



Does the international trade-system help promote peace?

**A critical study of WTO's first benefit within the theoretical frames of peace- and development
studies**

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Abstract

The World Trade Organization claims to help keep peace in their declaration *Ten Benefits of the WTO trading system* (WTO 2008a). This thesis is a critical study of this peace claim within the frames of both peace- and development studies. The main argument of the thesis is that the peace claim of WTO is exaggerated. When adopting peace studies own definitions of peace and view it together with WTO's narrow peace definition, the peace claim of WTO is up for debate. Current globalization and trade processes, conducted in the realm of neoliberal policies, causes marginalization and deprivation for poor countries and poor people. What development studies labels as deprivation and marginalization are within peace studies labeled structural violence. When structural violence is present there cannot be peace. It is the main argument of this paper that WTO and the international trade system inflict structural violence.

List of abbreviations

EU – European Union

GATT – General Agreement on Tariffs and Trade

GATS – General Agreement on Trade in Services

GDP – Gross Domestic Product

HDI – Human Development Index

IFI – International Financial Institutions

IMF – International Monetary Fund

ITO – International Trade Organization

MDG – Millenium Development Goals

NGO – Non Governmental Organization

SAP – Structural Adjustment Programs

TNC – Trans National Corporations

TRIPS – Trade Related aspects of Intellectual Property rights

UN – United Nations

UNDP – United Nations Development Program

The US – United States (of America)

WTO – World Trade Organization

Chapter 1: Introduction

According to the WTO declaration: *10 Benefits of the WTO trading system*, the number one benefit is that: “The [trade] system help promote peace” (WTO 2008a). In this thesis I will discuss the following question?

Does the World Trade Organization (WTO) help keep peace?

I arrived at this problem statement for several reasons. The first reason are to be found in my background as a bachelor in development studies and a current master student of peace and conflict transformation. I also chose this question because as a student of peace I find it interesting to put WTO’s claim of promoting peace under scrutiny. The first benefit is henceforth referred to as WTOs peace claim. Why does WTO make such a claim? The main explanation of WTO is that there are plenty of examples throughout history of trade disputes turning into war. In the 1930s, during the great depression, countries competed in raising barriers to protect domestic production and through that increased the hardship of the depression (WTO 2008a). The idea behind this claim that the trade system help keep the peace is that when involved in mutually beneficial trade, the trading partners are each others customers, and it would be unwise to fight a customer.

This research question is seemingly straight forward, but will be answered within two different frameworks; those of *development studies* and *peace studies*. In my view they both fill different and important roles in analysing the peace aspect of WTO. This thesis will examine relevant literature and also highlight some key aspects of the academic debate that constantly involves WTO in the globalization and development debate. Some of the development literature used in this thesis is from a few years back. This is mainly because globalization and trade issues are thoroughly debated. In order to not throw new concepts and terms into this text I have found it important to use established authors whose contributions are well recognized and where the effects of their research has been argued thoroughly. Similarly the effects of the climate change and the financial crisis are not fully revealed yet and are therefore not included in this thesis.

1.1. My background

I find it necessary to place myself within this thesis by presenting my own background and views. I have a bachelor’s degree in development studies where globalization, world trade and

development of poorer countries are among the core issues. Having conducted fieldwork in Kerala (India) during my bachelor it is my conviction, based on this experience, that the world trade system (WTO) and the global financial institutions (International Monetary Fund and The World Bank) contributes to poverty and marginalization for large groups of people and quite a few nation states. I'm what can be called a globalization sceptic, because even though globalization processes may contribute to an overall rise in GDP per capita, I believe that the wealth distribution mechanisms leads to increasing poverty and marginalization. I'm currently a master student of peace and conflict transformation, and this thesis can be seen as a journey of the last five years of my studies.

1.2. Clarification of terms and the objective of this thesis

What I'm trying to accomplish is to have the perspective of the poor and marginalized people in mind when focusing on the peace claim of WTO and the international trade system. There is no denying that the market economy, both nationally and globally, can potentially produce great surplus and wealth. I will however demonstrate that it comes at the price of great hardship to poor individuals and countries because of their inability to compete in markets due to current trade structures and centralized decisions. I will in brief present and define some of the terms that are central to the understanding of this thesis.

In terms of international peace between nation-states, WTO's peace claim is in part correct. The presence of an organization that regulates trade can potentially reduce the risk of trade related conflicts. Peace however is more than just absence of war and physical violence. The peace that WTO claims to keep (WTO 2008a), is not even what Johan Galtung would refer to as *negative* peace, which is the absence of violence of all kinds (2003: 31). It is simply absence of war. There are however both *direct* and *indirect* violence as concepts to consider. The difference between them is that direct violence refers to a situation where the sender intends to harm the receiver for instance through the firing of a weapon. Indirect (structural) violence is when the sender unintentionally harms the receiver. Both kinds of violence can manifest themselves physically, verbally or as bodily harm (Galtung 2003: 31). Having both direct and indirect (structural) violence as terms to use, it is my claim that WTO might contribute to the absence of war, but they do not by far help keep peace. This because existing trade structures causes both hardship and *marginalization* for some groups within (or excluded from) the existing trade system and this is according to Galtungs definitions *structural violence*. Galtungs peace theory will be more thoroughly presented in chapter 3. Structural violence is a type of violence that, when present, will make a claim of peace open

for discussion. This thesis will explore how WTO inflicts structural violence. A system or a societal structure may cause harm to individuals or groups but the description of it differs within various academic fields. The hypothesis of my research questions within peace studies could be that *WTO contributes to structural violence*. Within development studies and the terms used there I would claim that WTO with their neoliberal policies *contributes to marginalization, deprivation and unequal wealth distribution*. Marginalization means, “to relegate to an unimportant or powerless position within a society or group” (Merriam-Webster 2009a). Deprivation would indicate some sort of loss. In this context deprivation is the state of being deprived of the necessities of life (Merriam-Webster 2009b). If lifting both areas of study to a level above research and asks if there is a goal or aim to being students of these fields, I would think that the goal of peace studies is to facilitate, promote and understand the processes that can contribute to peace. As a student of development, and a sceptic to the effects of economic globalization, I believe that the goal of development studies would be to help find ways to reduce the poverty, marginalization and deprivation that a large number of the world’s population is subjected to. Reasons for poverty and marginalization can be plentiful but this thesis will mainly focus on external reasons in general and the effects of the existing trade structures in particular.

WTO’s main purpose is to facilitate world trade. “[I]f conducted fairly, *world trade* has the potential to right many of the wrongs of economic globalization, particularly the wrongs of wealth distribution” (Buckman 2004: 124). The World Trade Organisation (WTO) is at the core of the academic, ideological and political discourse regarding world trade. The debate within development studies has to do with WTO’s ability to strengthen development and poverty reduction in developing countries. Being deprived of the opportunity to develop and deprived of the chance at economic (and other kinds of) well-being, is nothing short of structural violence. About two thirds of the WTO member countries are labelled as developing countries. There is however no system of defining *developing* and *developed* within WTO. As a result it is done by each individual country or by the UN based Human Development Index (HDI). It is not certain that all of WTO would accept a country’s choice of labelling themselves as a developing country (WTO 2009c). What does it mean to be a developing country in the WTO system? First of all, there is a differentiating system in terms of implementing WTO agreements. Developing countries are given more time to adapt to new agreements than developed countries (WTO 2009d). According to the dictionary development is a process (Merriam-Webster 2008). A typical trait of development seems to be change from a condition not regarded as good or positive towards a better situation (Smukkestad 1998: 11).

Development must however be understood contextually. In the 1950s development was perceived as equal to economic growth, usually measured by a nation-states gross domestic product (GDP) per capita. Economists were the prime movers of development theory and thus the ones setting the terms for the definitions of development (Smukkestad 1998: 12). As with all academic fields, development studies evolved and other aspects and scholars came into the field. This has made the development term more complex and harder to measure. United Nations Development Program (UNDP) has since 1990 published the Human Development Index (HDI). HDI looks beyond GDP per Capita in order to measure human well being. Here GDP per Capita is only one out of four categories applied when measuring development. The other three is life expectancy at birth, adult literacy rate (percentage of people above 15 years of age that can read) and combined primary-, secondary- and tertiary education enrolment ratio (UNDP 2008). In this essay development should be understood as a societal process that will make the majority of a population better off.

Globalization is a term so widely used in the last couple of decades that it has nearly lost its meaning. Why is globalization included in this thesis? It is mainly because WTO can be seen as the spearhead of current globalization processes through their imposition of neoliberal trade policies on its member countries. Globalization could be defined as growth on a global or worldwide scale (Dictionary of Definitions 2009). However, a simple definition of such a term will not be sufficient since it has been adopted and shaped in several different ways over the course of time. In chapter 3, globalization will be addressed more thoroughly. The world economy has to be examined, although briefly. First of all, what is the world economy? Is it international or global? The WTO has 153 member countries, but most trade of the world (75%) occurs between Japan, Europe and The US. The population of Japan, Europe and the US is about the same as the 50 poorest countries of the world (Eriksen 2001: 18). This alone should indicate that the world economy and trading structures is at best regional and *international* but not global. The Egyptian economist Samir Amin argues in a similar fashion. Development in different regions of the world has always been unequal. It is however a new trait of global development that the world becomes more polarized through the global integration in the capitalist system (Amin 1997: 2). Amin calls the capitalist system global and sees countries as integrated in this system. They are however not integrated equally (Amin: 1997: 2). Perhaps are poor countries not so much integrated in the capitalist system as they are forcibly incorporated? *Integration* means to be included as equals into society (Merriam-Webster 2009c). Amin does not regard Sub-Saharan Africa as an equal part of the world economy seeing as they are not an industrial competitor and not part of the global

political decision making (Amin 1997: 2). The vast differences of wealth and power indicate this. Globalization's effect on poor countries will be discussed further in chapter 4.

1.3. Outline of the thesis

This thesis is divided into five parts. The second part is the background chapter where WTO's history and ideological foundation is given particular attention. I also give a rather extensive background of the structural adjustment programs (SAP) that were implemented in several African countries. I do this because the SAPs were a central policy setter that helped pave way for the neoliberal trade policies that WTO is advocating today.

The third part of this paper is the theory and methodology chapter. Here the methodological and theoretical foundations of this thesis are presented. The evolution of development studies will be outlined by going through the different schools of development. As with most research, development studies have evolved over time. WTO is a result of the prevailing political ideology within the existing global trade system and I will give an outline of how development studies have gone from meaning mainly economic development to also include political, social, cultural and ecological aspects. This has opened up for social scientists, historians, anthropologists and others that have contributed to making development studies a multidimensional field. The prevailing ideology that WTO is a result of is neo-liberalism. The neo liberalistic principles were carved out in the Washington Consensus, where minimal government control and great faith in market powers are at the centre. The Washington Consensus is a label given on the neoliberal policies towards developing countries implemented by The World Bank and the International Monetary Fund (IMF) and was used in 1989 (John Williamson 2002). The theory of Human Security which is a broader approach than national security will be addressed. This is done for two reasons. First it gives a more holistic perspective to the peace claim that WTO gives. If peace is to be defined as narrowly as "absence of war" the security perspective is also quite narrow and would mean national security. National Security is when sovereignty of a nationstate is not violated. When the definitions of peace are broadened to include the human aspect as is the case when including structural violence in a peace debate, the security concept must follow suit. Human Security includes the security of individuals in a society and is divided in seven interconnected parts. These are: Economic-, food-, health-, environmental-, personal-, community- and political security (UNDP 1994: 24). Hugh Mialls model "four paths for conflict" is also present in chapter 3. Every change that occurs in a society could be labelled *social change*. Social change affects people or groups of people and can potentially end in

conflict. The mechanisms of a society in dealing with social changes are what Miall calls *social capacity* (2007: 13). A country's membership in WTO is a social change and a country's ability to adapt to these changes is found in the social capacity of that particular country. The model is included because it presents four different outcomes of a social change.

Chapter 4 is the discussion where WTO's peace claim is scrutinized. WTO and the global trade system are placed within the discourse of both peace- and development studies. The narrow perspectives of national security and absence of war are compared against the wider concepts of human security- and structural violence. This is done in order to raise some questions to what WTO actually contributes to a peace perspective. This thesis does not contain a case, but rather some examples. In relation to structural adjustment Ghana will be the main example, due to the extent of Ghana's implementation of this neoliberal program (Alex Thomson 2004: 195). Some other examples will also be mentioned. Two of these are the TRIPS agreements effect on HIV/Aids infected people in Zambia and the cotton struggle of some African states due to rich countries' export subsidies.

Chapter 5 is where the concluding remarks are given and the arguments of the thesis is summarized.

Chapter 2: Background

This chapter will give an overview over the history of WTO and also present the main agreements. In addition, the structural adjustment programs implemented in the 1980s will be mentioned because they in my view helped facilitate the implementation of neoliberal trade policies. Also, the term Washington Consensus will be explained, as it is regarded as a major policy setter in current globalization processes. I choose to present WTO, SAP and the Washington consensus in a background chapter because they are vital for understanding of this thesis and needs to be highlighted thoroughly.

2.1. What is the World Trade Organization?

“The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers (who meet at least once every two years) or by their ambassadors or delegates (who meet regularly in Geneva). Decisions are normally taken by consensus”

(WTO 2009b).

There are currently 153 member states of WTO. Among these there are 32 that are on the United Nation’s “least developed countries” list (WTO 2008b). I will here give a short presentation of WTO’s history and their present role as facilitator of world trade. Both the past and present WTO will be scrutinized rather critically due to the neoliberal ideas that have been the basis of WTO’s existence.

WTO was established on 1st January 1995. It was set up to be a more institutionalised and formal successor of the General Agreement on Tariffs and Trade (GATT) (Peet 2003: 147). After the Second World War there was a tendency to establish international institutions in order to create economic stability and peace (Peet 2003: 148). The initial idea was to establish the International Trade Organization (ITO) as a third institution in addition to the other two Bretton Woods twins; the IMF and the World Bank. ITO was going to handle the trade issues of international economic cooperation (WTO 2007: 15). This did however fall through due to US reluctance.

