

**Global Peace Security and Conflict Resolution:  
An Assessment for Global Economic and Sustainable Development**

**Unmana Sarangi**  
**The Government of India**

**Abstract**

This article is an attempt to assess the various macroeconomic, social, political, environmental and other variables that affect and resolve conflict for attaining global peace and security based upon a critical review of core literature in the field. The article argues in support of the proposition that international trade promotes global peace, security and reduces conflicts. The paper highlights the features of the present Trump administration relating to promoting peace through trade. The limitations of trade have also been highlighted. It is observed that international trade promotes global peace, i.e., attainment of positive peace through inclusive societies and security and reduces the scope of wars and militarized conflict.

**Key Words:** Global peace, multilateral trade, national security, economic diplomacy, foreign policy

In this article it is argued that international trade promotes global peace and security. It is observed from the study that global peace is accounted for by various macro variables such as security, political set-up, culture and social structures of economies, apart from environment and labor standards/laws, global justice and governance that determine the level of global peace and security of various economies/nations. The article highlights the features of the present Trump administration relating to promoting peace through trade. The limitations of trade have also been highlighted. It is observed that international trade promotes global peace i.e. attainment of positive peace through inclusive societies and security and reduces the scope of wars and militarized conflict.

The analysis includes among others the findings of the World Economic Situations and Prospects Report 2018 of the United Nations, US Trade Policy as an instrument of Foreign Policy, new era of global trade, study of relationships and linkages existing between trade, peace and conflict resolutions, re-examining the nexus between global peace, trade and conflict resolutions through the lens of peace and conflict science, role of UNCTAD in promoting trade and development etc. Various propositions such as trade promotes peace, changing definitions of trade including multilateral trade, peace and conflict science, relationships existing between trade and national security, economic security, human security, international trade rules for global peace, trade as a tool for economic diplomacy and global security etc., have also been analyzed in detail.

### **Global Economic Development Scenario and Outlook**

According to a United Nations report released on 17<sup>th</sup> May, 2018, Global economic growth is advancing, however, heightened geo-political tension and uncertainty over international trade could thwart progress (United Nations, 2018). The global Gross Domestic Product (GDP) is expected to expand by more than 3 per cent this year and next, according to the UN report, an improved outlook compared with the 3 per cent and 3.1 per cent growth for 2018 and 2019, forecast six months ago (United Nations, 2018). The revision reflects strong growth in developed countries due to accelerating wage increases, broadly favorable investment conditions and the short-term impact of a fiscal stimulus package in the United States. At the same time, widespread increase in global demand

has accelerated the overall growth in trade, while many commodity-exporting countries would also benefit from the higher energy and metal prices. According to Elliott Harris, UN Assistant Secretary-General for Economic Development and Chief Economist, the accelerated growth forecast was positive news for the international effort to reach the 2030 Sustainable Development Goals (SDGs), which include eradicating extreme poverty and hunger (Harris, 2018).” However, Harris cautioned that “there is a strong need not to become complacent in response to upward trending headline figures”. He added that the report “underscores that the risks have increased as well”, adding that rising risk “highlights the need to urgently address a number of policy challenges, including threats to the multilateral trading system, high inequality and the renewed rise in carbon emissions (Harris, 2018)”. Trade barriers and retaliatory measures mark a shift away from unambiguous support for the norms of the international trading system, the report notes, which threatens the pace of global growth with potentially large repercussions, especially for developing economies.

## **International Trade and Global Peace**

- 1. Findings of UN World Economic Situations and Prospects Report 2018.** The following are the findings of the UN Report that would lead to achieving global peace and sustainable development viz; (i) Income inequality remains alarmingly high in numerous countries but there is evidence of noticeable improvements in some developing countries over the last decade; (ii) There are some countries in Latin America and the Caribbean region where specific policy measures related to minimum wage levels, education and government transfer payments have significantly reduced inequality over the last twenty years; and (iii) The global energy-related carbon dioxide emissions increased by 1.4 per cent in 2017 due to faster global economic growth; the relatively low cost of fossil fuels and weaker energy efficiency measures, among other factors (United Nations, 2018). Reforming fossil fuel subsidies and providing tax breaks to boost greener economic growth could accelerate the international effort to meet the greenhouse gas emission targets outlined in the 2015 Paris Agreement.
- 2. Trade and Foreign Policy have always been intertwined.** Alan Wolff, Deputy Director General, United Nations, argues that “attempts to trace the thread of trade policy for peace from its inception”. He

underlines that “trade and foreign policy have been intertwined throughout history” and that history has taught us that failure to maintain openness to trade leads to “instability, and a threat to peace, both internally and internationally (Wolff, 2018).”

- 3. Paradigm lost: US Trade Policy as an Instrument of Foreign Policy.** For most of the last hundred years, the United States has entered into trade negotiations based upon the belief that open markets foster democracy which in turn supports the maintenance of world peace. This grand credo that increased trade bolsters the prospects for peace indicates that U.S. trade policy aside from its announced goal, the opening of foreign markets has also had an important foreign policy component. In fact, trade policy has been a bedrock of U.S. foreign policy dating from the Second World War. If this is no longer the objective of U.S. trade policy, this largely unnoticed change in policy is nothing short of revolutionary. Some clarifications are in order to keep the overarching policy objective in perspective: First, the fact that this high foreign policy aim was embraced by political leaders did not regularly affect actual detailed trade negotiations. In the trenches, U.S. trade negotiators, at least for the last several generations, have apparently been oblivious to the greater purpose that their efforts served. They simply sought to open foreign markets for U.S. goods, services, and investment. Second, foreign policy objectives can be served not only by opening markets but, as has been the case, through weaponizing trade through the imposition of sanctions. The question examined today is whether the grand article of faith that obtaining more open markets leads to the creation of democracies which in turn improves the prospects for world peace is still an accepted U.S. dogma and whether it is operational as current policy is a moot question. If it is not, and the evidence suggests that this might be the case, the change in policy, is profound. If there has been a loss of faith, it is likely to have occurred through erosion over time, and is not solely a question of a new administration coming into office.

