continue to do so. The trade relationships and mechanisms are at the core of whether trade contributes to peace or drives violent conflict and war.

Introduction

The question as to whether foreign trade promotes peace or destructive conflict has been debated for a long time. Globalization, related international trade agreements and a changing global landscape of conflicts and wars pose new challenges and require new examinations. The growing scientific field of peace and conflict studies is able to provide insights through a lens examining the causes of violent conflict and war as well as the conditions for peace.

Many schools of thought and studies posed questions about trade related issues which have important policy implications. In most general terms, there are two major propositions: (1) trade promotes peace; and (2) trade causes conflict. The propositions can also be viewed in terms of trade being conducive to peace when trade relationships are symmetrical (equal) or to conflict when they are asymmetrical (unequal). Another less examined proposition is that trade and conflict are unrelated.

The propositions have been studied and discussed and arguments in favor and evidence for all can be found. The relationship between trade and peace is far more complex than simplistic trade theories have suggested.¹ In particular the liberal peace claim (trade and economic interdependence enhance the prospects of peace) has been criticized and academics certainly are split on the issue.² At the same time, global actors like the European Union, the World Trade Organization or previous and current US administrations “confidently claim their trade policies have a positive impact on the world”.³ Certainly more literature supports the idea “that economic interdependence has a pacifying effect on interstate relations”⁴, but there is no consensus. Under corporate globalization, however, we need to ask ourselves if the role of trade is not actually increasing conflict.⁵

In the following section, the major propositions and supporting arguments are laid out.

Proposition: trade promotes peace

Conflict increases the costs of trade - When trade relationships and interdependence exist, the costs of destructive conflict (violence and war) for commercial partners are too high.⁶ The potential negative economic fallout and instability can disrupt trade and therefore violent conflict is not desirable for any side.

Trade encourages cooperation - Trade increases contact and communication and the necessity to come to agreements encourages cooperation. To successfully create and maintain beneficial trade relationships, partners need to focus on common interests rather than differences.

Trade increases understanding among societies – Through communication, contact, cooperation and transnational trading, partners better understand ‘the other’ and reduce conflict-causing misunderstandings. Foreign trading partners adopt a mutual “trade agreement identity”, thereby reducing potential to engage in violent conflict with the in-group (trading partners).

Institutional trade mechanisms address conflicts – Trading partners can establish mechanisms where conflicts are dealt with through facilitation, mediation, or interest-based negotiation. Those conflict resolution approaches range from simple dispute resolution and conflict management to long-term constructive conflict transformation.

Trade leads to economic development - Perceived benefits of free market trading systems are national and regional economic integration. Poverty and unemployment are proven drivers of destructive conflict. Trade promotes economic development in poorer areas, and positive impact of multinational corporations have a positive impact.⁷

¹ Consider for example the limited commercial integration between India and Pakistan as opposed to the flourishing commerce between mainland China and Taiwan (Kastner 2007) – in both cases the countries are in the midst of an ongoing conflict, yet the trade relationships are the opposite.

² *The Liberal Illusion* (2002) by Katherine Barbieri “serves as a counterargument and a warning call to policymakers who rely upon trade-based strategies to promote peace.

³ Haar 2010, 132

⁴ Xiang, Xu, and Keteku 2007, 660

⁵ Barbieri and Schneider 1999

⁶ Lupu and Traag 2013

⁷ Kay 2012

Assessment:

Free trade supporters have greater interest in peace – better expressed as stability – since violence and war will most likely disrupt profits. Global trade relationships – in history and at present – usually are unequal between developed and less developed nations. Moreover the benefits of trade both within developed and less developed nations are distributed to disproportionately few. The nature of trade relationships becomes one of the most important variables in determining whether trade is conducive to peace or conflict.

Proposition: trade as a source of conflict

Asymmetrical (unequal) trade – While trade benefits are enjoyed by developed nations – or corporations - the trade relationships can destroy traditional political, economic and social structures. This destruction leads to increased inequality between and within nations as well as dependence on trading partners.⁸ Groups who are not benefiting or even exploited through trade, may have less favorable attitudes toward international trading partners.⁹ More powerless actors are more likely to engage in conflict.

Trade is not voluntary – Trade agreements imposed on many by few create involuntary, forced relationships. Such relationships are more likely to create destructive conflict.

Trade of unrenewable resources creates conflicts – Fossil fuels, earth minerals and metal ores are among the finite resources which continuously create conflict on local, regional, national and international levels. With the increasing recognition of the negative impact on the climate and the recognition to address climate change with urgency, resistance to resource extractions is growing globally.

Trade increases range of conflict issues – When nations become involved in trade agreements, the range of issues over which disputes occur are greater.

Force to access resources/raw materials – When markets are opened through trade agreements, local populations lose control over self-determination of their lands. Forced relocation and land grabs are direct factors causing instability and conflict.