The USA was specifically opposed to an international organization controlled by UN-type international democracy, with each nation-state (sic) having one vote, at a time where the USA

considered themselves to be far more than one country in terms of economic power and political might”

(Peet 2003: 150).

The US would not succumb to international trade policies that potentially could hurt national economy, not even for the sake of international stability. Hence ITO negotiations were unfruitful. Failing to realise ITO, the result of the negotiations, GATT was signed on the 15th of November 1947 at the Havana Conference. “The GATT regulated trade in goods...using agreed upon principles of liberalization, equal market access, reciprocity, non-discrimination and transparency” (Peet 2003: 150). There were 23 initial signatories to GATT. For 47 years GATT was the only multilateral instrument regulating trade from June 1948, when it came into effect until WTO saw the light of day (WTO 2007: 16). The WTO was established on January 1st 1995, after the Uruguay rounds that lasted from 1986 to 1994.

The Uruguay rounds accomplished agreements that covered a wide variety of fields, unlike GATT who mostly dealt with trade in physical goods (WTO 2007: 23). The agreements have six main parts. First there is the ‘umbrella agreement’; the agreement that actually established the WTO. Second there are the three agreements on the areas that WTO covers. These are The General Agreement on Tariffs and Trade (GATT), The General Agreement on Trade in Services (GATS) and Trade Related Aspects of Intellectual Property Rights (TRIPS). The last two parts of the WTO agreements are the dispute settlement mechanisms and the review of member states trade policies (WTO 2007: 23).

According to WTO there are some core principles that cover the international trading system under the WTO umbrella. First of all, the trading system should be without discrimination. Countries should not discriminate between their trading partners. All member countries should be extended the same privileges. A second core principle is that both imported and local goods should be treated equally. This is called the principle of ‘national treatment’ and applies when a foreign good, a service or intellectual property have entered the local market. A third principle, and the one that stands out the most, is the lowering of trade barriers. This includes both tariffs and other measures like import bans or quotas. The fourth principle is that the system should be predictable, transparent and stable. For goods this means that agreed tariffs actually apply. This is vital because it encourages investment, creates jobs and provides consumers with the perks of competition and free trade (WTO 2007: 10, 11). The fifth trade principle of the WTO is that competition should be fair and that unfair practices like export subsidies and dumping should cease. Finally, the international trade

system should be more beneficial for less developed countries. They should be given more time to adjust and be shown greater flexibility and more special privileges (WTO 2007: 10).

The two largest areas that WTO deals with are the trade in goods and services, regulated by GATT and GATS. They share a three-part outline in their agreements. First there are the broad principles covering the areas of GATS and GATT. Second there are extra agreements and annexes covering exceptions and special requirements for certain sectors or issues. Finally there is the list of commitments; when individual countries are going to implement the various binding rules and regulations agreed upon through negotiations.

I will here give a brief outline on GATT, GATS and TRIPS, the most common WTO agreements, in order to get a foundation for further discussion in chapter 4. It is within these three that the main targets for WTO critique are found.

2.1.1. General Agreement on Tariffs and Trade (GATT)

GATT has been in effect since 1948 as the predecessor of WTO. After GATT became WTO in 1995, the agreement GATT continued to be a part of the WTO system. It is the agreement that covers trade in physical goods like agricultural produce and textiles. GATT also regulates cuts in tariffs on physical goods. Tariffs are taxes imposed on a product when it is imported to a country (InvestorWords 2008). When putting GATT into a peace context, trade in agricultural produce will be a central issue. A large part of the world's poor live in rural areas and is to a large extent dependent on agricultural production. When trade in agricultural products marginalizes people and deprives them of their livelihood, it has the traits of structural violence.

2.1.2. General Agreement on Trade in Services (GATS)

The General Agreement on Trade in Services (GATS) was also negotiated and agreed upon in the Uruguay Round. GATS extended the rules of GATT to also apply for trade in services (Peet 2003: 153). GATS had three considerations that shaped the agreement. First a multilateral agreement of principles and rules with a progressive neoliberal aim at expanding trade in services in order to contribute to economic development world wide. Second members of WTO would still need to regulate their supplies of services in order to meet policy objectives nationally. Finally, developing countries should be given special attention through strengthening the capacity, efficiency and competitiveness of their domestic services (Peet 2003: 154). Also here there is room for discussion. When addressing issues like education or health, particularly in relation to structural adjustment programs (SAP), the

reduction in government spending on the above mentioned 'soft' sectors is in direct opposition to GATS where developing countries were to be given "special attention". It is my claim that the SAPs helped facilitate GATS.

2.1.3. Trade Related Aspects of Intellectual Property Rights (TRIPS)

"Intellectual property rights are the rights given to people over the creations of the mind"

(WTO 2009)

TRIPS were also agreed upon in the Uruguay Round. This was the first time that intellectual property rights were included into the multilateral trading system (WTO 2007: 39). The TRIPS agreement is meant to protect ideas and knowledge, both of which have increased importance in international trade. "The aim is to strike a balance between society's interest in creating incentives for innovation on the one hand, and promoting the widespread dispersion of innovations on the other" (Oxfam 2002: 209). The types of intellectual property that is covered by TRIPS are copyrights, trademarks, geographical indications (like Cognac, Champagne etc.), industrial designs, patents, layout designs and undisclosed information (including trade secrets). The idea behind TRIPS is that when protecting a creation, it will fuel inventive forces and bring research forward for the good of all (WTO 2007: 39). Within the context of this thesis, the patent protection laws are perhaps the most important ones. When a drug is patented, the producer of such a drug can charge basically any price. Prices for medicine are generally high, mainly in order to give the producer payment for intensive research and incentives to new research. There are however some ethical problems with TRIPS that occurs when large groups of people are denied access to proper medication because they simply cannot afford them.

GATT, GATS and TRIPS are all important agreements when analysing the peace claim of WTO. They are all in different ways determinants of structural violence in the international trade system.

2.2. Structural Adjustment Programs

The Structural Adjustment Programs (SAPs) are loans provided to poor countries. The International Financial Institutions (IFIs) provide financial assistance to countries who wants it. However, they are setting some preconditions when lending out money. These

preconditions are firmly placed in the realm of neoliberal policies. Examples of such preconditions are demands for less public spending and opening of markets to fuel the export oriented production sector. The role of the state is cut to an absolute minimum. Reduced protection of domestic industries and a higher degree of private ownership is also sought after. Among other measures there are currency devaluation, increased interest rates and elimination of subsidies. Most national standards and regulations are reduced or removed in order to be more attractive to foreign investors (Anup Shah 2008).

The Structural Adjustment Programs (SAPs) were initiated as a response to the African debt crisis that rocketed in the 1980s following the oil crisis of the 1970s and the rising interest rates that followed. African countries aimed to develop when they got their independence. Several strategies were used to achieve this. One was to industrialize in order to be less dependent on the production of primary goods. Such development does require capital but capital was not particularly abundant within African countries, so the solution was to borrow money from the West in order to boost their economies. A combination of factors has contributed to the African debt crisis. First of all there are the declining terms of trade; the prices for primary goods fell, while oil prices and prices of other imported goods rose. In Ghana the export value of cocoa in 1981 was just one quarter of what it was in 1973, and by 1991 it was halved yet again. Being heavily reliant on monocrop production and with no alternative source of income than export of primary goods, African governments found it hard to repay their loans (Thomson 2004: 181, 182).

As the African debt crisis increased and the sources of new loans were limited to International Financial Institutions (IFIs) such as the World Bank and IMF, the IFIs introduced SAPs. To receive further loans, the African countries were forced to change their economic policy. Liberalization was the key word, in accordance with the reigning political ideas of The West in the early 1990s. Had it not been for the Cold War containment politics from the two great superpowers, conditionality when lending would perhaps have come earlier. Instead it coincided with the end of the Cold War when the need for ideological allies became of minor importance for the US since the Soviet Union ceased to be a superpower. The result was that aid was given with more economic conditions where it previously mainly was given in exchange for strategic, ideological and political support. African governments had to agree to open up for private capital and to reduce the role of the state in economic governance. The previous monopoly of the state in economic activity was eliminated as they were forced to remove tariffs, send their currency afloat and focus on the 'effective' production of agricultural produce and abandon inefficient state owned industrial enterprises.

Also, government spending on 'soft sectors' like health and education were reduced (Thomson 2004: 183, 184, 185). The economic impact of SAPs was mixed. Some countries had a slight economic growth, while others continued their economic decline. The social impact of SAPs were however more apparent. Health and education became more expensive due to privatization and reduced government spending. State food subsidies were removed. This did especially affect the urban poor who relied heavily on these subsidies for their survival. They were now expected to pay full market value for their food, resulting in the hardship for millions of poor Africans (Thomson 2004: 187, 188). Chapter 4 described how SAP paved way for GATS in several African countries.

2.3. Washington Consensus

The Washington Consensus is often used in debates on trade and development. The phrase is very much associated with neoliberal policies implemented by the Washington based financial institutions; The World Bank and the IMF (GTN 2003). Originally, the phrase was first used in order "to refer to the lowest common denominator of policy advice being addressed by the Washington-based institutions to Latin American countries as of 1989" (Williamson 2000). The Advice included fiscal discipline, which means to restrain government spending so it does not exceed state revenue. The government spending should also be redirected "towards fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure" (GTN 2003). The advice also included tax reform, liberalisation of interest rates, trade liberalisation, and lowering barriers in order to facilitate foreign direct investment (FDI), privatisation and securing property rights (GTN 2003).

Professor John Williamson, former project director for the UN High-Level Panel on Financing for Development and chief economist for South Asia at the World Bank from 1996–99, was the man who first used the term "Washington Consensus" in 1989 with specific aim at Latin-America. He has later protested against the usage of the phrase. He claims that the antiglobalisation movement has adopted the phrase and changed its meaning to "a set of neoliberal policies that have been imposed on hapless countries by the Washington based international financial institutions and have led them to crisis and misery" (Williamson 2002). He specifically points out that the advice he included in the original Washington Consensus was not applicable to all countries and not at any point in time. He also points to the downsizing of the state and cutting welfare programs and avoiding income redistribution as something he did not intend when he carved out these principles (Williamson 2002).

Nevertheless, as in all research, phrases develop and change meaning. In this essay the phrase will be defined as a set of neoliberal ideas that have been the basis for policies towards developing countries by the global financial institutions. The Washington Consensus has manifested itself through the Structural Adjustment Programs and the policies of the international financial institutions and WTO.

What I have attempted in this chapter has been to give a brief background of WTO and also show the path from GATT to the present day WTO. The GATT, GATS and TRIPS agreements are also included because they are quite relevant when analysing WTO's peace claim. The structural adjustment programs are included in this text because they represent some of neo-liberalisms biggest impacts on the economy of poor countries. International trade and centralized decisions can be a reason for national suffering and poverty. Through presenting WTO, SAPs and the Washington Consensus I have given a foundation for further discussion in chapter 4.

Chapter 3: Theory and methodology

The foundation of a text lies within the theories it is based upon and how the text is interpreted. The crossover between peace- and development creates a need to thoroughly show which theories, terms and definitions this thesis is based upon and also establish the interpretation of them. The main part of this chapter will be the theoretical background. Seeing as this essay touches into both development studies and peace studies I find it relevant to define both fields, highlight the key terms and most important theories in order to operationalize towards the discussion.

3.1. Interpretations of literature and the methodology of a literature study

All literature is historical in some sense and cannot be understood without taking into account the time it is written. An author is a product of the political, academic and social processes of his/hers time (Hansen 1995: 178). These processes are constantly changing and evolving, hence the written material of an author will be coloured by the time in which the material is produced and by which paradigm and belief system the author belongs to. Research is paradigmatic. In the case of my thesis, I have a certain political and academic conviction that will influence this thesis.

David Silverman has a table that covers the basic research terms (Silverman 2005: 98). Some, but not all, are relevant here. Methodology is “a general approach to a research topic” while a method is “a specific research technique” (Silverman 2005: 98, 99). The methodology used here is the analysis of relevant literature to shed light to a theme. The method is the reading of books and, from that deriving, a certain understanding of the topic. This is not a thesis that will contain a hypothesis; hence my findings and claims cannot be empirically tested.

First the methodological considerations will be highlighted. These are the criteria for the choice of literature and the presentation of it. This largely means saying a few words about the authors starting point and background. I will not devote an entire chapter to it, but rather justify the presence of the most frequently used authors in this thesis, as they appear in the text. In a paper like this, where the analysis of theory is the approach, it is hard to obtain total clarity on where to draw the line between methodology and theory. Methodology is the framework in which a topic is discussed. This thesis is discussed within the paradigms of development studies. The concepts and understandings of what development and globalization is can be found within the development frame. Methodology is also the shaping

of theory (literature) into necessary tools that gives the researcher the opportunity to discuss a research question within a certain frame. Peace theory provides the necessary concepts for analysing the research question within development studies and also functions as a boarder crossing mechanism between the peace- and development studies. One example is the term *deprivation* which is frequently used in development theory. Deprivation holds all the traits of structural violence which is a central concept within peace research.

3.2. Peace and development studies

I will here illustrate the evolution of development studies from being just economic development towards the inclusion of several other aspects related to or derived from economic development or lacking economic development. With peace studies I will as mentioned above present and define the main terms and concepts so they can function as a tool when analyzing WTO and their claim to help keep peace. When referring to structural violence I see clear correlations to terms like marginalization and deprivation. Both are central topics when describing poverty in the context of globalization. Globalisation is a multifaceted concept that includes various kinds of increasing human contact. In this essay it is the economic aspect that is at the centre, hence globalisation will be understood as a neoliberal process, which aims for borderless trade with as little government control as possible.