This paper attempts to trace the thread of trade policy for peace from its inception, and provide some evidence of whether somewhere along the way that policy was forgotten or discarded. If so, it is a paradigm lost and why this is so very important. It means that the basis for U.S. support for the multilateral trading system must now be found in

pragmatism, in narrower commercial self-interest, and perhaps much less if at all on the basis of America's foreign policy interests. If the sole motivation for participation in the world trading system is obtaining reciprocity, can the system be maintained, much less improved. Which countries will act and to what extent for the global public good is a moot question. This question is independent of providing "special and differential treatment" for developing countries. The answer to the question of how much countries will be willing to act on the basis of a broader definition of national interest is fundamental to the well-being of all.

### **The Trump Administration**

Historically the United States Administration have subscribed to the proposition that international trade fosters the growth of democracies, which in turn leads to enhanced prospects for world peace. It is a question whether the Trump Administration is and will adhere to this proposition.

First and foremost, the current administration has announced that it intends to redress what are taken to be imbalanced trade relationships with other countries. This, the primary announced goal of current U.S. trade policy, clearly resonates with a not inconsiderable number of American voters. These supporters of the President, concerned with their own failure to participate in the benefits of globalization, are likely to believe that America has done enough for the world trading system. More pointedly, in the view of some, it is time for America to be paid back for the investments it made for the global public good. This is not a majority public view according to polling data. Members of the American public, when asked whether they back free trade agreements, say that they do. There is not a lot of evidence of a widespread movement toward isolationism which critics of the Administration feared in the early days of this presidency.

Second, there is little belief at present, in American policy circles, that movement in the direction of free markets, at least in the foreseeable future, is accompanied by movement toward democracy. The progress toward greater political freedom does not appear to be linked to rising

standards of living and greater market orientation. The WTO has 164 members. By signing up to the WTO, the trade of each acceding country is freer than it otherwise would have been. The trend to democracy, however, is not encouraging. According to one source, that measures progress toward democracy in the most recent period, seventy one countries suffered net declines in political rights and civil liberties, with only 35 registering gains in 2017. The year 2017 marked the 12th consecutive year in which declines outnumbered improvements. According to the IMF, world GDP growth has averaged nearly 4% per year since 1980, including this eleven year period. The march to prosperity does not seem to be in lockstep with the march to democracy based on present data. What the future holds, decades from now, is not available. Suffice it to say that in the case of the largest developing country that joined the WTO, U.S. policy makers would not say that the paradigm is working. If freer trade is not leading to greater democracy, than the logic of free markets leading to democracy then peace, does not hold.

A third answer may be that it is felt the post-war reconstruction has accomplished all that it could accomplish through trade. The case is not being made that the Trans-Atlantic Trade and Investment Partnership (TTIP) is needed to shore up European security. During the Cold War, European reconstruction was seen as critical to preventing a slide to communist domination. Similarly, trade is not seen as a foreign policy tool with respect to Japan. During the Korean War, accelerated development of the Japanese economy was seen to be in America's interest. The United States and China have massive bilateral trade and are at the same time enhancing their armaments as a priority for the contingency that these weapons may be needed primarily with respect to each other. The U.S. and China each view their major trading partner as a strategic competitor with which conflict is likely to occur.

The U.S. government does not see external threats to smaller countries where it has interests solved through enhanced trade. As a result, it is not seeking trade agreements to bolster any particular regime, either because more is needed than a trade agreement, or nation building is no longer considered desirable or feasible, or both. As an example, the stability of Mexico, a concern when NAFTA was being negotiated, has not been articulated as a current U.S. motivation for re-negotiation of NAFTA. Enhanced U.S. trade with Russia and Iran are not seen as

practical inducements to change their current conduct in international affairs.

A fourth answer may be that the U.S. does not have much more to give in terms of lowering trade barriers in an era where industrial tariffs are on average very low for all developed countries. The world of trade has become multi-polar. The U.S. is no longer the largest trading country, and adding in the European Union as a whole, it is only the third largest trader. This cupboard-is-empty rationale does not appear to slow the EU in its own special trading arrangements with 95 countries. But those arrangements appear to be in place or being created for commercial, not foreign policy reasons, with the exception of Eastern Europe.

### **The Future: Interaction of Trade Policy and Foreign Policy in the Trump Administration in United States**

President Trump clearly explained to the President of China and stated that a trade deal with the U.S. will be far better for them if they solve the North Korean problem. The apparent trade-off is:

If President Xi could restrain the North Koreans from continuing development of its nuclear and missile technologies that threaten the U.S. homeland, its troops deployed abroad and its allies, China might be allowed to keep a larger portion of its trade surplus with the United States, supported as it is by its mercantilist trade measures (Statement made by Trump on April 11, 2018 cited in Wolff, 2018).

Whether this stark trade-off could be delivered by either country is unclear. What is clear is that the two streams of national security and trade policy at that moment intersected. It is a traditional use of trade policy, not dissimilar from the Russian grain embargo imposed by President Carter, as leverage to seek to foster foreign policy goals.

No other policy example of the trade-foreign policy linkage stands out as starkly in the Trump Administration. When the President gave a major address in Danang on November 10, 2017, he praised democracy, economic development and prosperity in the region. He did not attribute

these positive attainments to trade, nor did he conclude that they contributed to peace in the region.