Trade agreement outsiders feel threatened - States entering into preferential trade agreements gain from the reduced barriers with members. Non-members of such agreements, however, might see it as a threat. A study demonstrates that “economic agreements can be used as a form of discrimination, benefiting insiders at the expense of outsiders. Outsiders suffering from trade distortions potentially could respond with hostility to a perceived economic attack.”¹⁰

Trade relationships can lead to military intervention - With established trade relationships, intervention in civil wars by outside actors is more likely in order to protect economic ties. The intervention is more likely to support the government, which is usually the entity with which the trade relationship has been established, even if the government is considered authoritarian and undemocratic.¹¹

⁸ Barbieri 2005

⁹ Kleinberg and Fordham 2010

¹⁰ Peterson 2014, 23

¹¹ Stojek and Chacha 2015

Assessment:

The histories of colonialism and imperialism show that military force and trade have always been closely interlinked. In what is called neo-colonialism, corporate globalization is perceived as a negative influence on countries by placing them into dependence, enrichment of few in less developed countries and devastating humanitarian, environmental and ecological consequences in the so-called neocolonies. Large scale trade agreements are considered among the most influential factors in creating and maintaining such a system.¹² The arguments supporting the proposition that trade causes conflict mainly evolve around the important recognition of trade relationships and consequences on those affected by trade.

There also is a direct link between trade and the current global security landscape and the so-called war on terror. Local economies suffer from corporate driven free trade, resulting in joblessness and poverty. The urban jobless are the most susceptible to becoming terrorists, a phenomenon most visible with the recruitment of ISIS fighters.¹³

Trade and conflict – the less examined propositions

Trade and conflict are unrelated - This line of thought holds that traditional security and military concerns are independent from trade considerations and relationships.¹⁴

Asymmetrical (unequal) vs. symmetrical (equal) trade relationships – The arguments for these propositions essentially support the points “trade promotes peace” and “trade as a source of conflict” with an emphasis on the relationship between the trading partners and the consequences for the constituencies affected by trade. Both propositions, even though they seem to stand in stark contradiction, logically and realistically have their merit. Therefore it is important to focus on the nature of trade and trade relationships. Unbalanced, exploitative relationships tend to increase conflict. Balanced and mutually beneficial relationships can reduce them.¹⁵

Trade and the changing nature of conflict and warfare

When we merge our understanding of trade relationships with the overall changing nature of warfare – in particular the decline of interstate warfare – we have to reexamine our thinking and approaches. Unequal trade relationships and unequal benefits of trade within nations then becomes a far more central concern. Two examples come to mind. Regimes in the Middle East have excellent trade relationships with the US, yet many of the citizens have negative attitudes about the US and the Middle East is in turmoil partly due to US intervention. Nigeria’s oil wealth comes with trade relationships, yet there is violent civil unrest. Among other factors, international trade is a clearly identifiable factor contributing to violent conflict, war and terrorism.

¹² Scott and Marshall 2009

¹³ Mousseau 2011

¹⁴ Barbieri 2005

¹⁵ Dumas 2011

Free trade agreements, conflict and peace

One of the most notable debates on free trade agreements currently evolves around the Trans Pacific Partnership (TPP). The lens of peace and conflict studies offers a unique angle. An international trade policy like TPP has the potential to lift environmental, labor, human rights and living standards. If designed and implemented that way, trade can indeed reduce root causes of destructive conflict. However, the history of free trade agreements, the secrecy around TPP, and the leaked information of the actual agreement suggest tremendous potential for social conflict if implemented.

Social conflict has many root causes. At the very beginning we might look at basic human needs. Human needs are necessary universal aspects for humans beyond the physical needs. Conflict theorists identify security, participation, autonomy, recognition, and identity as human needs.¹⁶ If those are not met, it is argued, then people engage in conflict. Another proposition suggests that sustainable peace is only possible when the human needs for security, identity, well-being and self-determination are met. When unmet, they come prevailing factors in interstate wars and destructive conflict. This is commonly manifested in the form of structural violence, when political and economic structures systematically deprive certain parts of society.¹⁷ Free trade agreements like NAFTA clearly deprived indigenous populations from their basic human needs and interfered with self-determination and democracy. If TPP is designed and implemented in a similar fashion – and current debate suggests that TPP is very similar to NAFTA – the potential for destructive conflict is immense. Contentious areas of TPP which can be directly linked to social conflict, unrest and instability are: labor rights and income inequality, agriculture, environmental issues and national, regional and local community democratic decision-making powers.