Many regard Johan Galtung as the founder of peace research. In 1959 he founded International Peace Research Institute in Oslo (PRIO) and served as director there for ten years (PRIO 2005). In his long academic career he has been working with peace and conflict theory. He views conflicts as the main underlying cause of violence henceforth implying that conflict resolution by peaceful means is vital for peace. He has over 30 visiting professorships and has published over 70 books (The Right livelihood Award 2009). Galtung gives rather clear (though extensive) definitions of what peace is. I will schematically present those here. There are two kind of peace: *Positive* and *negative*. There are also two kinds of violence that will be mentioned here (although Galtung operates with several). These are direct and indirect (structural) violence. "...[P]ositive peace would consist of verbal and physical kindness, good to the body, mind and spirit of self and other; addressed to all basic needs, survival, well-being, freedom and identity" (Galtung 2003: 32). Peace in this essay should be understood as "the absence of violence of all kinds" (Galtung 2003: 31). This is what Johan Galtung refers to as negative peace (2003: 31). This brings us to violence, a term widely used within peace studies. Galtung identifies two kinds of violence: Direct and indirect. *Direct violence* is

violence where there is a sender who intends to harm the receiver (Galtung 2003: 2). It could be a punch to the face or the firing of a gun that is aimed at someone. Indirect violence or *structural* violence is the most relevant for this essay. “Indirect violence (structural violence) comes from the social structure itself – between humans, between sets of humans (societies), between sets of societies (alliances, regions) in the world...” (Galtung 2003: 2). The WTO can be seen as such an alliance. Galtung also points to other kinds of violence but seeing as the aim here is to scrutinize WTO’s claim of keeping peace and that I regard WTO as an instigator of structural violence I will not elaborate further on other aspects of Galtungs peace theory.

Galtungs concepts may prove useful when putting world trade under scrutiny. If entering this writing process with a premonition that WTO and the global trade system, in the context of development studies, cause deprivation, marginalization and poverty and in the context of peace studies, cause structural violence, one could ask if there really is a difference or just a different description to the same processes. Poverty, regardless of how it is defined, can be linked to being deprived of ones needs. It is rarely someone’s general intention to make or keep people poor, hence it could be said that societal structures contributes to peoples poverty through deprivation, marginalization, repression and exploitation. “The two major forms of structural violence...repression and exploitation. Both work on body and mind, but are not necessarily intended” (Galtung 2003:2).

I have here tried to illustrate how the terms *peace* and *structural violence* can relate to development studies. In my view the processes addressed in peace- and development studies are the same. They are just defined and labelled differently. I will now proceed to development theory to form a theoretical foundation for the relation between the two academic fields.

3.3. Development theory

I will here present the main terms, some theory and the evolution of development studies from an economic field to a broader field of study. Oddvar Smukkestad's book *Den innviklede utviklingen* (The Complicated Development – own translation) (1998) and Jan N. Pieterses book *Development theory* (2001) have been the main sources here. Oddvar Smukkestad is a lecturer at Oslo University College. He is an economist who majored in Economical Geography at the University in Bergen (Handelshøyskolen). His work areas include industrialization, international economy, globalization and theories and strategies for development. He is presented here because his book is a useful overview of the development

of development studies. His book also presents the most important theories of development from the time when African colonies became independent and up to the late 1990s (Oslo University College 2009). Jan Nederveen Pieterse is a professor in global sociology at the University of Illinois. He specializes amongst others in globalization and development studies. Pieterse is a great addition to Smukkestad's book, both because his book is of a more recent date and because he puts development theory in a new critical light where he scrutinizes some old "beliefs".

3.3.1. Terms and theories

As mentioned in the introduction, development should be understood as a societal process that makes people better off. Such a definition does however raise a few questions. How can development be measured? The term development, within development studies, has changed quite a lot over a relative short period of time. In the 1950s development in terms of nations solely meant economic development and was dominated by economists (Smukkestad 1998: 12). This was (and is) quite easy to measure. One takes a country's Gross Domestic Product (GDP) income and divides it on the number of citizens to find GDP per Capita. This measures the economic development of a nation-state. There are however a couple of flaws with such measurements. First of all it says nothing about the *distribution* of wealth and resources. The increase in GDP per capita may be the result of just a few peoples increasing wealth. Second, masses of people could be living from their own agricultural production, having no registered income. They could be living in official financial poverty, but still have sufficient means for both survival and personal thriving and not consider themselves poor in their culture. This brings us one step further in widening the term development to mean more than just the economic dimension of it. By the adding of a cultural aspect to the development term, the field of study is widened. Political, social, cultural and ecological aspects have also found its way into development studies, paving the way for social scientists, historians, anthropologists and others, making development studies a multi dimensional field of study. The demand for sustainability in development processes has contributed greatly to the academic diversity (Smukkestad 1998: 12). Development is a term that has to be understood within a context. One can talk about economic development, cultural development or ecological development. As long as there is a process that contributes to people's wellbeing, it could be labelled development. The economic aspect is however still important because it has the potential to open the door to other kinds of well-being.

The foundation of an academic field of study is theory. What then is development theory? “Theory is the critique, revision and summing up of past knowledge in the form of general propositions...” (Pietersee 2001: 2). According to this definition, theory is evolutionary and being brought forward by new research. Pietersee goes on to claim: “Framing, defining the field, the parameters of phenomena is the business of theory” (2001: 2). Development theory can also be described as the summing up past knowledge. It has, as mentioned above, grown from solely economic theories to include a variety of academic fields. Development theory will hence be a system of terms, principals and rules that targets societal change.

3.3.2. Strategies

Theories can be transformed into action. This is a strategy. If theory is the diagnosis, the strategy (if implemented) is the cure. For a development strategy to work, change must be targeted. There must be certain pinpointed goals that the strategies can aim at and there must be actors that can carry out a strategy. Within development the actors can be the state or a private or public organization (Smukkestad 1998: 13). It is claimed that development theory and strategy does not always work in a “diagnosis and heal” way. Theory is often mirrored in the governments need to legitimise their politics (Smukkestad 1998: 13). When did neo-liberal trade theories occur? They occurred at a time when The West needed new markets. Some scholars regard development theory as mainly ideological, influenced mainly by political landscapes and not theoretical considerations (Pietersee 2001: 3).

“The advantage of this view is that it draws attention to the ideological role of development theory – in setting agendas, framing priorities, building coalitions, justifying policies. Its limitations that it treats development theory as a by-product of political processes and not as an intellectual process as well”

(Pietersee 2001: 3)

It is important not to limit development theory to either political/ideological tools or just an academic discipline. It should be both to have the potential to influence actual change. Development theories and models have often occurred as a result of political need. But whenever there is a “ruling idea” of how development should be conducted, there are opposing voices that also come up with alternative theories. Development gives the impression of moving towards a more desirable state. “Different political ideas clearly lead to different visions of what is desirable, and one persons utopia could be a nightmare for

another” (Alan Thomas 2003: 30). In today’s international political and ideological landscape it is more so than ever before.

3.4. The development of development studies

A theory can, as mentioned above, be transformed into a strategy. An overall belief in a particular set of theories and strategies is often referred to as a paradigm. I will here present three schools (paradigms) of development that helped form the basis of development studies and illustrates the evolution from a purely economic field of study into a more multifaceted one. Under the different paradigms I will show some models that have been influential. I must stress that there is a wide variety of different schools of development, but *modernization school*, *dependency theory* and *the counterrevolution* are those I regard as most relevant in showing the evolution of development studies in connection to international trade. This is mainly because they were the most influential ones in terms of setting an international political agenda.

3.4.1. Modernization School

After the Second World War academics and politicians took an interest in the development of former colonies. In the 1950’s development was purely a matter of economy. The Marshall aid to Europe gave great results in terms of development. This success was the basis for the development strategies of other regions of the world as well (Smukkestad 1998: 21). Underdevelopment in poor countries was by the western world, explained mainly through internal causes.

Modernization theory operates from a dualistic point of view. There was the traditional and the modern, with the latter as the goal for development because it had the potential to generate a bigger growth in GDP per capita (Smukkestad 1998: 22, 23). The modern, industrialized West was the ideal that the backwards, traditional and poor countries should aim to develop towards. An influential person within modernization theory was Arthur Lewis, an American economist (Ghosh 2007: 5). He developed a dual economy model to analyse economic growth in developing countries (Smukkestad 1998: 23). Lewis model had several assumptions. The most important assumption was that labour was abundant while capital and land was in short supply (Ghosh 2007: 8). The labour for the growing industry was to be found in the traditional (agricultural) sector where Lewis assumed there to be a lot of hidden unemployment. The transfer of labour from the traditional to the modern sector would, as a result, not lead to declining agricultural production due to increased effectiveness. Higher

wages in the modern sector was thought to initiate the labour transfer. The abundance of labour and investment in the modern sector was to lead to economic growth. Another model that is highly central to the modernization paradigm is Walt Whitman Rostows five stage model for development. It is a linear model towards development. The five stages are (i) traditional society, (ii) preconditions for take-off, (iii)take-off, (iv)drive to maturity and (v) age of high mass consumption (Potter, Binns, Elliot and Smith 1999: 51). During stage one the society is traditional in the sense that it is dependent on agricultural production and manual labour. The efficiency is low and there is little social mobility. The traits of the second stage are increased rates of investment. Efficiency in the traditional sector becomes higher due to the utilization of industrial innovations. This makes the labour efficiency much higher. The third stage is the take-off. This stage is characterized by dynamic economic growth and a higher degree of industrialization. The industry is however limited to few sectors. Investment rates reach more than 10 per cent. The fourth stage is the drive to maturity. Here the industrial areas are diversifying into new areas and technological innovations provide a wide range of investment opportunities. The countries reliance on imports is decreasing. The fifth and final stage is where mass consumption occurs and the citizens can enjoy a variety of goods and services. The service sector is becoming increasingly dominant as a result of peoples improved financial strength (Rostow 1990: 4-11).

Rostows and Lewis' models and modernization theory in general have been criticised for its ethnocentricity in the sense that western developed societies are intrinsically thought to be better. As a result of this it was expected that others would automatically want to copy this development. Economic development was the aim for the modernization theorists. David Ricardo made a model for export-based development already in 1817 in his book "On the principles of political economy and taxation" (NetMBA 2007). He advocated the benefits of specialisation in trade. His examples were those of England and Portugal trading in wine and cloth. Even if Portugal has an *absolute advantage* in the production of both goods because they can produce wine and cloth cheaper and more effectively than England, they should specialize in the production of wine because their absolute advantage in wine production is greater than their advantage in cloth production. England would in that sense have a comparative advantage in the production of cloth because total output of the two trading nations increases when specializing in one good and then trade with each other (Smukkestad 1998: 40, 41). Gregory Mankiw, professor of Economics at Harvard University and author of the book "Economics" (2006), presents ten basic principles of economics. The fifth principle is that trade potentially can make everyone better off. It is a claim that is closely related to

Ricardo's model. Trade makes it possible to specialize in the production of what one does best. If everyone in a trading system does that, people can through mutual trade enjoy a greater variety of goods and services at a lower cost (Mankiw 2006: 9).

3.4.2. Dependency Theory

Where modernization theory is well placed within capitalism, dependency theory can be seen as an ideological reaction to the global capitalist system (Smukkestad 1998: 58). This ideology can broadly be placed within the realm of Marxist thinking (Thomas 2003: 46). Dependency theory emerged when it became more and more obvious that third world countries were not experiencing economic development. Where modernization theory is a theory of economic development, dependency theory targets underdevelopment and how it occurred. Underdevelopment in the third world and development in the West is interrelated and must be seen in the context of global capitalist structures according to the dependency theorists.

“...the historical process which resulted in the development of the industrialized world was the same process in which the South did not become developed. In simple terms, Northern capitalist industrialization created structures in which Southern economies were dependent and which tended to lead to and maintain underdevelopment”

(Thomas 2003: 46).

The solution for dependency theorists was for poor countries to break loose from the dominance of the external powers because development within the system was impossible (Smukkestad 1998: 59). Andre Gunder Frank states the reason for underdevelopment through polarisation of power because of capitalism's tendency to create large economic entities in an almost monopolistic fashion. He shows this through his “centre-periphery model” where the flow of capital always flows towards the centre of a trade system: From rural to urban, from workers to land owners and from poor regions to rich countries (Smukkestad 1998: 60). Dependency theory had some actual power in changing trade structures, especially in Latin America where import substitution industrialization (ISI) was tried as a development strategy. Oddvar Smukkestad places ISI under the modernization school chapter partly because this strategy emerged earlier than dependency theory, but arising as an alternative way of development outside of the international trade system. I choose to place it under the dependency theory chapter because it is a way of delinking a country from a less favourable

system. ISI is to replace imported goods with domestically produced goods (Smukkestad 1998: 47, 48). This implies a great deal of protectionism through tariffs, import quotas and subsidized loans to local industries (Browder 2004). For ISI to be effective a few factors need to be in place. First of all, a big local market is preferable. Second; some sort of cooperation with international industry is needed to obtain the necessary technology. Third; it is important to be able to build up the domestic industry quickly enough for it to eventually be competitive internationally. Through history there are a few examples of successful ISI. Japan quickly built up their industry using protectionist measures and then changed to export based industry when they were competitive internationally. India has also, ever since their liberation, had a government controlled industry and is today one of the biggest industrial nations of the world (Smukkestad 1998: 50).

Alan Thomas does however offer some criticism towards the dependency theory (2003: 46). First of all the Southern states, often treated as a unity in dependency theoretical models, were assumed to have the power and will to break free from the capitalist system. How then should a country develop? Capital investment is a perhaps the most important factor when trying to industrialize. If foreign capital is unavailable, where should it come from? “The only possibility would seem to be from the savings of that country’s own people; in other words, by squeezing surplus out of the same already poor population that may supply the state’s political support base” (Thomas 2003: 46). Dependency theory was quite significant in the evolution of development studies. It helped break the ethnocentricity and included views from the periphery. A downside was dependency theory’s tendency to explain all underdevelopment as external relieving governments in poor countries of their responsibility for lacking development (Smukkestad 1998: 69).