In the Bush and Obama Administrations, TPP was seen in part as a foreign policy tool, to give comfort to Asian countries in tangible trade agreement form that there would be a lasting American commitment to Asia. As of this writing, it is not clear that the Trump Administration has abandoned the use of trade agreements to promote foreign policy goals in the region. President Trump stated at Davos that he could see the United States joining with groups of former TPP partners in improved trade arrangements (Statement made by Trump on April 11, 2018 cited in Wolff, 2018). This statement was in line with U.S. trade objectives (implicitly reciprocal) and possibly linked to foreign policy objectives. The vision for the Indo-Pacific excludes no nation. There needs to be commitment and redoubling of efforts to establish alliances and partnerships, while expanding and deepening relationships with new partners that share respect for sovereign, fair and reciprocal trade, and the rule of law.

The United States would seek equal and reliable access for American exports. They would work with partners to build a network of states dedicated to free markets and protected from forces that would subvert their sovereignty. Earlier in the year, in the first month of the Trump Administration, in their Joint Statement, President Trump and Prime Minister Abe stated the following :

The United States and Japan reaffirmed the importance of both deepening their trade and investment relations and of their continued efforts in promoting trade, economic growth, and high standards throughout the Asia-Pacific region. Toward this end, and noting that the United States has withdrawn from the Trans-Pacific Partnership, the leaders pledged to explore how best to accomplish these shared objectives. This would include discussions between the United States and Japan on a bilateral framework as well as Japan continuing to advance regional progress on the basis of existing initiatives' (Joint Statement made by Trump and Abe, on February 10, 2017 cited in Holland, 2017).

The U.S., Japan, and the EU joined together to state in December 2017 during the WTO Ministerial Meeting in Buenos Aires, that they would collaborate to deal with creation of industrial excess capacity and trade distortions created by others. The trade component of this policy trilateral declaration is explicit, the foreign policy element, if any, is only implicit.

### **Key Observations**

For more than seventy years, trade policy, for better or worse in terms of impact on particular sectors of the U.S. economy, was carried out in conjunction with U.S. foreign policy. President Trump's December 2017 National Security Strategy acknowledges this progression of US support for the post-war international economic system. For seventy years, the United States has embraced a strategy premised on the belief that leadership of a stable international economic system rooted in American principles of reciprocity, free markets, and free trade served the economic and security interests of U.S. Working with allies and partners, the United States led the creation of a group of financial institutions and other economic forums that established equitable rules and built instruments to stabilize the international economy and remove the points of friction that had contributed to two world wars. That economic system continues to serve their interests, but it must be reformed to help American workers prosper, protect their innovation, and reflect the principles upon which that system was founded.

The Strategy then goes on to concentrate on challenges, often referring to unfair trade. But it does envisage a relationship between geo-political interests and trade, providing that trading arrangements deliver fairness and reciprocity viz; (i) Fair and reciprocal trade, investments, and exchanges of knowledge deepen the alliances and partnerships, which are necessary to succeed in today's competitive geo-political environment.

Trade, export promotion, targeted use of foreign assistance, and modernized development finance tools can promote stability, prosperity, and political reform, and build new partnerships based on the principle of reciprocity, (ii) The emphasis is on mutuality of benefit, not the United States as guarantor of an international economic system. Alliances are deepened if they are reciprocal, fair and balanced. The tools that promote development are still mentioned, and these can lead to political reform, but

not necessarily peace, with an end objective being reciprocal relationship, (iii) This should not be taken as abandonment of the international trading system, rather a concentration by the Administration on changing that system. The United States position, as articulated by the U.S. Trade Representative, is that “If the WTO did not exist, it would have to be created.” This could be interpreted as referring only to its value as a set of trading rules, and not as an instrument of international stability that is necessary to the preservation of world peace. In fact, in the Taormina Summit, the U.S. Trade Representative pledged to make the “utmost efforts” to make the December 2017 WTO Ministerial Meeting a success, and declared it to be so at its conclusion, the U.S. Trade Representative having addressed what the U.S. considered needed reforms in the WTO system.

Apart from U.S, other countries would have to define their national interests to be broad enough to contribute to carrying this trade agenda forward. The European Union, Japan and China, as well as mid-sized countries need to feel that they have moved their policies in that direction. In fact, all, including the United States, would need to raise the level of their game to maintain and improve this present international economic system. There is an optimism that there would be enhanced broader leadership by the United States in the near future, and that a number of other countries would in fact step up to the challenge of acting in the best interests of maintaining and enhancing the world trading system. They would do this because they would find that it is in their geo-strategic as well as their economic interests to do so.

The United States is for the foreseeable future an indispensable country both for keeping the peace and for setting the rules of trade in this multi-polar world, but it is likely that it will be willing and able to do so only with greater burden-sharing by others. Supporting the world trading system foster world peace. Greater trade, lead to prosperity, guarantees a march to democracy in every country. Failure to maintain openness to trade, consequent economic decline and domestic high unemployment, leads to instability, and a threat to peace, both internally and internationally (Stokes, 1998).

Global Trade connects communities and businesses, and encourages the flow of products, capital, and ideas. The features of new

era of global trade need to take into account the following viz; (i) Over the past generation, building economic bridges between countries has helped reduce by half the proportion of the global population living in extreme poverty, (ii) It has reduced the cost of living, and has created hundreds of millions of new jobs with higher wages. In the United States alone, one in five jobs today is supported by international trade in goods and services.