In the US, push-back to TPP is already at a considerably high level. There is a sizeable movement informing and education about the negative consequences of what former Secretary of Labor Robert Reich calls “global corporate agreements” (Reich 2015). The opposition to TPP transcends political party lines and goes beyond the traditional left and one can speak of a social movement against TPP. Labor groups, public health experts, digital rights groups, the environmental movement, immigrant groups, peace and justice groups, are only a few vocal opponents. More than 550 groups vehemently opposed TTP in a letter to President Obama. Currently we can recognize mobilization of many groups.

The opposition is broader and stronger, since an increasing number of individuals and groups are recognizing that current trade agreements impact many aspects of their lives beyond trade.¹⁸ Whereas the Occupy Wall Street movement is not visibly active, the topics which are summed up under the 99% and 1% gap have entered the mainstream narrative in the country. Corporate-driven free trade agreements, in particular when drafted and passed more or less in secrecy, potentially will trigger re-surfaced social movements and increase political costs for supporters.

Free-trade agreements need to be scrutinized with regard their impact on the environment and the climate. Widely recognized drivers of climate change are over-consumption, high emissions by industrial agriculture/food production, car culture, and global trade – these relationships are interconnected and at the same time create immense inequalities. Free trade deals provide legal grounds for corporations to fight restrictions on extraction of resources which have been created as part of a democratic process – undermining democracy inevitable leads to

¹⁶ Burton 1990

¹⁷ Blumberg, Hare, and Costin 2006

¹⁸ “The Social Movement against ‘Globalized Trade’ and the Trans-Pacific Partnership (TPP)” 2015

conflict. As currently practiced and implemented, trade interests are above the interests of people and the planet, consequently the potential for conflict is increased.

A critical perspective through the lens of peace and conflict studies can be summed up as follows:

The contemporary global crisis cannot be grasped unless the true nature of 'global finance' and 'global hegemony' are understood... Our guiding principle in this exercise will be a deliberate choice to look at the world, not from the point of view of the market and the state, but rather from the vantage point of the peoples, whose rights, security and development are put at risk the actions, institutions and structures of the present global neo-liberal/neo-conservative order. (Mushakoji 2007, 87)

Conclusion

Trade and economies have the potential to lead to peace as well as violence and war. We need to view trade and conflict with all its nuances and add layers like equality and justice. While the peace through trade question leads to inconclusive results regarding direct violence, it can be clearly stated that unregulated free trade strongly contributes to structural violence – the violence where social structures and institutions prevent people from meeting their basic needs.

The current global economic system is a war economy. It needs to be transformed into a peace economy. As political economist Lloyd Dumas states, “a militarized economy distorts and ultimately weakens society”.¹⁹ Peace through trade can become a more realistic idea when connected to basic principles of a peacekeeping economy. These are:

Establish balanced relationships – everyone gains benefit at least equal to their contribution and there is little incentive to disrupt the relationship. This is confirmed by the larger body of literature. Example: The European Union – they debate, there are conflicts, but there are no threats of war.

Emphasize development – Most of the wars since WWII have been fought in developing countries. Poverty and missing opportunities are breeding grounds for violence. Development is an effective counter-terrorism strategy, as it weakens the support network for terrorist groups. Example: Recruitment of young, uneducated males in urban areas into terror organizations.²⁰

Minimize ecological stress – The competition for depletable resources (“stress-generating resources”) – most notably oil; in the future water - generates dangerous conflicts between nations and groups within nations. It is proven that war is more likely to happen when there is oil.²¹ Using natural resources more efficiently, developing

¹⁹ Dumas 2011

²⁰ Mousseau 2011

²¹ Bove, Gleditsch, & Sekeris 2015. Key findings are: Foreign governments are 100 times more likely to intervene in civil wars when the country at war has large oil reserves. Oil dependent economies have favored stability and support dictators rather than emphasizing democracy.

and using non-polluting technologies and procedures and a large shift toward qualitative rather than quantitative economic growth can reduce ecological stress.

The most fundamental guidelines for economics and peace should be the satisfaction of basic needs on the local, national and global level, equal global trade relations, and economic activity which gives people a life in dignity and fosters equitable relations between countries. We have to ask ourselves if our current economic systems and trade policies achieve those principles or if it is in our interest to maintain and create new trade frameworks which consist of grabbing natural resources of others and using the military to protect what we took.²²

The so-called United Nations High-Level Panel of Eminent Persons wrote a report on the post-2015 development agenda. They are in agreement on central importance of a new spirit to guide a global partnership for a people-centered and planet-sensitive agenda, based on the principle of our common humanity (High-Level Panel of Eminent Persons 2013). The panel states, "Business as usual is not an option". A specific issue the panel addresses is that international trade rules and policies must be socially inclusive and environmentally sustainable. Corporate driven free trade agreements simply don't stand up to the needed transformation.

Trade is not the issue. People and societies have always traded and will continue to do so. The trade relationships and mechanisms are at the core of whether trade contributes to peace or drives violent conflict and war.

²² Galtung 2011

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