In the 1970’s several models for development absorbed elements from both dependency theory and modernization theory. This is called *structuralism*. The reason for a country’s underdevelopment was to a greater extent explained from both an internal and external perspective and also as a result from structures in the international trade system.

3.4.3. *The counterrevolution – Thatcherism and Reaganomics*

Paradigms in academia change, replace or overlap each other. A paradigm can also be the result of changing political landscapes. Margaret Thatcher became the British Prime Minister in 1979 and Ronald Reagan was elected President of The US in 1981. Both had great faith in the free market and a deep mistrust to governmental intervention. Liberalism has been associated with free markets. The counterrevolution could be labelled neoliberalism from its

even greater belief in the market forces in almost every aspect of society. The changing political landscapes also impacted development theory. A new group of western economists were extremely critical to previous development theories and policies. Government control was regarded as ineffective and privatisation was the answer. Reducing the public sector would, according to the counter revolutionists, solve many problems in the developing world (Toye 1987: 47). The changing politics, ideology and development theories also changed development policies towards the South. The new priorities were public downsizing, less investment in infrastructure and more market orientation (Smukkestad 1998: 114). The US controlled World Bank was early in adopting these views on aid, as the debt crisis grew stronger. One of the solutions was the introduction of the already mentioned *structural adjustment programs* (SAP). To get the SAP loans, certain conditions (conditionality) were forced upon the receiving country. I will mention four here. First there was the deregulation of the (presumed overrated) currency in order to make export cheaper, import more expensive and to improve the trade balance. Second there was the downsizing of public spending in order to reduce the need for foreign capital. Third, prices had to be deregulated and the market was to find the “right” price. The fourth condition was privatisation of state owned industries and public services.

Mankiw’s sixth principle of economics states that: “Markets are usually a good way to organize economic activity” (2006: 9). This is in strict accordance to the political ideas of the counter-revolution that has influenced development and aid from the eighties up to present day. A market economy, highly valued by the international financial institutions, is defined as an economy where resources are allocated. This allocation happens through decentralized decisions made by interacting firms and households that are all in the goods and services market (Mankiw 2006: 9).

The counter-revolution has been (and still is) criticised. I will in chapter 4, using Ghana’s structural adjustment process as an example, highlight some of the criticism towards the counter-revolution and the International Financial Institutions (IFIs) implementation of these ideas.

Through the presentation of the three main paradigms of development I have tried to conceptualise development studies by illustrating how the field has evolved and how varying political and ideological landscapes have influenced the academic discourse on development. The term Development has gone from meaning financial development alone, during the era of modernization theory, to imply much more. I have presented how political ideas in the 1980’s became a beacon for liberal academics, resulting in changing paradigm and changing market-

oriented approaches towards developing countries. I will go on to present WTO as the neo-liberal project that they are and show how the academic discourse approaches WTO. Both critics of WTO and trade liberalization and its advocates will be presented. Finally, I will in the discussion give examples of how WTO agreements and the international trade system marginalize the poor and through that cause structural violence.

3.5. Different schools on world trade and their view on WTO

The Australian activist Greg Buckman presents in his book “Globalization: Tame it or scrap it?” (2004), two of the three schools of the world trade debate that will be presented in this essay. These are the *Localization School* and the *Fair Trade School*. Both are placed to the left on a political scale, but with quite opposing views on world trade. The third school I will present is the *trade liberalization advocates*; those in favour of more trade with minimal government control. All three schools can be said to operate (or at least give the impression to operate) with one common goal: Poverty reduction and economic development. Their way towards that goal does however differ vastly.

3.5.1. The Fair Trade School

The Fair Trade School has the belief that rule-based and properly structured trade has the potential to lift poor countries and people out of poverty. According to Oxfam, perhaps the main advocates for the fair trade school, today’s international trade system is full of flaws and generally unfair. “The school consistently calls for greater transparency; fairness and accountability in the way decisions are made in the WTO” (Buckman 2004: 130), this in order to ensure that poor countries also get their voices heard. The main characteristics of this school are that change within the existing trade system is possible as long as a restructuring of global institutions (WTO) takes place (Buckman 2004: 130). Oxfam thinks fair trade would be a much more effective poverty reduction mechanism than aid. Even a small increase in developing countries share of world export markets would several times outweigh what they receive in aid (Oxfam 2002: 47,48).

3.5.2. Localization School

The Localisation school can be said to belong to the radical part of the anti-globalisation movement and their view on world trade is more fatalistic. The philosophy of this school is that local economic self-reliance is the best way to secure development. Their opinions on trade differ a great deal from the fair trade school. According to the Localization School,

economic activity and trade should be conducted in the local, regional and national sphere because development for the poor is impossible within the existing global trade system. A renewal of global institutions like the fair trade school calls for is not an option for the Localisation School because the existing power structures of the world would simply replace the current unfair system with another unfair system. To them, less global trade is the answer, not more (Buckman 2004: 154). Like most schools within most fields of study there is no unified voice that agrees on everything. The same applies for this school. In terms of WTO the suggestions are many and varied. Dr. Walden Bello, director of Focus on The Global South Organization, wants a complete decommissioning of WTO (Bello 2008). The International Forum on Globalization (IFG), an alliance from the United States consisting of researchers, economists, scholars and activists, wants to return to the sort of global trade management that existed before WTO where there were no binding rules and no court (Buckman 2004: 156). Whatever replaces WTO, the Localisation School calls for an institution that is narrowly defined and with less power. Included in this is that national legislation should have precedence over international (Buckman 2004: 157). Being highly prone to decentralization, there are certain ideological links to dependency theory where breaking loose of an exploitative system is the idea.

3.5.3. Trade Liberalization Advocates

The trade liberalisation advocates are highly prone to globalization. They think that the reason for unequal trade and underdevelopment lies in too little liberalization, too much state intervention and that the market powers do not get to work as freely as they should in order to secure the markets natural distribution of wealth and resources. Much of the blame for the lack of development is placed internally in developing countries, not unlike modernization theory who also blamed underdevelopment internally. My main source here will be Martin Wolf's book "Why Globalization works" (2004). Wolf is the associate editor and chief economic commentator at the Financial Times, London. For ten years Martin Wolf was a senior economist at The World Bank's division for international trade and has advised governments and international organizations on trade and economic integration (Leigh Bureau 2009). He has won numerous awards for his work and is perhaps mostly known for his book 'Why globalization works' (2004). Martin Wolf is highly prone to globalization and he sees WTO as "...an institutional solution to a practical problem: How to sustain a mutual beneficial liberal economy in a world of sovereign states of vastly different economic strength and sophistication..." (Wolf 2005: 207). It is interesting that he uses the words "mutually

beneficial”. This clearly illustrates that this group is more in favour of WTO also because it resembles a liberal “project” that certainly agrees with their beliefs of how trade should be organized: That more trade and globalization is the answer.

I have here presented the three main schools on world trade. All three are however all three concerned with the ideological aspects of development and trade. In this thesis, where a peacekeeping claim is scrutinized, the human aspect must also be addressed. Even though violence is structural in the case of WTO, the suffering is individual. This is why I will focus on the concept of Human Security as opposed to State Security in relation to international trade and its supposed peacekeeping ability.

3.6. Human Security

In 1994 The Human Development Report (HDR) introduced a new security concept, called human security. The concept is not meant to disregard national security, but rather include a people-centred view on security as well. The concept of security has until quite recently evolved around the possibility for conflict between states and equated it with the threats to a country’s borders (UNDP 1994: 3). The definition of Human Security is twofold. First it is freedom from threats like hunger, disease and repression. Second it is the “protection from sudden and hurtful disruptions in daily life – whether in homes, in jobs or in communities” (UNDP 1994: 23). The UNDP urges for the change of the security concept in two ways. First of all the focus must change from territorial security to people’s security. Second, the way to achieve security must change from military power to human development (1994: 24). Poverty reduction could be a powerful tool for enhancing security. There are two major components of human security: Freedom from fear and freedom from want. Freedom from want refers to the economic and social aspect and is what separates human security from the “classic” national security. The view of human security is a people centred view. People’s security is at the centre. There are seven main categories of human security; economic-, food-, health-, environmental-, personal-, community-, and political security (UNDP 1994: 24). The concept examines both the national and global concerns of human security. Why is this really relevant here? I find two clear connections. First; there is the issue of international peace, as in absence of war. This is what Johan Galtung would refer to as negative peace. Positive peace, where there is not just absence of violence, but where people are allowed to develop and thrive can be compared to the concept of human security, where the safety of people are the main concern, not the safety of states. However it’s important to highlight that the security of individuals, or groups of individuals, is by no account in opposition towards the security of

states. It can be viewed as a more holistic approach to the very same goal, much like development theory now includes more aspects than it did in the 1950s and structural violence includes more aspects of violence than direct violence. In the context of WTO as a “peace keeper”, human security attacks the global trade systems security perspective in the very same ways as peace studies definitions of peace, attacks WTO peace perspective. WTO claim to be contributing to international peace between states because they deal with trade issues and settles disputes through their agreed set of rules before they end in armed conflict. Hence, they are strengthening national security. But when it comes to individual suffering and human security, it is my assertion that WTO does not help amend human suffering. Much of the same could be said about a strong national security in the military sense. It is not equal to a strengthened human security and may in some cases even be contradictive to it. In chapter 4 I will highlight this allegation further.

The human security concept has not withstood criticism. Dr. Shahrbanou Tadjbakhsh, the Director of the Program for Peace and Human Security at the CERI (Centre d'études et Recherches Internationales), in Paris and the Director of the Concentration on Human Security at the Master's of Public Affairs (CERI 2009) has voiced some challenging questions towards the human security concept. First; can there be an agreement of definitions? If there is no consensus on the definitions regarding human security how can it be implemented as a human security program? Second; post the September 11 attacks, national security has been given stronger attention yet again with \$1 billion diverted away from the millenium development goals (MDGs) and general aid, and into the war on terror. Can a human security focus survive this in international policy making? Third; who will be in charge of the implementation of human security? It is a policy directed at the people as a grass root approach to national security, but it is still states that do the implementation, and then just as a foreign policy measure. People should identify and act upon their own security issues, not be passive recipients to security. Fourth; in a world where there is a multitude of security issues towards individuals, what should be addressed first, and where? Such a priority could also be futile because the entire human security concept is based on the interdependence of each threat. Eradicating one threat is of little use in the comprehensive framework of human security. Fifth; there is the challenge of addressing all sectors of human security threats combined. The political or academic experience is not sufficient in dealing with cross-sector issues like human security and its seven components. Sixth; how can one understand conflicts better?

“Very often we fail to understand the impact of conflicts on changing social norms and fail to integrate preventive measures in post-conflict stabilization programmes. For example, ill-adapted neo-liberal [sic] economic models in post-conflict situations may exacerbate further the factors that led to tension in the first place. The sixth challenge is therefore the need to understand conflicts better and to develop conflict preventive tools

(Tadjbakhsh 2005: 4)

Finally there is the issue of not doing harm when implementing human security. When intervening in a conflict zone it is important to understand the people one is supposed to help, in order to better target, implement and coordinate the intervention to avoid altering existing structures in local communities. The human security concept will be applied in chapter 4 because there are clear correlations between poverty and the threats to a person’s security, when widening the security term. Similarly to when the definition of peace, also includes structural violence, it widens the focus from nation states to also include marginalized groups and individuals. In relation to WTO’s peace claim this is of great importance.

3.7. Globalization

Globalization is a term applied in many contexts and it has been defined over and over again. The current use of the term started after the cold war and brought hope for enhanced international cooperation between peoples and countries. Jeff Haynes argues for the division of the term into *positive* and *negative* globalization (2002: 27). Positive globalization has a number liberal ideas connected to it and it views globalization is irresistible and very much welcomed. The consequences are highly beneficial because they include greater economic efficiency as a result of greater market access. International institutions will reach wider with the incorporation of new economies in the global economic order. Within the positive globalization view, the end of the Cold War manifested the superiority of the West in terms of capitalism and democracy. A new world order would minimize the influence of national governments and the sovereignty of the nation state would wither away as the “...peaceful and prosperous new world order...” that globalizations advance brought with it (Haynes 2002: 28). International Financial Institutions (IFI) saw globalization as positive for developing countries. This could be either because globalization was manifested in the same way ideologically as the institutions itself and/or because the international political landscape helped shape the institutions to be even more prone to neoliberal ideas. Before proceeding to

the globalization debate entirely, *negative* globalization must be defined as well. “The...view is that economic liberalization has been hijacked by market liberalism which puts the mechanisms of the markets before both natural environment and the well-being [sic] of many communities” (Haynes 2002: 29). Negative globalization is defined by those who are critical to the effects economic globalization has on large groups of people. Haynes pinpoints some of the undesirable effects of globalization according to the negative view. First; there are migratory movements, due to loss of livelihood, in the developing world. Second; there is the impoverishment of large groups of marginalized people, mainly in the global South due to the changes in global production and finance. Third; there are the growing differences in economic wealth between the West and the rest of the world. Finally; globalization leads to war and conflicts between and within states. The war on terror can be seen as one example of this. To summarize the critique of globalization that the advocates of the negative view has; they believe that globalization is a process that creates both winners and losers. The losers are mainly located in developing countries (Haynes 2002: 30). The advocates of the positive view on globalization, held by Western governments and Western-dominated International Financial Institutions (IFIs), believe that globalization is a good process that encourages economic growth, human rights and democracy. Advocates of negative globalization argue that globalization causes polarization between rich and poor within and between countries and that WTO is the epitome of this unfortunate process.

In the introduction, globalization was defined as growth on a global or worldwide scale. It is no denying that there has been financial growth in large parts of the world in the last decade. There is, however, a rather big difference between globalization as a process of integration into a global economy on equal terms compared to being forcibly incorporated into a global economic system the way SAPs did.