### **Challenges in Global Trade for Promoting Global Peace**

Though global trade is exceedingly beautiful but there are challenges. Trade has not worked for everyone, and that some parts of the multilateral trade system are creaking. The current trade tensions are, in fact, a symptom of underlying challenges and addressing these issues is one of the key challenges of the present time viz;, (i) Thousands of small businesses that thrive in the global market place are mainly due to e-commerce platforms and other forms of digital trade, (ii) The stakes are high because the health of the global economy depends on healthy trade flows. The rebound in trade has recently contributed to stronger global economic growth, and yet, rising protectionism could stop this positive momentum in its tracks, (iii) IMF as a global financial institution is keenly aware of the consequences that could happen when trade gets interrupted, i.e. when economic bridges are damaged. The IMF was set up precisely to help prevent a return to the self-defeating policies of the Great Depression including protectionism. A key part of the mandate of IMF is to “facilitate the expansion and balanced growth of international trade.” Hence, promoting international cooperation and dialogue are pre-requisites for promoting international trade which would in turn promote global peace and security.

### **Much Harder to Build Peace than to Destroy It: A Review of Literature on Peace**

According to a report published on 19<sup>th</sup> June, 2018 by Ms. Breslauer, International Peace Institute, New York, ‘To meet the challenging task of putting the sustaining peace agenda into operation, there is still limited understanding of how to measure the impact of preventative activities and sustain peace (Breslauer, 2018). However, as the United Nations works to advance the peace building and sustaining peace agenda, there is a need to identify and analyze innovations in

prevention and sustaining peace. This requires moving beyond political discourse to understand what works to build peace on the ground and how to measure this. The recent tool developed by the Institute for Economics and Peace, Sydney is the 'global peace index' which could be taken as a tool to measure global peace. A key message from International Peace Institute, New York is that 'it is much harder to build peace than to destroy it'.

The breakdowns in peace tend to be quick and severe, while building peace is slow and incremental. The leading indicators of breakdowns in peace tend to be political in nature, while leading indicators of improvements in peacefulness tend to be structural, institutional, or material and economic which make a strong case for prevention. According to Breslauer (2018), "in order to improve levels of negative peace, to advance in the Global Peace Index, there must be improvements across a broad range of the pillars of positive peace viz; effective institutions, fair structures, and material well-being that provide the resilience to resolve any arising group grievances or political conflicts non-violently (Breslauer, 2018)." Further, a deterioration in peacefulness can be triggered by just handful of indicators such as heightening of group grievances, uncontrolled corruption and a lack of freedom of the press. The index implies that prevention requires fewer investments than does recovery, thereby resulting in more cost effective than post-conflict or post-violence peace building.

According to Robert Piper, UN Assistant Secretary General and Director of External Relations and Advocacy of the UN Development Programme, the GPI and the UN Sustainable Development Goals are connected to each other which are called as 'a huge organizing idea for the world' (Piper, 2018). The SDGs have a preventative lens and can provide an incredibly powerful platform on which to do prevention and stop talking about. The whole notion of leaving no one behind is an incredibly powerful organizing idea. According to Piper, 'Prevention is a key to sustaining peace'. The big idea behind sustaining peace is the very powerful idea that peace is not given that actually one has to maintain. If one is not deliberate about it than one need not be surprised to find oneself in a very difficult position' (Piper, 2018).

According to Susanna Campbell, Assistant Professor of the School of International Service at American University, said 'peace is about inclusion, and about adaptation. Conflict and violence is about exclusion. She emphasized that "this is an active process and that this is not something that is done once for all, this is about establishing institutions that can take in new voices, incorporate new opinions, take in new individuals, give new agency to actors in this complex world where borders are increasingly fluid (Campbell, 2018)."

Vanessa Wyeth, Senior Political and Public Affairs Officer in Peace building at the Permanent Mission of Canada to the United Nations, stressed the importance of trusting in local capability to prevent conflict (Wyeth, 2018). She further said that the UN system have a variety of tools to help, supplement, or support, those national capacities. She argued that peace is the work of citizens and communities, and peace is not built by the UN. Noting that the 'investments that yield peace as an outcome are very much baked into the SDGs' she pointed out that the risks to peace are much more varied than 'an arms group taking up weapons somewhere in a country'. Equally menacing to peace, she said, were such things as inadequate education, joblessness, inequality, rampant rights abuses and economic and environmental shocks. We need to recognize that countries face a variety of risks across the spectrum of security, economic rights, environmental concerns, and that they have a variety of capacities to manage these risks on their own' (Wyeth, 2018).

### **Re-Examining the Connection Between Peace, Conflict and Trade: An Assessment Through the Lens of Peace and Conflict Science**

According to Director, War Prevention Initiative, Dr. Patrick Hiller there is a connection between peace, conflict and trade. (Hiller, 2015) . Hence, the research study also examines the connection between peace, conflict and trade through the lens of peace and conflict science. Core to the examination are the contradicting propositions that trade promotes peace and trade is a source of conflict respectively. The relationship between trade and peace is far more complex than simplistic trade theories have suggested. Costs of conflict, cooperation through trade, cross-societal understanding, and economic development are among factors suggesting that trade promotes peace. Unequal trade relationships, trade of unrenowable resources, perceived threats to

trade agreement outsiders, and military intervention connected to trade relationships are among factors suggesting that trade is a source of conflict. Those points are of particular relevance given the changing nature of warfare.

Free trade agreements have the potential to lift environmental, labor, human rights and living standards. If designed and implemented that way, trade can indeed reduce root causes of destructive conflict. As currently practiced and implemented, trade interests are overarching i.e. above the interests of people and the planet, consequently the potential for conflict may be increased, though overall trade promotes peace. The current debate on the Trans Pacific Partnership suggests that the agreement can lead to immense social conflict, unrest and instability. Contentious are labor rights and income inequality, agriculture, environmental issues and national, regional and local community decision-making powers. While the peace through trade question leads to inconclusive results regarding direct violence, it can be clearly stated that unregulated free trade strongly contributes to structural violence, the violence where social structures and institutions prevent people from meeting their basic needs. In fact, trade is not the issue. People and societies have always traded and would continue to do so. The trade relationships and mechanisms are at the core of whether trade contributes to peace or drives violent conflict and war.

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

### **Schools of Thought for Trade related Issues, Global Peace and Conflict Resolution**

Many schools of thought and studies posed questions about trade related issues which have important policy implications (Barbieri, 2005;

Haar, 2010; Peterson, 2014; Traag, 2013; Xiang and Keteku, 2007). In most general terms, there are two major propositions: (1) trade promotes peace; and (2) trade causes conflict. The propositions can also be viewed in terms of trade being conducive to peace when trade relationships are symmetrical (equal) or to conflict when they are asymmetrical (unequal). Another less examined proposition is that trade and conflict are unrelated. The relationship between trade and peace is far more complex than simplistic trade theories which have suggested. In particular, the liberal peace claim (trade and economic inter-dependence enhance the prospects of peace) has been criticized and academics certainly differ on the issue. At the same time, global actors like the European Union, the World Trade Organization or previous and current US administrations “confidently claim that their trade policies have a positive impact on the world”. Certainly more literature supports the idea “that economic inter-dependence has a pacifying effect on inter-state relations”, but there is no consensus. Under corporate globalization, however, one needs to ask if the role of trade is not actually increasing conflict.

*Promotion of Peace Through Trade Propositions:*

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

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

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

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

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

*Trade as a Source of Conflict-- Propositions:*

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

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

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

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

Force to access resources/raw materials: When markets are opened

through trade agreements, local populations lose control over self-determination of their lands. Forced relocation and land grabs are direct factors causing instability and conflict.

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

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

*Trade and Conflict: The Less Examined Propositions*

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

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

### **Free Trade Agreements, Conflict and Peace**

One of the most notable debates on free trade agreements currently evolves around the Trans Pacific Partnership (TPP). The lens of peace and

conflict studies offers a unique angle. An international trade policy like TPP has the potential to lift environmental, labor, human rights and living standards. If designed and implemented that way, trade can indeed reduce root causes of destructive conflict. However, the history of free trade agreements, the secrecy around TPP, and the leaked information of the actual agreement suggest tremendous potential for social conflict, if implemented (Peterson, 2014; Bove, Skrede, Gleditsch, and Sekeris, 2015; Galtung, 2011; Hiller, 2015).

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

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

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

## **Basic Principles of Peacekeeping Economy**

Peace through trade can become a more realistic idea when connected to basic principles of a peacekeeping economy (Dumas, 2011) . These are:

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

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

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

The key findings are viz; i) Foreign governments are hundred times more likely to intervene in civil wars when the country at war has large oil reserves. Oil dependent economies have favored stability and support dictators rather than emphasizing democracy; ii) Using non-polluting technologies and procedures and a large shift toward qualitative rather than quantitative economic growth can reduce ecological stress.

### **Does International Trade Help to Enhance National Security**

Recent developments in international political and economic environment have made the national security issue more complicated. In particular, the September 11, 2001 terror brought additional dimension to the scope of national security. Thus, the national security could be expanded to cover the so-called human security in the context of international trade. One has to examine how the human security

measures or efforts affect international trade flow and to make policy suggestions for the more trade-friendly measures, if there is a conflict between them (Tuchman, 1989).

In addition to the multilateral rules at the World Trade Organization (WTO) and the United Nations (UN), national security also enters into free trade agreement (FTA) as well as national dimension. FTAs acknowledge in general the need for national security consideration in pursuing for the economic integration and then permit national security exceptions. Also many countries enact a variety of legislations that allow export and import control for the protection of national security. The United States is the leading and active user of national security laws. The major national laws and regulations of Korea and the United States are deemed to have impact on international trade.

### **National Security**

The point of discussion is how national security enters into the international trade dimension. While international trade is one way to achieve a nation's economic prosperity, national security is one objective for which a nation shall seek in the presence of external threat, actual or potential. Thus, it seems at a glance that there exists no substantial relationship between them. National security, however, has often been referred in attempts or efforts to request for or to justify protection of certain import-competing industries. According to the so-called national security argument, if a product in question is used by the military, regardless of whether they are arms or necessities such as shoes and clothes, the industries concerned may claim that they are vital to national security and then that they need protection from foreign competition. National security concerns also affect export side. Trade sanctions have been used as a major means to counteract external threat to national security, mainly in the form of export controls. When a nation judges that a foreign country took or will take actions against its national security, it entitles to take measures to diffuse the threat under the international laws. The invoking country may use export-restricting measures solely or coupled with other diplomatic or political means.

It is argued that the absence of an objective definition of national

security could lead to abusive use of national security provisions. Thus, it may result in adverse effects on international trade. Recognizing these concerns, the various concepts of national security could be discussed. They are of military and of economic nature in a broad term. When we classify them in detail, they include energy security, security against economic espionage, and human security against terrorism.

### *National Security Against Military Threat*

The most familiar concept of national security is that national security is a safeguard to secure a nation against external military threat. Certain trade-restricting measures were imposed simply to put pressure on countries of the other side with an aim of changing their practices to the advantage or getting political concessions in the world politics, regardless of their effectiveness. Thus, the United States had sometimes introduced its own trade sanctions or supported multilateral ones on the Communist countries.