3.8. The social change of trade and its conflict resolution possibilities

Hugh Miall, Professor of International relations at the University of Kent, has a model that is called *Four Paths for Conflict* (2007). His model has *social change* as a starting point. I would assume that the term social derives from society, hence meaning changes in society. Society will be understood as a group of people that share a sense of common identity. They may also be sharing territory, culture, ethnicity and/or political authority. According to Haferkamp and Smelser, a theory of change must contain three elements that must stand in relation to each other (1992: 2). First; there are structural determinants of social change. Examples of this can be population changes, war

migration or strain and contradictions. Second; there are the mechanisms and processes of social change like “social movements, political conflict and accommodation, and entrepreneurial activity” (Haferkamp and Smelser 1992: 2). Third; there are the directions of social change. This can include changes in structure, effects of change and its consequences. Graphically, these may be arranged like this:



Figure 1.1 (Haferkamp and Smelser 1992: 2).

Social change can broadly speaking be any changes that occurs in a society. A trade agreement could also be labeled social change. Peaceful change could be understood both in the strong and weak sense. Peaceful change in the strong sense includes conflict transformation based on cooperation and non-violence, achieving “mutual development and friendly relations” (Miall 2007: 12). Change in the weak sense would be avoidance of violent conflict. This is an adaptation to Galtung's concepts of positive and negative peace. He sees the emergence of a conflict as an interaction between the contradictions in a situation, the conflicting parties’ attitude and how they behave in the situation (Miall 2007: 14). The reasons for conflicts can be equal in number to actual conflicts. Hence every conflict must be analyzed individually. Miall gives us the tool to understand what mechanisms conflicts may have through his model.

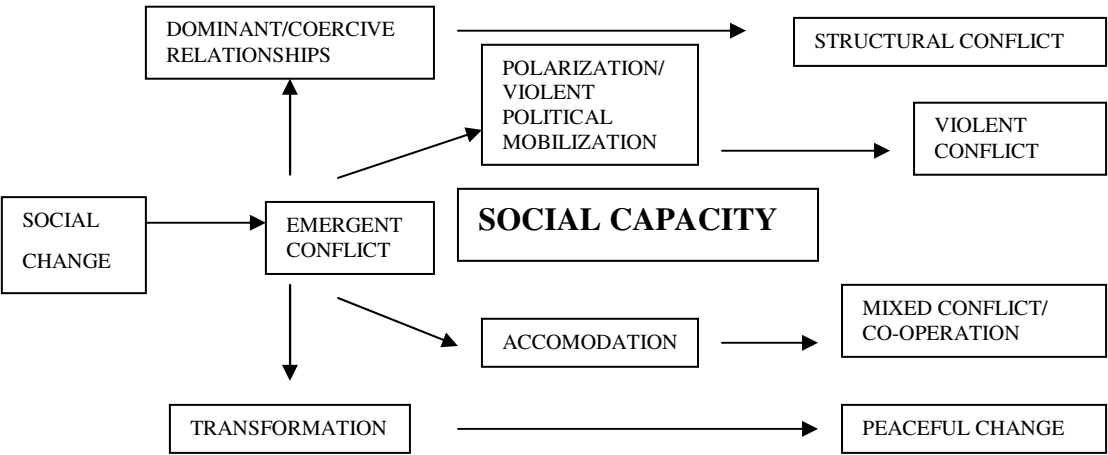


Figure 1.2 Four paths for conflict (Miall 2007: 13)

The social change, for instance the establishment of WTO, may be an emergent conflict if someone perceives it as a conflict of interest. When ITO first was thought of, The US did not approve because it conflicted with the best interest of the nation. Similarly when WTO rules are favoring one trading nation and causing hardship for another country or other people it is an emergent conflict that has occurred through social change. I shall discuss this in chapter 4. When SAPs were inflicted on Ghana, it was a change in social structures that affected the lives of many people. A conflict of interests' first emotions can be frustration, hostility and actions that are unfriendly. Society can respond to this by adapting to the changes. Its ability to adapt peacefully depends on the *Social capacity*. This can be understood as the capacity to manage conflicts in a society. Such a capacity includes "flexible and legitimate institutions, forms of governance that allow representation of change, recognition and accommodation of diversity and difference" (Miall 2007: 15). People that are not satisfied with the distribution of resources in the international trade system have the possibility to change it through political processes. If a conflict of interest becomes an actual conflict the affected parties have to either mobilize violence or get their way through coercion, resulting in either violent or structural conflict. Another option is to initiate negotiations through the institutions present in a society and through that achieving a non-violent solution. This would be peaceful change in the weak sense. "A fourth alternative is that the parties manage to deepen their co-operation and transform the emergent conflict in a way that is mutually beneficial" (Miall 2007: 13). A potential solution could be broadening the horizon of WTO negotiations so that the poor also could benefit from trade. Then the emergent conflict that WTO represents would be the start of a transformation that leads to peaceful change. The power structures of the international trade system are however not something that immediately optimizes peaceful change and a venture towards positive peace. According to the model, the path of trade seems to be a dominant relationship where the strong actors like The US, EU and the biggest Trans National Corporations (TNCs) have the financial power to exercise coercion towards weaker actors. Miall calls this a structural conflict (Miall 2007: 13).

3.9. Summing up theory and methodology

Does WTO help keep the peace? This is the question I have set out to discuss. This chapter has presented the theory I will be using, both within development studies and peace studies. I have also presented the methodological considerations of this thesis. One of the most

important foundations of this thesis is the relationship between structural violence and deprivation/poverty/marginalization. Trade and globalization processes cause both, but they are labelled differently. As with the evolution of development theory, from meaning mainly economic development to becoming more multidimensional, the peace term has also grown to include more than just absence of violence.

The human security theory is central to this paper. Human security addresses the security of people. When WTO made their peace claim, peace to them meant the absence of war. The examples they used were that trade wars had not occurred since the establishment of GATT. When the peace concept includes more than just absence of war, the WTO claim becomes weaker. As shown above, peace is divided into positive and negative peace. WTO cannot be credited with keeping either. The security concept behind WTO's claim is clearly national, since they speak of hindering trade wars. In a human security context, WTO is rather an instigator of insecurity since unfair trade structures inflict suffering to poor people. The Washington based IFIs and WTO are at the centre of current globalization processes that in my view cause structural violence. The three schools of trade are also included in this chapter. This is because their presence gives a good view of the current trade and globalization debate.

Chapter 4: Discussion

I have, in the previous chapter, attempted to lay the foundation for the discussion around WTO and its claim to keep peace. Peace has been defined according to Galtung's definitions of both negative and positive peace. The concept of violence has been addressed and divided into direct violence and structural violence, with the latter as the focus point here. It is the structures of the existing trade system, facilitated by WTO that I view as the thespian of structural violence in this context. The theoretical framework is basically found within development studies, and the evolution of development studies over the last few decades have been included to show that even if development started out as an economic discipline, it now has a much broader meaning. A vital part of the development discourse is trade because trade has, if properly and fairly conducted the potential to lift masses of people out of poverty. I have from the definitions of structural violence shown that poverty is structural violence. The violence is not intended but the structures of society (local, national and international) causes suffering to people nevertheless.

4.1 Ideology and structural violence

Individual and collective suffering can ideologically and politically be explained in several ways. I choose to focus on two, for reasons of simplicity. There is the socialistic and the liberal (later neoliberal) approach. From the individual point of view, the blame for poverty could be explained either as the poor persons own fault or as the fault of his/hers surrounding structures. In the US, who is a major policy setter in international politics, the ideal is the "self-made man". Everyone is the creator of their own fortune. Another view is that individual poverty is the result of lacking opportunities and unfair structures external from the human being itself. By lifting this to a national level, the same dichotomy has been central to the development discourse. Modernization theorists explained underdevelopment internally. Post-colonial Africa's inability to develop were explained by their own ineptitude to adapt to new possibilities. They were handed freedom, and given the "western blueprint" for development but still did not manage to reduce their own poverty. The modernization theorists got their ideological opponents in the Marxist inspired dependency theory, where underdevelopment was explained externally. A country could simply not develop economically as part of a centralized economical system where the power to set policies was found mainly in western urbanized areas. The debate regarding world trade is also possible to place along the same dualistic lines. The counterrevolution that emerged in the 1980s, personified by Margaret

Thatcher and Ronald Reagan, took the collective “self-made” principle a step further through a great mistrust in all government interference and a great belief in market forces as the developer and alleviator of poverty. This was not to be accomplished through special treatment of the poor because the market was believed to have the ability to distribute wealth in the best way possible. In terms of development and aid, conditions were set on developing countries receiving aid. The SAPs were implemented in several countries to rescue their economy and to make them attractive to foreign investment. Sectors that previously had been under government control were privatised. This again is an indicator of how political ideology influences the direction of academic research. The counterrevolution came forth from a political need to explain underdevelopment internally and through broken structures.

As mentioned in the introduction, the most frequently used example here in this thesis is Ghana. Agriculture is the most important sector of Ghana’s economy. More than half of the population is employed in the agricultural sector on a formal or informal basis. Agricultural production accounts for 35% of GDP (CIA Factbook 2009). Ghana became independent from Britain in 1957. As one of the more wealthy colonies the development prospects seemed good. Ghana was then the largest producer of cocoa beans in the world in addition to having large reserves of minerals and timber. The transport infrastructure was also quite good.

“Twenty five years later, however, Ghana’s economy had virtually collapsed. Food production failed to keep pace with population growth, cocoa and timber output had fallen, a solid manufacturing sector was yet to emerge and the country’s health, education and transport system was in disarray”

(Thomson 2004: 192).

The reason for Ghana’s decline, prior to structural adjustment, is according to Thomson both external and internal. Because of its reliance on monocrop production, Ghana was locked into selling primary produce to the West and importing all manufactured goods. Crisis arose when harvest failed or cocoa prices dropped internationally. Of internal causes for the decline it is fair to say that ‘urban bias’ and fixed prices for rural agricultural production helped finance its import-substitution industrialization projects (2004: 193). The effects were that Ghana’s most productive sector was pushed too hard and the economy collapsed. In the 1980’s Ghana changed their policy towards market liberalism and SAP was implemented. The first measure was to increase producer prices for cocoa to an international level. Price control seized and the currency was sent afloat. Large parts of the public sector were earmarked for privatisation.

As a result steady development loans were given to Ghana and the World Bank urged other African states to follow Ghana's example (Thomson 2004: 195).

The SAPs did much to stabilize the economy. The harvest of cocoa increased by 65% between 1983 and 1990, because of increased producer prices and other incentives. The SAPs did however little else for Ghana's development. Numerous public employees were left without a job, students could not afford the tuition fee that now were charged, new user charges for basic schooling and health services deprived many people of these services and removal of food subsidies added to people's hardship. The disadvantaged groups in Ghana had to be contained from opposing the government through suppression and harassment (Thomson 2004: 195). My claim here is that as a result of external structures (SAP) poor people in Ghana were exposed to structural violence and when protesting, they were subjected to violence from their own government. What is WTO's role in this? They are the facilitator of world trade and even though reasons for Ghana's lacking development are both external and internal, they, along with The World Bank and IMF, are clearly a part of the external structures. In accordance to Mialls model above, the social change that SAP represents leads to structural conflict and as a result structural violence because of uneven power structures that makes Ghana's relationship to the IFIs a coercive and dominant one.

The ideas from the counterrevolution, the liberal renaissance (hence neoliberal), have to a great extent influenced the international financial institutions (IFI's). The WTO is founded on neoliberal ideas of free trade, reduced tariffs and little government intervention. Just the sheer existence of WTO is a proof of that, with rules regulating trade that supersedes national laws. I will now turn my attention to WTO and give a rather critical analysis of the organization.

4.2. WTO – a critical view

“WTO's declared objective is to help trade flow smoothly, freely, fairly and predictably. It claims to do this neutrally, by administering trade agreements, acting as a forum for trade negotiations, helping to settle trade disputes, reviewing national trade policies, providing assistance to developing countries...”

(Peet 2003: 158).

Critics would disagree on the quote above. WTO claim neutrality, but they are very much for trade liberalization and when favouring one ideology over another, the organization cannot be

labelled neutral. WTO is also sceptical to protectionism. In terms of fairness, can trade flow fairly when the system favours one set of trade policies and ideologies over another? (Peet 2004: 160). Martin Wolf, author of the acclaimed book “Why globalization works” (2005), takes a very critical position against the antiglobalization movement. But when referring to WTO, even he has some highly critical remarks. The main goal of WTO (and also its predecessor GATT) was the lowering of tariffs. Wolf refers to a study made by the Progressive Policy institute where inequities of tariffs are addressed. “On average...the world’s least developed countries face tariffs four to five times higher than the richest economies” (Wolf 2005: 213). Tariffs are higher on processed agricultural commodities than on unprocessed. This means that Ghana, as the world’s second largest producer (FAO 2002: 48), cannot process their own cocoa-beans because the tariffs faced for exports on processed cocoa will be too high and make them unable to compete. Instead they must sell the cocoa beans and let them be grinded elsewhere. “Today the UK grinds more cocoa than Ghana” (Wolf 2005: 214). Tariff escalation on processed goods is one reason. The result is that poor farmers in Ghana and Ghana as a whole are marginalized from world markets on the processed version of the production of a commodity where they have an absolute advantage. The neoliberal trade system that Ghana more or less forcibly has been incorporated into as a result of SAP has condemned Ghana to being mainly a producer of primary goods.

Other examples are the export subsidies of Japan, the US and EU on agricultural produce. Their share of world exports in agriculture has been largely unchanged. Poor producers are faced with large tariffs when exporting, while their home markets are flooded with agricultural surplus production from rich countries that are heavily subsidized. The result is that farmers in poor countries, in addition to not getting their produce exported, also are unable to compete in their home markets. According to the Organization for Economic Co-operation and Development (OECD), farmers in rich countries received \$311 billion in state subsidies. This is six times higher than all development assistance (Wolf 2005: 215). In Martin Wolf’s own words: “This is a disgrace” (2005: 213). In Ghana, production of tomatoes was a thriving sector. However as part of a privatization programme, state owned canning factories were sold off and closed, while tariffs were reduced. As a result, heavily subsidized tomatoes from the EU penetrated Ghana, and displaced the livelihoods of tomato farmers and industrial employees. Local tomato production stagnated after 1995 and import of tomato paste rose from 3200 metric tonnes in 1994 to more than 24000 tonnes in 2002 (Khor 2008). A big part of the explanation is the escalating tariffs mentioned above. It seems that poorer countries simply lack the sufficient bargaining power to initiate change within WTO. Among

people in developing countries, the majority are small-scale farmers. Cheap imports from developed countries (mainly EU and US) through either normal channels (made possible by reduced tariffs) or dumping (food sold for less the cost of production made possible by rich country subsidies to its producers) causes hardship for third world producers. It also places local food production and, as an effect, local food security at risk in developing countries (Madeley 2008). Food security is one of the seven components of human security.

How does WTO fit into Mialls model? I have already stated that membership in WTO or the implementation of a trade agreement is a social change. The outcome of such a social change is found in the societal structures of the actual country, but also to some extent in the international community. Because social change holds the potential for conflict (emergent conflict), it is the conflict handling mechanisms of the local, national, regional or international society that determines the outcome of an emergent conflict. In order to actually achieve peace and prosperity, the emergent conflict must lead to transformation and cooperation on a deeper level. When TRIPS, an agreement that has caused a lot of problems for developing countries, was implemented one could perhaps label it as a structural conflict. The reason for such a claim is that poor people and poor countries are not included in the benefits of TRIPS, but rather suffer from it. Below I give the Example of how HIV/AIDS infected people in Zambia suffered from more expensive drugs. Had however the implementation of TRIPS included the welfare of the poor, in addition to securing patent holders in a manner that both increased the incentive for more drug related research and made sure that affordable drugs were available to all, it could have caused peaceful change. Instead it is my assertion that the power structures of the international trade system are so uneven that the emergent conflict results in either structural conflict or mixed conflict/cooperation. This means that even if there is an adaptation to the TRIPS agreement it is not enhancing the well being of all inflicted parties. The model of Miall is another example of how WTO's peace claim is exaggerated because the social change that a WTO agreement represents does not result in change for the better for all inflicted parties.

4.2.1. The African cotton struggle

Globalization does not facilitate perfect market conditions for every actor. An example of the negative impact of globalization is the cotton struggle of Southern Africa. When African countries were forced to open their borders the cotton production was devastated.

Because of export subsidies in The US and EU products can be sold in poor countries for a lower price than local produce. The reason for this can be summed up shortly. The "aid"

given to poorer countries comes with conditions (conditionality). The most common have been the implementation of SAP's. This means that when receiving financial aid from a first world country or loans from the World Bank or the IMF, the receiving state have to accept certain conditions. A very common one is the lowering of tariffs, making imported goods from the West cheaper to purchase. "Tariffs are a tax on goods produced abroad and sold domestically" (Mankiw 2006: 172). Tariffs are used to protect domestic production and also domestic economy. The WTO works for lower tariffs. For consumers this is not entirely bad as they get access to cheaper produce, but the downside is worse. In the case of Southern Africa, domestically produced cotton is nowhere to be found in local stores, because American products are flooding the market. This happens because the farmers in the US have great political power to set the agenda. Western agriculture is greatly subsidized both in terms of production and in terms of export. This means that even if it costs 1 dollar to produce 1 kilo of cotton in the US, a price that is much higher than the cost of production in Southern Africa, the farmers produce all they can. When exported, the American government subsidizes the cotton so that it can be sold for less than the cost of production to a third world country. American taxpayers are paying most of the bill for cheap cotton in Africa in order to protect their industry. African cotton farmers are marginalized both in local and international markets. In the case of cotton, the US government did during the 2001/02 season pay \$3.9 billion in subsidies for a crop valued at \$3 billion. American farmers receive three times more in subsidies than the total American aid budget for Africa. Africans are however denied the same support from their governments under the terms for their loans from the World Bank and The IMF (Oxfam America 2005). "The economic losses inflicted by the US cotton subsidy program far outweigh the benefits of its aid. For instance, in 2001 Mali received \$37 million in aid but lost \$43 million as a result of lower export earnings from cotton" (Oxfam America 2005). The result from this is that farmers in the South are put out of business due to falling cotton prices. According to the principles of trade, where comparative advantages are sought after, this is a rather harsh reality check. In terms of production costs of cotton it seems clear that African cotton producers have both the absolute and comparative advantage in production of cotton, but this advantage is altered and the market is manipulated through the financial power of rich countries.

Vast amounts of money are paid in subsidies for the agricultural sector in rich countries. Today rich countries spend US\$1 billion a day in subsidies to their agricultural sectors despite their commitment made in the Uruguay Round to reduce such subsidies. In terms of agricultural income in the US, 25 per cent is subsidies. In EU it is 40 per cent and in

Japan it is 60! After 1995 when the Uruguay Round came into effect and subsidies were supposed to be reduced, rich country farm subsidies went from US\$182 billion in 1995 to US\$362 in only three years (Buckman 2004: 100).

4.2.2. Economic principles for the good of the poor?

When presenting the evolution of development theory I also mentioned two of Mankiw's economic principles. These are that trade can make everyone better off and that markets usually are a good way to organize economic activity (Mankiw 2006: 9). The definition of market economy is that it allocates resources through decentralized decisions of consumers and firms. First of all: Markets are *usually* a good way to organize economic activity. Are there examples of the opposite? I believe so, and WTO is at the centre of this. A market economy works best when resources are allocated through decentralized decisions, in accordance with Mankiw's economic principle. The international and global markets do however not longer work in this manner. It becomes more and more evident that decision making are more and more centralized as companies grow bigger and fewer and their power increases to the extent that they influence both governments and international organizations like WTO.

What is good economic activity? Is it when trade flows smoothly between trading countries and when trade is conducted on equal terms? When talking about international trade I fail to see that the centralized decisions of the market economy are trade conducted on equal terms. Several authors on both sides of the globalization debate are critical towards the rich countries double standard on international trade (Wolf, Buckman etc.). And it is beyond doubt that WTO with its highly western and centralized power structures are at the centre of this. A quick glance at WTO's decision making process confirms this.

4.2.3. One dollar – one vote

The headline of this paragraph is a frequently used phrase by anti globalists when describing the decision making and power structures of the international trade system. WTO's headquarter is in Geneva, and they hold their trade talks in cities around the world every few years. In principle every country has one vote. In reality however, it is much a question of economic power. According to Dicken: "the governance of production networks has become increasingly dominated by transnational corporations..." (Dicken 2003: 29). This indicates that globalization processes are in fact reducing the influence of the state. In terms of WTO negotiations poor countries are experiencing difficulties getting their voices heard, often

because of lacking resources. Rich states are heard loud and clear. Many of the world's poorest countries cannot even afford to have delegates stationed in Geneva and during key negotiations they send perhaps one delegate (if any) while rich countries send "small armies" (Buckman 2004: 47). These armies also include representatives from the large companies who aim for tariff reductions and other favourable deals in order to expand their markets further. Such a discrepancy can hardly indicate fair, open and mutually beneficial negotiations in an integrated world economy. Another problem that the poor countries are experiencing is the export subsidies, mentioned above, that the rich countries are operating with. Even though the WTO have pledged to reduce these little is done (Buckman 2004: 46).

4.2.4. World trade as structural violence

How can WTO, a product of its member countries (particularly the rich ones), have a trade system that makes sure developing countries meet high trade barriers when exporting, and at the same time ruins their own producing sector? It's hardly a system that helps trade flow fairly. And this is one of the crossroads of this thesis where peace and development intersect. Indirect violence is as mentioned above when the sender unintentionally harms the receiver. The global trade system with its neoliberal shaping does harm the receiver. I'm labelling it structural violence because there is no evidence of the policy maker's ill intention towards those marginalized by the trade system. In a cause/effect analysis the way trade is shaped (particularly by the WTO) is the cause. The effect is both the perks that trading partners' get from trade agreements and the negative impact it has on groups of people and countries. It can be seen as a matter of value judgement; is the suffering of some people and some countries a fair price to pay for the overall rise in GDP per Capita? Here is also why I choose to not label the effects the global trade system has on poor people as anything other than structural violence. I want to believe that the wealthier states and the dominating neoliberal forces have the best intentions. It is their ideological belief that has shaped the politics and in turn the policies they're advocating. It is only natural to look after one's own best interest and well-being. So when the US subsidises their own agricultural producers to the extent that they are selling their produce cheaper in Africa than local African producers are able to, it is probably with the intention of looking after their own production, not with the direct intention of harming others. That being said, the intention of a nation-state is hard to measure and the value judgement behind US decision making will therefore not be given much attention.

The concept of structural violence has however not completely withstood criticism. Heiki Patomäki agrees that violence caused indirectly should be considered violence, but

believes the term structural violence is too broad when extended to include forms of human suffering where there is no clear sender, hence leaving it to include everything harmful to people, like pollution and malnutrition (Patomäki 1995: 8-10). A vision of peace where it includes the absence of everything bad has the traits of utopia. This would be unfruitful in an academic debate because of its rather unrealistic nature. Patomäki and Galtung do however agree that peace is more than just the absence of direct- and structural violence (Miall 2007: 11). This brings us back to negative and positive peace. Negative peace is the absence of violence. Positive peace is absence of violence and where individuals are allowed to thrive and develop.

4.3. The WTO agreements and structural violence

WTO is as mentioned a web of different agreements. Two of the most debated ones are TRIPS and GATS, mainly because globalization sceptics view them as fundamentally unfair and harmful towards the poor.

4.3.1. TRIPS

There is no denying that the issue of patents is a debate between protecting innovation and research on the one hand versus protecting public interest and security of individuals on the other. Drugs are for instance very expensive to develop but cheap to reproduce (Oxfam 2002: 209). This is why there are patent laws so that companies have the proper incentive to conduct research and develop new things for the good of society in exchange for exclusive market rights (over some years) that gives them the opportunity to charge higher prices.

One of the biggest beneficiaries of TRIPS is the pharmaceutical industry. Most research and production of new medicines are conducted in the West by large companies like Pfizer, Du Pont and Merck. The big pharmaceutical companies of the US succeeded in getting the US government to force the TRIPS agreement into the Uruguay Round. This was accomplished through intense lobbying towards the Reagan administration. The aim was to multiply their revenue by alleviating the so called patent piracy (Buckman 2004: 40). The end result is that poor countries and people are denied access to affordable drugs because they face great fines from the WTO system if copying drugs and selling it at affordable prices. This is especially critical in the HIV/Aids ridden Sub-Saharan Africa. In some countries the life expectancy at birth is in the thirties. This is due to the large part of HIV/Aids infected people. If affordable

life prolonging drugs were given to those who needed it, they could potentially stay in jobs longer. This would greatly improve the economic prerequisites of the countries in question.

US Aid have estimated that 16 per cent of the grown population in Zambia is HIV/Aids infected. This has vast implications for social and economic well being in Zambia and is a major threat to development in Zambia. An estimated 920.000 people are HIV/Aids infected and nearly 90.000 people dies annually as a result of the virus (US Aid 2009). In a country where the population is 11.8 million an annual death rate of nearly one per cent due to one particular reason has a devastating effect on social and economic well-being. Life expectancy at birth is 38,83 years and the main reason for this is HIV/Aids (CIA Factbook 2009). Only one out of ten infected Zambians have access to anti-retroviral drugs. These are drugs that contribute to prolonging the life of HIV/Aids infected people. Full treatment costs about USD 15.000 a year (Geloo 2009), and when GDP per Capita is USD 1500 and 86 per cent of the population is living below the poverty line (CIA Factbook 2009), it is easy to imagine that these drugs are unavailable for most Zambians hence posing a major threat to the health security of HIV/Aids infected Zambians.

This can be seen as a globalization failure. Companies need to make money, and expensive research must be conducted for them to do so. But perhaps the public and private actors should find better solutions than TRIPS, so that poor individuals are not marginalized. What if investing in research was a government responsibility or that of international organizations, so that the benefits of research also could be enjoyed by everyone immediately after an innovation is made. It is however the rich countries that benefits the most from TRIPS because it is where the research knowledge is located. 90% of all research is conducted in industrialized countries (Oxfam 2002: 210). A structure, like the international trade system that allows a trade agreement to harm individuals, countries and in effect their economies are nothing short of structural violence according to the definitions given by Johan Galtung. It is also a definitive threat to human security.

4.3.2. GATS

The General Agreement of Trade in Services (GATS) was one of the big achievements of the Uruguay Round. GATS were by the WTO secretariat viewed as one of the most important developments of the international trading system since GATT itself came into effect in 1948 (Peet 2003: 154). GATS are covering all kinds of services except for central banking and social security (Peet 2004: 154). These are services that “are not supplied commercially and do not compete with other suppliers” (WTO 2007: 35). WTO defines these as governmental

services. That central banking and social services are exempt from GATS is understandable, but what about areas such as health and education? The agreement aims at achieving a greater level of liberalization of service related trade (Peet 2003: 155). The WTO points out that the agreement does not force governments to privatise service sectors and that the word 'privatization' does not appear in GATS (WTO 2007: 35). But when liberalizing a sector, opening it up for different actors to compete, it would be very peculiar if private actors weren't present. When the SAPs were implemented, it included cuts in public services like health and education. Medical services and schooling became less accessible to the poor since fees were introduced for education and medical costs were raised (Thomson 2004: 188). Even though GATS does not use the word privatization in the text, the policy of GATS clearly favours privatization in areas like health and education, because they are not exempt from the agreement. Public spending in the same sectors was cut as a result of SAPs. They are not included in services that are "not supplied commercially and do not compete with other suppliers". Both private hospitals and private schools are very common.