### *Economic Security*

Beginning 1980s, the concept of national security has been expanded, emphasizing the economic aspects. They include economic security, energy security, security against economic espionage and food security.

Since the end of Cold War, countries have increasingly attached importance to the economic espionage, recognizing intellectual property rights (IPRs) as vital sources of a nation's international competitiveness and then as essential to national security. Thus, they have introduced more comprehensive systems to protect sophisticated technologies from foreign countries' espionage attempts. As part of anti-espionage efforts, the United States enacted the Economic Espionage Act of 1996. The Act enforces primarily trade secret espionage.

### *Linkage Between International Trade and National Security*

No one could cast doubt to the fact that the international trade and national security affect each other. While they seem to be in conflict, they support mutually. The substantive questions, however, may be raised such as how closely they are related, how they interact each other in

practice and whether there exist reasonable institutional frameworks.

### *National Security Affecting International Trade*

National security affects international trade. In particular, trade measures have been often used as a means to protect national security. Trade sanctions have been applied in various forms viz; complete or partial embargo on exports and imports, restrictions on air and sea transportation, prohibition on financial transaction and freeze the target country's assets the invoking or the participating countries' territories.

Quite often trade sanctions imposed for national security purpose are said to result in adverse effects on international trade without achieving the intended goals. Thus, expressing concerns about the negative trade effects, industry groups called for the governments and the multilateral organizations to take trade measures with special caution. They also emphasize that those measures are to be imposed in conformity with the relevant international laws including the WTO agreements.

### *International Trade Enhancing National Security*

On the other hand, international trade helps to enhance national security. Regardless of whether they are driven by the economic or political goals, regional trade agreements (RTAs) can enhance national security because it enlarges the level of trade between member countries and, in so doing, increases familiarity between the people of the member countries and lessens the degree of misconceptions. Enlarged economic integration could discourage war because it makes war more costly. Thus, security issues provide a rationale for discriminating against non-members and limiting trade preferences to member countries.

To conclude the relationship between international trade and national security, it is worth of referring to arguments by (Stokes, 1998). He argues that prospects for spending on defense and diplomacy depend as never before on the performance of the economy and that the economic performance is increasingly dependent upon exports and earnings from investments abroad. He also emphasizes that the U.S.

foreign policy and security policy-makers shall recognize that foreign economic policy opening markets for U.S. exports and investment in order to sustain domestic economic growth is a tool to achieve their foreign policy ends.

### **United Nations Charter, WTO and Other Multilateral Rules**

The UN has imposed and considered a variety of trade sanctions under certain provisions of the UN Charter. The relevant provisions are Articles 39, 41 and 42. Under Article 39, the UN Security Council has authority to determine whether there exists any threat to the peace, breach of the peace, or act of aggression. If it determines the existence of one of the situations, it shall make recommendations, or decide what measures shall be taken in accordance with Article 41 and 42, to maintain or restore international peace and security. More important, the UN Charter is one of bases for trade-restricting measures to be taken for the security purpose under several WTO agreements (Bhagwati, 2004; Choate, 2005; Hoekman, Mattoo, and English, 2002; WTO, 2003).

The United States has enacted continuously laws and regulations to protect its national security. Under certain national security rules, it has imposed trade sanctions against foreign nations. It is no secret that those trade restrictions resulted in adverse effects on trade in goods and services, and investment. On the widely-accepted facts, a number of scholars, including Hufbauer and Schott, assessed whether those measures were effective in achieving their intended goals. Most of the analyses ended up with negative assessments. Those outcome do not necessarily mean that trade sanctions shall not be imposed. Rather, it is fair to say that they imply that there is a need to seek for better policy alternatives.

### **How Trade Agreements Build Peace**

According to a report of ARP submitted on July 28, 2017 to the United States Trade Representative in response to the Administration's Reviews and Report to the President on Trade Agreement Violations and Abuses, America's trade agreements are a powerful tool in buttressing America's national security. The United States should not walk away from

trade deals in a misguided effort to fight violations and abuses (Holland, 2017).

The American military is stretched by commitments around the world. It has faced repeated deployments to successive wars in the Middle East; it is tasked with preventing a new cold war in Eastern Europe; it is “rebalancing” its military force to Asia in an effort to ensure that the Asia-Pacific region remains a region of peace while the countries in the Pacific arm for war. To alleviate the pressure on the American military, the U.S. government should apply all elements of American power to ensuring a lasting peace among our allies. Increasing trade between and among nations has proven effective over the last seventy years in building economic prosperity at home while drawing allies closer. Trade has opened once closed regimes to international standards. Trade sends the American message abroad without putting single American service member’s life on the line. America’s trade agreements have buttressed America’s national security around the world. Perhaps, they can be called as “Trade and Peace Agreements.”

Trade agreements build peace through shared values by encouraging free exchange. Trade is not only an engine of economic growth, it also encourages people to share ideas, business practices, and culture. Trade agreements should enshrine these advances by providing assurances about property rights and business practices. As trade and investment increase, so too will travel and direct engagement. It is far harder to demonize people as an enemy when one is doing business with them. Increasing trade builds peace through prosperity. When countries become rich through business and trade (as opposed to through resource exploitation), they are less likely to go to war. On the other hand, should economic growth fail, evidence shows that governments emphasize nationalist disputes, compromising regional security.

Trade builds peace through strength. The National Academies of Sciences has found that increased trade actually helps to build a more stable network of military and strategic alliances. Coalitions of like-minded countries that come together on trade will also work together on defense and security issues. These alliances will help regional powers stand up to the bullies that try to use military might to assert their will. Those who would retreat from trade are signaling American weakness, not strength.