As pointed out in the background chapter, SAPs could be viewed as the facilitator of GATS. First of all, developing countries were to be shown "special attention" in the implication of GATS. This special attentions included "strengthening the capacity, efficiency and competitiveness of their domestic services" (Peet 2003: 154). This is exactly what the SAPs achieved, but it came at the cost of more expensive and less accessible health and education, which affected the availability of these services to the poor. It also resulted in a massive increase in unemployment as many government jobs evaporated. The strengthening of these services seems to be mainly economic making them more likely to be profitable. In a way it could be correct to say that the SAPs did the dirty work for GATS and paved way for different private actors in the soft sectors of health and education even though WTO in their rhetoric points out that the word 'privatization' were not explicitly used in the GATS text. There is however no denying that privatization is at the core of liberal politics and liberal politics are the very foundations of WTO. It has also been the prevailing policy of international development since the early eighties.

4.4. The world economy and globalization

Is the world economy global or international? Hirst and Thompson raise the question on whether there actually is an international or a global economy. They argue that the international economy has been most open (in the globalized sense) when "the trading system has been sustained by a hegemonic power" (1999: 14). This power has in the last few decades

been constituted by the US, although lately the US economic hegemony has weakened. The dominance of the Western powers in trade and foreign direct investment (FDI) is evidence of an international economy. Even if “the major financial, trading and service centres are strongly externally oriented, emphasizing international trading performance” (Hirst and Thompson 1999: 16), thus having the traits of globalization, it should not be confused with a global economy. For the economy to be global, national strategies of economic control are meaningless, because the economy is dominated by “uncontrollable market forces” (Hirst and Thompson 1999: 1). The fact that there are some very strong and influential states (US, Japan) or groups of states (EU) support this claim. Hirst and Thompson are critical to the globalization supporters who want further liberalization of the international economy and deregulation of domestic economies, because it leads to “economic crisis, unemployment and impoverishment” (1999: 4). According to this logic, they would also be critical to SAP and GATS.

If adopting a “negative” view on globalization where it is seen as a process of forced policies towards poor countries, it is important to highlight the geographical differences that globalization produce. “Globalization processes...are intrinsically geographically uneven, both in their operations and in their outcomes (Dicken 2003: 13). Because the nation-state is no longer the best way to measure the effects of globalization, due to its transborder nature, Dicken suggests using the concept of *networks*. These are the processes that connect Trans National Corporations (TNCs), states, individuals and social groups into structures of relations both on an organizational and geographical scale (2003: 14). An easy way of observing this is through the production chain. A production chain is “a transactionally linked sequence of functions in which each stage adds value to the process of production of goods or services” (Dicken 2003: 14). In a globalized world a production chain is not necessarily found in one country, but in several. A production chain can be explained like this: Inputs, like raw materials, are transformed into products. These are distributed, sold and consumed. The process of a production chain is two-way. In one direction is the flow of raw materials, semi-finished goods and final products. In the opposite direction is the flow of money as payments for the goods and services and the flow of information (Dicken 2003: 14 & 15). Dicken also points out that each of the elements in a production chain is embedded in a larger financial system that provides investment, capital, coordination, regulation and control. This chain is also a part of bigger production networks that includes inter-, and intra-firm relationships that are no longer confined by state borders (Dicken 2003: 16). Because of the open nature of borders due to globalization processes, a company can outsource parts of, or entire production

chains to where the cost of production is cheapest. Nike does for instance conduct most of its production in poor countries with low production costs and more importantly: few labour laws (Christensen 2008). In doing this they add much more value to each step of the production chain, while the flow of money back as payment for these products are considerably lower. This also reflects the power relationship of the production chain. If one company (or network of companies) owns every step of the production chain, their ability to maximize profit on behalf of underpaid workers is greatly enhanced. In the case of Nike, where production is situated in poor countries and consumption in the West, the individual worker is also a part of the world economy through his/her place on the production chain, but are they integrated in the world economy?

It is also important to note that the ownership of TNCs play a central part here. Even though their production is spread around the globe, the headquarters of almost all big TNCs are located in rich countries, the shareholders are mostly from rich countries and they are managed from rich countries (Buckman 2004: 36). Hence the value of their production remains in rich countries while workers in the South are underpaid. The production chain can go across borders, but poverty and marginalization is still very much confined within the borders of a nationstate. This the way neoliberalism works, where big TNCs operate across borders with little government intervention. According to the dependency school, this is exactly why developing countries should avoid participation in the global economic system, because wealth, power and decision-making are centralized to western metropolitan areas giving poor countries little or no control over their own fortune. WTO have aided in facilitating this by the opening of borders in countries that didn't have the prerequisites for competition in an open market and therefore were reduced to marginalized actors in the world economy. Rich countries, where those who benefit the most from an international production chain are located, are also those with most power in international organizations where trade rules and regulations are decided. The fact that the worlds 500 largest TNCs controls 70 per cent of world trade, 80 percent of global foreign investment (FDI) and 30 per cent of world output (Buckman 2004: 39), is but one indicator of this.

Samir Amin advocates a new direction of globalization. It should be a "...humanistic project of globalization consistent with a socialist perspective" (Amin 1997: 5). By this he means that instead of serving a market as current globalization processes does, the new globalization era that he calls for should have a more people centered focus. He suggests four measures that his new alternative humanist version of globalization should contain. First; he calls for global disarmament, with special focus on nuclear weapons. Second; there is a better

global distribution of resources and the wealth derived from them. Third; there should be open and more flexible economic relationships between the different regions of the world in order to reduce the rich countries "...technological and financial monopolies" (Amin 1997: 6). Included in this is the eradication of the IFI's and WTO. Fourth; new global institutions must be created which represents social interest world wide (Amin 1997: 6). To achieve this faith cannot be put into the existing system to change itself. Instead the political left must "...formulate in theory and in practice, a humanistic response to the challenge" (Amin 1997: 7).

In terms of structural violence and globalization, an international system of production that so clearly favours some people, companies and nationstates and where wealth is directed away from poor producers, leads to marginalization and greater difference in wealth. Globalization is as mentioned not particularly bound by national boundaries, although to a certain extent it still is. National governments are not completely without power in regards to international trade, but to a lesser degree than before. Peace and structural violence however is still geographically situated. The effects of an unfair system are found locally. When a TNC that operates in one country is facing challenges that could potentially reduce its profit, production can be outsourced to a more favourable country. People who are victims of structural violence in an international trade perspective are still confined by state borders.

4.4.1. The perfect market compared to contemporary economic realities

The market is a good way of allocating resources. The prices of a good are not higher than a consumer's willingness to pay. Those with an absolute or comparative advantage will produce a good. Many actors are involved and no companies are big enough to be price setters (Mankiw 2006: 9). They are price takers. This is the perfect market, and it would also have the potential to reduce poverty. All countries have some sort of assets. Some have natural resources, some have a developed industry and some have financial resources. Most countries have labour; some a more abundant labour force than others. The resources of a state can be combined into production for a domestic market or for export. WTO gives reference to the economic principle of comparative advantage: "...countries prosper first by taking advantage of their assets in order to concentrate on what they can produce best, and then by trading these products for products that other countries produce best" (WTO 2007: 13). What they fail to mention is that almost every developed country today, started their developing process using rather strong protectionist measures to protect their infant industries, were their comparative advantage lay. These measures are in today's neo-liberal WTO structure frowned upon,

because it would mean reduced influence and market access for the already rich and powerful countries and TNCs. The SAPs also made such measures rather impossible for a large number of developing countries.

4.5. The theoretical obstacle to WTO's peace claim

I have above given examples of how international trade and the globalized nature of the world economy cause harm to several groups of people and states. The term human security is controversial but could also prove useful in relation to peace and world trade because of its people centred focus. When including a people centred view, the peace claim of WTO is under additional attack.

4.5.1 Human security

Human security may be well suited as a policy instrument, but fits rather poorly as an analytical tool. It can be adapted as a holistic approach for humanitarian interventions to prevent harm to individuals. This could be achieved better through the understanding of conflict mechanisms in general and local knowledge when entering a conflict zone. This is however not a study of peacekeeping operations, but rather a critical study of WTO's claim as keeper of peace. Is the human security concept relevant in this context? I believe so because the focus of WTO in a peace context is national security. This because hindering trade wars seems to be the basis of their peacekeeping claim, hence having national security as the focus. If though the human security approach had been used as a policy instrument for the WTO, would they still be able to claim to help keep peace? Human security was mentioned above as a more holistic approach, while the peace claim of WTO only indicates that they are contributing to war prevention. When WTO prevents war between trading partners, it helps keep the economy stable and to maximize profit. The goal of trade is profit and an overall rise in GDP. A higher GDP per capita would strengthen national security, giving the nationstate a stronger foundation for further international dealings. However when distribution of wealth is not taken into account, the food-, health- and economic security of individuals are under attack. If WTO had adopted a more holistic approach to security, the marginalized people as a result of existing trade structures would also be given attention. Through adopting a human security perspective, the WTO would have to change their policies in order to maintain their claim of peace. This would of course also mean that WTO had to include measures towards the poor and marginalized to make sure they didn't become victims of structural violence.

As mentioned above, The UNDP pinpoints seven main categories of human security. These are the economic-, food-, health-, environmental-, personal-, community-, and political security. They are all somehow connected. Food security could be reached through economic security. Food and economic security would contribute to health security, as diseases from malnutrition and possibility to buy medication would considerably better people's health. Food security is perhaps the single most important thing both in a human security perspective and that of structural violence. Starvation means that food security is weak. It is also the most basic of human needs. Therefore, it is possible to assume that economic- and health security also is weak because of this. In terms of structural violence the same applies. Starving people is structural violence.

4.6. Globalization and trade issues

If the world was fully globalized, with no government control over any areas, where the market controlled everything from trade to healthcare, where trans national corporations had the power to set the agenda for human well being through their quest for maximum profit, how would that work in the perspectives of structural violence, human security and development? When Nike outsources production from the US to Viet Nam in order to maximize profit, it is in part the way globalization works. Job security (hence also economic security) for textile workers in the US is torn away as a result of Nikes quest for maximum profit. If neoliberal ideas were totally accomplished, the American without a job would then be left without a safety net from other threats to the personal security. He/She would be unable to pay for healthcare and in the utmost consequence be unable to feed him/herself. Is this violence? There is no single person or group that intends to harm the textile worker; he is just the victim of unfair structures. Being without several aspects of security could easily be labelled structural violence. In the following the debate on trade will be addressed to show how current globalization processes inflicts structural violence and poverty.

4.6.1. Debate on trade

In the previous chapter a presentation of the three main schools of trade was included. This was done in order to show some of the diversity of views on international trade. Here the debate on international trade will be shown. This includes the suggestions from both the Fair Trade School and the Localization School on how to correct the wrongs of unfair international trade.

It is important to mention that the debate on globalization is highly complex. It is rarely a question of rejecting or accepting every aspect of globalization, but as with most academic discourses, the creation of categorical frames is necessary for reasons of simplicity and to define a set of concepts for the further debate. A good example is The Localization School, The Fair Trade School (Buckman 2004) and the Trade Liberalization Advocates. They could all three be placed on a right to left axis. On the right side is the Trade Liberalization Advocates who embraces globalized trade and sees it as the best solution for development. This is similar to the modernization school, who believed that global division of labour and the industrialization of developing countries after the same model as developed countries was the best way to develop. Similarly on the left side of the axis is the Localization School. They believe that development within the international trade system is impossible because of uneven power structures. The solution according to the Localization School is local and regional trade with trading partners of equal strength. Within development studies this can be compared to the dependency theory that claims development for the poor to be impossible within the existing global capitalist system. The dependency theorists also thought that to brake loose from existing power structures and develop on their own terms on a more local level was the best way to achieve development or more precise, to be safe from underdevelopment.

The market is the most common way of distributing wealth today. Companies and countries trade with each other. Sometimes this trade is mutually beneficial, other times it is not. A production chain, as explained above adds value to a product. A primary producer is paid for his input of labour and the produce he is selling on. Let's use the example of sugarcanes. The buyer of the canes will process them into sugar, which in turn will be sold to either consumers or to producers of goods containing sugar. The advocates of the negative globalization, view international production chains as unequal both in their power structures, mainly through shares of ownership, and in their wealth distribution mechanisms. Looking at the economic realities in areas like Sub-Saharan Africa it is hard to disagree. Productions of primary goods like sugarcanes or cocoa beans are valued far less than production of consumer ready sugar or cocoa.

I will turn my attention towards the Fair Trade School and the Localization School to see what solutions they propose for making world trade more fair.

4.6.2. Change the existing system – Fair Trade School

In their rhetoric, governments of rich countries constantly stress their commitment to poverty reduction. Yet the same governments use their trade policy to conduct what amounts to robbery against the world's poor. When developing countries export to rich country markets, they face tariff barriers that are four times higher than those encountered by rich countries. Aid to developing countries amounts to approximately \$50 billion per year while trade barriers cost them twice as much (Oxfam 2002: 5)

Rising tides are supposed to lift all boats. Over the past two decades, international trade has created a rising tide of wealth, but some boats have risen more rapidly than others, and some are sinking fast.

(Oxfam 2002: 64)

Oxfam are firm believers in trades' potential to reduce poverty, but they are also critical towards how current world trade is conducted and why the poverty reduction potential of trade is nowhere near to be reached. Oxfam have a rather extensive list of suggestions to make trade more fair.