Trade agreements, instead, should help enshrine a rules-based system of trade where countries cannot “race to the bottom” and flout the rules at the expense of American workers. By establishing strong labor and environmental standards in the region, American trade agreements reward countries that play by the rules. If other countries can raise their standards, all should be encouraged to join the U.S. in mutually beneficial trade agreements.

Over recent decades, the American military has seen too much of the horrors of war. If the American fails to lead on a rules-based international trade regime, it will show their allies that the benefits of trade, liberalization, and engagement with the U.S. are fleeting. It would give support to those that argue interdependence is just another world for vulnerability. Trade’s real value is that it can build regions peace and stability in a world that is growing increasingly unstable.

### **Trade as a Tool of Diplomacy and Global Security**

This article investigates how economic-security linkages can be used in a creative way to contribute global security (Kara, 2008). It argues, although aggregate studies on correlations between alliances, trade and war have yielded conflicting results, economic interdependence and cooperation created by various economic diplomacy tools including trade can be very effective in conflict prevention. The most obvious example is the European Union as a “peace project”. Upon assessment of Thomas Friedman’s theory of conflict prevention, the study touches upon some aspects of the economic-security linkages like business’ role in conflict prevention, increasing number of regional trade integrations, Doha Development Agenda and trade liberalization, and finally the relationship between peace and prosperity. It concludes that trade and economic projects can help in achieving peace by facilitating interactions, fostering prosperity and sustainable development.

Each year, the World Economic Forum prepares a Global Risks Report defining the challenges to global security and prosperity. 2008 report adds four “new” categories to the previously defined ones; namely systemic financial risk, food security, supply chains and the role of energy, moving from the periphery of the global risk landscape to its

centre. Considering the impact of globalization on security, we need to adopt a broad based definition of security that encompasses economic, technological and defense security.

Today's security challenges of global nature require new and innovative strategies being adopted in response to those challenges. As a result, economic diplomacy seems set to continue to grow in importance. The economic diplomacy has become more complex, with more issues now subject to negotiation; more state and non-state actors engaged in domestic decision making; and more countries actively participating in the international system. In parallel, the new strategies involving greater use of multi-level diplomacy; transparency and engaging non-state actors are giving the process more legitimacy and necessitate institutional reform in that way. On the other hand, economic diplomacy yields successful results and future projections are encouraging.

Promotion of trade and investments has been one of the basic tools of economic diplomacy, yet it should be used in a creative way to contribute to global security. In Friedman's "flat world", trade and the inter-dependence it creates have become very effective in conflict prevention. For example, "new generation trade agreements" have proved to be very influential with their clauses on labor standards, environmental protection, human rights etc. A number of studies show the positive impact of regional trade integrations to the security in those regions.

In this study, "economic diplomacy" refers to the use of trade and economic relationships and influence to consolidate the right political climate to facilitate peace and security, by promoting international trade and investments; developing international telecommunications, energy and transport networks, improving the functioning of markets, and reducing the cost and risks of cross-border transactions among many other factors. This is a great challenge, especially for governments, which must contend with the forces of economic nationalism, cultural anxieties, embedded corruption, and resistance to reform.

In a nutshell, today's challenges are complex and inter-dependent. Complexity of these global challenges, reshaping international relations requires to adopt a broader definition of security that

encompasses economic, technological and defense security, and adopt a new and innovative approach by using economic diplomacy effectively.

### **Role of UNCTAD in Promoting International Trade Development and Global Peace**

According to the United Nations Conference on Trade and Development (UNCTAD), which provides developing countries with technical assistance on trade and development, assuring development gains from international trade in the context of globalization necessitates improving the quantitative benchmarks of integration in international trade through increased trade performance, increasing shares in world trade and in GDP (United Nations, 2018). More importantly, a major improvement in the qualitative benchmarks of integration such as increased competitiveness and enhanced productive capacity, adequate and modern infrastructure (physical and social), trade facilitation, human resource development, diversification, a sound financial and investment climate, competition culture, technological advances, and more environmentally sustainable and climate-friendly production and consumption patterns will also be required.

### **Concluding Observations**

In this paper the proposition that international trade promotes global peace, security and reduces conflicts has been supported. Trade also benefits workers in terms of providing employment opportunities through adoption of appropriate international labour laws/standards. The paper highlights the features of the present Trump administration relating to promoting peace through trade. It is observed that international trade promotes global peace i.e. positive peace through inclusive societies and security and reduces the scope of wars and militarized conflict. To conclude, effective trade promotes peace, justice, resolves warfare and militarized conflict. Effective trade can be achieved through promotion of culture and human values in the societies and through proper economic diplomacy.

## References

- Barbieri, K. (2005). *The Liberal Illusion: Does Trade Promote Peace?* Ann Arbor: University of Michigan Press.
- Barbieri, K, and Gerald, S (1999). "Globalization and Peace: Assessing New Directions in the Study of Trade and Conflict." *Journal of Peace Research* 36 (4): 387–404: University of Michigan Press.
- Bhagwati, J, (2004). *In Defense of Globalization* New York: Oxford University Press.
- Breslauer, M. (2018). *Much Harder To Build Peace Than To Destroy It*. New York: International Peace Institute.  
<https://www.ipinst.org/2018/06/operationalizing-sustaining-peace-2018-global-peace-index#2>
- Burton, J. (1990). *Conflict: Human Needs Theory*. New York: St. Martin's Press.
- Campbell, S. (2018). *Peace is About Inclusion and About Adaptation*.
- Choate, Pat, (2005), *Hot Property: The Stealing of Ideas in An Age of Globalization*. New York: Alfred A. Knopf.
- Dumas, L. J. (2011). *The Peacekeeping Economy: Using Economic Relationships to Build a More Peaceful, Prosperous, and Secure World*. New Haven: Yale University Press.
- Galtung, J. (2011). "Peace and Conflict Studies as Political Activity." In T. Matyók, J. Senehi, & S. Byrne (Eds.), *Critical Issues in Peace and Conflict Studies: Theory, Practice, and Pedagogy*. Minneapolis Lexington Books.
- Haar, E. (2010). "The Liberal Divide over Trade, Peace and War; "International Relations" 24 (2): 132–54: Netherlands, Leiden University.
- Harris, E. (2018). *United Nations Report*. New York: United Nations, 17<sup>th</sup> May.