Trade cannot realise its potential unless rich and poor countries alike take action to make it work for the poor. That means redistribution opportunities through new rules and new forms of international co-operation at a global level, and through more effective anti-poverty strategies at a national level

(Oxfam 2002: 239)

Oxfam points out that it is equally important to make national markets work for poor people as to make global markets work for poor countries. How exactly is this going to be accomplished? Oxfam points to three levels where measures have to be taken to make trade work for the poor. First there is the national level. Even if there are good international rules that secure poor countries an equal share of world markets, national policies must be adopted as well to secure poor people market access in their own country. Second there is the issue of wealth distribution. Oxfam wants to include international trade as part of other development issues like aid, debt relief and capital market management. One of the biggest problems is that the pace of international economic integration (globalization) has moved a lot faster than the pace of international co-operation. The third area where measures have to be taken to make

trade work for the poor is the governance of international trade. WTO is too powerful and the autonomy of national governments is too limited. There is also an increasing tension between having to comply with WTO rules and the need to adopt poverty reduction measures. Oxfam sees the enormous concentration of corporate power as the perhaps biggest threat posed by globalization (Oxfam 2002: 239). The large TNCs have through intense lobbying achieved great advantages in the WTO system. The opening of markets in developing countries has created big opportunities. A major concern is when some corporations are so big that they operate in a near monopolistic fashion. The Cargill corporation accounts for more than 25 per cent of all trade in maize and Nestlè and Kraft Food controls one third of all trade in coffee. Because of WTOs neoliberal principles of open borders, that supersede national anti-monopoly laws, the corporations are free to utilize the benefits of monopoly power. What is needed is a reform through a set of international rules that extends national power over corporate power to an international level (Oxfam 2002: 256). This reform needs to take place on both a national, regional and global level. It must apply for both national governments and WTO. The WTO needs "...democratic renewal and, new approaches to improve transparency and accountability" (Oxfam 2002: 257). Developing countries need assistance to be able to enhance their trade related capacity building so they can be properly represented in international trade bodies (Oxfam 2002: 257). Oxfam believes that current international trade is poorly managed and works against the poor. However they warn against isolationism, that poor countries should break loose from international trading structures and trade with countries of equal strength. This because it would deprive poor people of the potential benefits trade has as a poverty reduction mechanism. The Localization School calls for such measures as they see equality and fairness for the poor as impossible within the existing trade system.

4.6.3. Break loose! – Localization School

The Localization school is a label given to those who believe that local (regional and national) economies should be at the centre of economic activity. This school harbours a great mistrust in the existing system where the poor seems to remain poor, or even become poorer. The school also has an environmental focus. International trade where goods travel far distances is not perceived as sustainable. The Localization school believes that globalization have taken power away from local economies (Buckman 2004: 150). Professor Walden Bello is one of the most renowned critics of WTO in particular and the world trading system in general. He works as a senior analyst of Focus on The Global South which is a Non Governmental

Organization (NGO) that "...combines policy research, advocacy criticism and grassroots capacity building" (Focus 2006). He points out that Africa imports almost 25 per cent of its food and that most countries are net food importers. According to him the explanation is civil wars and the spread of HIV/Aids. The main reason however was the eradication of government control and support mechanisms that were forced upon the African countries as a result of SAPs (Bello 2008). The Localization School believes that global trade is generally unfair and that less global trade is the answer (Buckman 2004: 154). They do not believe in total self-sufficiency, but in a greater level of self-reliance. Goods or services that cannot be found within a country should be imported from neighbouring countries in order to limit long distance trade. Tariffs are seen as a good measure in order to limit the effects of globalization and to work in favour of local trade (Buckman 2004: 155).

As mentioned above, rich countries like The US, EU and Japan are heavily subsidising their farm industries. WTO is officially working against such subsidies while the most powerful countries within WTO increase them. This is much to the harm of poor farmers and poor countries. Higher tariffs on export subsidized goods would level out this discrepancy and work in favour of local producers. The Localization School must be handed a point here. What is the point of an international organization that regulates trade if the most powerful nations within that organization who really are policy setters won't follow their own intentions? Is it in the poor countries best interest to be a part of such an alliance or would they simply be better off by trading between countries of the same financial strength on a regional basis? This would at least secure a better power balance between the trading partners.

The Localization School would like to abolish and replace WTO. The suggested alternatives are several. One is to create an international organization like ITO, the one suggested at the Havana conference in 1947 where the goal is full global employment and with focus on anti-monopoly measures. In terms of anti-monopoly, this is more urgent than ever before. Another suggestion is go back to the global trade management that existed before WTO where there were no binding rules and where national laws had precedence. A third replacement option is creating a network of regional trade bodies instead of a global one (Buckman 2004: 156).

In the end it seems that the Localization School and the Fair Trade School are agreeing that the current system is unfair and that WTO contributes to unequal wealth distribution, poverty and structural violence. Where they differ is in their suggestions on how to make things more fair. The Fair Trade School are firm believers in trades potential, and believes that if properly regulated trade has the potential to reduce poverty. The Localization School

however is more pessimistic. They believe that change within the existing system is impossible and suggests a complete decommissioning of the entire WTO system. Trade with partners of equal economic strength on a national and regional basis is their solution.

4.6.4. Development and redistribution

The schools of development are relevant in today's trade debate. The counter-revolutionists didn't have any particular strategy towards the poor, but thought (and still believe) that a trickle down effect will lift great masses out of poverty when the overall growth as a result of globalization kicks in (Oxfam 2002: 65). The trickle down effect has yet to occur. The number of poor people is however more or less the same now as they were in the mid 1980s. More than one billion people are struggling to survive on less than one dollar a day. The worst region in terms of extreme poverty is Sub-Saharan Africa (Oxfam 2002: 66). "...the wealth that flows from liberalized trade is not trickling down to the poorest, contrary to the claims of the enthusiasts of globalization" (Oxfam 2002: 64). In the mid nineties, the international community set out to reduce by 50 per cent the proportion of the worlds poor. The goal was to be achieved by 2015. The growth rate has been about one tenth of what's required to meet the target. Only East-Asia is in the vicinity of completing this goal, and that's mainly because of Chinas rapid growth. Sub-Saharan Africa would need to double its growth rate per capita in order to achieve the 2015 target (Oxfam 2002: 66). Oxfam have calculated that a five per cent increase in developing countries share of world export would generate more than \$350bn. This is seven times higher than what they receive in aid (Oxfam 2002: 48).

Financial poverty is perhaps the single most important indicator of human suffering, but it manifests itself through lacking capabilities in other areas like education and health. It is what would be labelled structural violence and a definitive threat to human security. What can be done to alleviate poverty, reduce structural violence and hinder treats to human security? Redistribution is one key phrase. Oxfam calls for making sure that a larger piece of the global economy is captured by developing countries (Oxfam 2002: 67). Unfortunately the tendency is the reverse. The income gap widened throughout the 1990s from 1:5.4 ratio to 1: 7.3 (Oxfam 2002: 67). More than 80 per cent of the wealth created in global markets finds its way to rich countries, while only three per cent goes to poor countries where about 40 per cent of the global population lives (Oxfam 2002: 67).). Sub-Saharan Africa now only accounts for 1.3 percent of world trade, an extremely low share (Oxfam 2002: 69).

4.7. A path to peaceful change within the international trade system

In chapter three, Hugh Mialls model four paths for conflict was presented. Every path is initiated by social changes that turns into potential conflicts. As pointed out, most trade related emergent conflicts between poor and rich countries do not turn into war. This is because of uneven power structures. The relationship between The US and Ghana is not an even one, and Ghana is in most cases forced to comply with US decisionmaking. The sheer financial power of The US is enough to threaten and coerce weaker countries into adopting US trade policies. The relationship between the various WTO member countries is unequal. WTO claims that “The WTO is born out of negotiations, and everything WTO does is the result of negotiations” (WTO 2007: 9). This may be so, but the process and outcome of those negotiations are not necessarily fair. The fact that the US and EU have large groups of people in Geneva during trade talks while some poor countries have no or little representation at all, indicates that not everything the WTO does is conducted on equal terms.

Mialls model has four outcomes of social change. Not all the outcomes are negative, even though the model is called “four paths for conflict”. Had the social capacity of the international trading system been bigger and more inclusive, the outcome of trade negotiations could have been different. Had negotiations taken place on a deeper level, with redistribution and poverty reduction on the agenda and with the human security perspective present, the emergent conflict that trade negotiations represents, could in fact have turned into peaceful and positive change. This change would result in fairer structures and lesser structural violence. This is similar to the way Oxfam wants to change the WTO and make it fairer. They believe that there is a potential for development within the existing trade system. According to Mialls model, the emergent conflict could and should in Oxfams view lead to a deeper cooperation between trading partners and through that achieve a better distribution of wealth and resources. The Localization School would reject this path as an option. A dominant and coercive relationship of the kind found in WTO will stay that way because it is in the best interest of the dominant force. It is similar to other models and theories. If looking at the narrow goals, i.e financial development, narrow measures like national security and optimizing profit is the answer. To achieve development in a broader sense, like enhancing poor people’s health, education and other factors of development, broader strategies must be used. Positive peace and human security are examples of these. However, to have these broader strategies incorporated in the international trading system, it is necessary with a shift in focus. A social change is needed to initiate an emergent conflict. Measures must be taken to enhance the social capacity needed to make this change into a peaceful change. New people

centred IFIs like Banco Del Sur in Latin-Amerika could be a beginning. Other measures like cancellation of third world debt and increasing aid could also be a step in the direction of a change of focus away from the economic Washington Consensus based one.

4.8. Summing up

What I've tried to accomplish here is to show, using world trade as a backdrop, that structural violence does occur. It could be used as a label or an overall concept to explain the suffering and marginalization of the poor as a result of an unfair international trade system. I've used several concepts to show my point. I've shown the evolution of development studies and the globalization term, where trade is a central issue. I've shown three development paradigms with completely different theoretical and political foundations, but all with a common goal of developing poor countries, however with very different paths at achieving it. I've highlighted three schools of trade and their "recipes" for improving the conditions of the poor and marginalized. The TRIPS and GATS agreements and how they pose a threat to human security and cause structural violence have also been discussed. Finally I have taken the peace definition that I believe WTO have used and compared it to peace studies own definitions of peace. This have in my view led to the falsification of WTO's peacekeeping claim. The main idea is that underdevelopment, which manifests itself through various ways of human suffering is structural violence. WTO and the international trade system is one contributor to this.

It is my claim that WTO is not a keeper of peace. In terms of human security and structural violence the international trade system inflicts structural violence upon a great number of people that are marginalized in the existing structures of international trade. The big question is then whether an organization like WTO has the potential to be a keeper of peace in a way that also satisfies peace studies definitions of what peace is. If WTO had adopted the concept of Human Security in their peace claim, they would have been forced to both change their policy towards poor states completely in terms of trade, but also to change the very foundations that WTO is built upon. It would have been necessary to include the well being of poor people in a broader sense than just trade and the decision making process within the organization would have to be reviewed. This would include a major shift in trade policies for the biggest trading nations on the globe. Profitability would have to share space with poverty reduction and wealth distribution mechanisms. In short; a major leap away from neoliberal politics.

Chapter 5: Concluding remarks

The research question of this thesis was “does WTO help keep peace?” The object was to discuss and argue how WTO, *au contraire*, contributes to structural violence. Two different academic frameworks have been used; peace- and development studies. Development studies gave me the theoretical foundations to answer *how* WTO contributes to structural violence, while Peace studies provided the definitions of peace, violence and conflict that were my tools in pointing as to *why* WTO contributes to structural violence. This thesis is not an attack on free trade, but rather on neoliberalism embodied by WTO. If free trade was optimized, it could potentially be a rather fair trading system. The problem however is the double standards of rich countries where they through their power in organizations like WTO advocates the lowering of trade barriers but at the same time keep up their protective measures. There is a major gap between the free trade ideal and current realities.

Why does a thesis, which aims to examine WTO’s peace keeping claim use so much space to explain and discuss theories of development and also the evolution of development? The answer lies within the realm of trade. Trade is a cornerstone of development and it has the potential to make people better off. Trade has throughout history always been a way of increasing the wealth of states and individuals. The evolution of development studies to include more fields than simply the economic, has given us the knowledge to examine development on a broader basis. This also means that even if trade does lead to greater wealth measured in GDP per capita, it may still cause hardship for individuals if trade is not conducted fairly, with equal opportunities for all trading partners. The broadened focus that development studies have gone through is similar to human security’s broader scope in relation to national security and positive peace’ relation to absence of war. It is through this argumentation WTO’s peace keeping claim are exaggerated. WTO may perhaps contribute to international peace by settling trade disputes that could potentially end in war, but they also contribute to structural violence, hence a claim of keeping peace would be invalid within the context of Galtung’s definitions of peace, and thus the entire foundation of peace studies. Not even negative peace is present if structural violence occurs, because negative peace is absence of violence of all kinds. The broadened focus that peace studies definitions of peace brings to the discourse makes it difficult to support a WTO claim of keeping peace, as the organization is inflicting human suffering. The neoliberal ideas that international trade is founded on does not comply with development for the worlds poor.

WTO may help strengthen national security by settling trade disputes turning into war, but when focusing on human security they are not able to alleviate people's fear from threats like hunger, disease, repression or other painful disruptions to their lives. In the case of trade wars, of which there have been none since the Second World War, WTO *may* have contributed to the absence of such wars, hence keeping national security. But in the case of human security and its seven components, WTO could be labelled as an instigator of insecurity. I regard WTO as an instigator of insecurity for the following reasons; (i) decision making within the organization is decided by power and wealth rather than by population or country. (ii) the TRIPS and GATS agreements lack a social profile and do not take into account that it causes structural violence to poor people and poor states.

When viewing WTO's peace claim against Mialls model "four paths for conflict" it shows that WTO as the social change they (or the various agreements) represents, may cause conflicts to emerge. It is the social capacity of a society (international, regional or local) that determines the outcome of such social changes. In the case of international trade, it will not become armed conflict or war. WTO's presence contributes to this. It is however my assertion that the intra state relationship among WTO members is not always mutually beneficial. Therefore it could be labelled as a dominant and coercive relationship. When that is the case, the path according to the model ends up in structural conflict. A structural conflict contains structural violence and when structural violence is present, peace is not.

WTO's first benefit that WTO helps to promote peace, have been critically viewed against the concept of human security, development studies definitions to underdevelopment in relation to international trade and peace studies own definitions of peace. This thesis has illustrated how the structures of the international trade system and WTO are inflicting structural violence. When structural violence is present a peace claim cannot be valid.

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