High-Level Panel of Eminent Persons (2013). "A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development." New York: United Nations.

Hiller, P. (2015): *Re-Examining the Connection Between Peace, Conflict and Trade: An Assessment Through The Lens Of Peace And Conflict Science; A War Prevention Initiative White Paper*. Portland: Portland State University.

Hoekman, B., A. Mattoo and P. English, eds., (2002), *Development, Trade and the WTO: A Handbook*. Washington, D.C.: World Bank.

Holland, A. (2017). *How Trade Agreements Build Peace* a report of ASP submitted on to the United States Trade Representative in response to the Administration's Reviews and Report to the President on Trade Agreement Violations and Abuses.

Hufbauer, C., J. Schott, & K. A. Elliott,(2005), *Economic Sanctions Reconsidered*. (3<sup>rd</sup> ed.,) Washington, D.C.: Institute for International Economics.

Jackson, J. H. (1989), *The World Trading System: Law and Policy of International Economic Relations*. Cambridge, MA: MIT Press.

Kara, Y. T. K. (2008). *Trade as a tool of Diplomacy and Global Security*. Anakara: Anakara University Institute of Social Sciences.

Kastner, S. L.(2007). "When Do Conflicting Political Relations Affect International Trade?" *Journal of Conflict Resolution* 51 (4): 664–88.

Kay, Sean.( 2012). *Global Security in the Twenty-First Century: The Quest for Power and the Search for Peace*. 2nd ed. Lanham, MD: Rowman & Littlefield Publishers.

Kiyoun S. & T. D. Yeo, (2012). *Does International Trade Help To Enhance National Security?*  
[https://faculty.washington.edu/karyiu/confer/sea05/papers/sohn\\_yeo.pdf](https://faculty.washington.edu/karyiu/confer/sea05/papers/sohn_yeo.pdf)

- Kleinberg, K. B., & B. O. Fordham. (2010). "Trade and Foreign Policy Attitudes." *Journal of Conflict Resolution*, 54 (5): 687–714.
- Lash, W. H., (1998), *U.S. International Trade Regulation: A Primer*. Washington, D.C.: AEI Press.
- Lupu, Y. & V. A. Traag. (2013). "Trading Communities, the Networked Structure of International Relations, and the Kantian Peace." *Journal of Conflict Resolution*, 57 (6): 1011–42.
- Matsushia, M., T. J. Schoenbaum, & P. C. Mavroidis, (2003), *World Trade Organization: Law, Practice, and Policy*. Oxford University Press.
- Mousseau, M. (2011). "Urban Poverty and Support for Islamist Terror Survey Results of Muslims in Fourteen Countries." *Journal of Peace Research*, 48 (1): 35–47.
- Mushakoji, K. (2007). "Peace Studies and Peace Politics. Multicultural Common Security in North-South Conflict Situations." In C. Webel & J. Galtung (Eds.), *Handbook of Peace and Conflict Studies*. London; New York: Routledge, 86–93..
- Nivola, Pietro S., (1993), *Regulating Unfair Trade*, Washington. D.C.: Brookings Institution.
- Peterson, T. M. (2014). "Insiders versus Outsiders Preferential Trade Agreements, Trade Distortions, and Militarized Conflict." *Journal of Conflict Resolution*, February.
- Piper, R. (2018). Statement. New York: United Nations, 26<sup>th</sup> June.
- Stojek, S. M. & M. Chacha. (2015). "Adding Trade to the Equation Multilevel Modeling of Biased Civil War Interventions." *Journal of Peace Research*, 52 (2): 228–42.
- Stokes, B. (1998) "A Geo-economic Strategy for the 21<sup>st</sup> Century," in *Trade Strategies for A New Era: Ensuring U.S. Leadership in a Global Economy* (Geza)

- “The Social Movement against ‘Globalized Trade’ and the Trans-Pacific Partnership (TPP).” (2015). Global Research.
- Tuchman, M. J. (1989), “Redefining Security,” *Foreign Affairs*, 68(2): 162.
- Trebilcock, M. J. & R. Howse, (2005), *The Regulation of International Trade*. (3<sup>rd</sup> ed). London: Routledge.
- United Nations. (2018). *World Economic Situations and Prospects Report*. New York: United Nations.
- Whitney, M. E. & J. D. Gaisford, (1999), “Why Spy? An Inquiry into the Rationale for Economic Espionage”, *International Economic Journal*, 13 (2), pp. 103-123.
- Wolff, A. (2018). *Paradigm Lost? US Trade Policy as an Instrument of Foreign Policy*. Washington DC American University.
- Wyeth, V. (2018). Peace is the Work of Citizens and Not Built by the UN. Senior Political and Public Affairs Officer, Peace Building, UN Mission, Canada, United Nations.
- Xiang, J., X. Xu, & G. Keteku.(2007). “Power The Missing Link in the Trade Conflict Relationship.” *Journal of Conflict Resolution*, 51 (4): 646–63.