CHAPTER V
IMPLICATIONS FOR THIRD WORLD SECURITY

The prospect of transforming Third World states is becoming extremely complex. In general, their engagement with global neoliberalism turns out to be a costly affair and have caused series of crises internally. Despite Third World’s reluctance over such policies, their continuing reliance and need of aid, development and military support from the West and other multilateral institutions, compels them to endorse these policies even if, it costs them much.\(^1\) Moreover, with globalisation, the idea of isolation becomes extremely difficult. As a result of this, many weak Third World states faces a formidable challenge within. Here, the primary assumption is, not all the policies are considered threatening but the outcomes of some of the policies have negative implications. Evidence suggests, under neoliberal globalisation, some of its challenges are not only faced by the Third World states but even within the developed countries.

Despite independence, many Third World states have failed to emerge as effective states due to their unfinished agenda of the nation-building process.\(^2\) Majority of their conflicts were based on socio-economic development, ethnic division, and lack of power sharing, autocratic regimes, and the issue of legitimacy.\(^3\) This has seriously weakened the state and its institutional capacity thereby, failing them to emerge as cohesive state. On account of these internal factors, analysts rightly claim the internal problems as their core

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security problem. While this does not mean the absence of external problems, but that many of their external problems can be characterised in the form of military and economic dominance by an outside powers. Lately, the emergence of new global forces such as neoliberalism and globalisation further added to their complications. Therefore, the underlying question is how neoliberalism is going to address these diverse issues of the Third World. Hence, this chapter is an attempt to understand and address some of the specific internal issues which are prevalent not only in the Third World states but also seen in the developed countries as a result of the globalisation process. As we explore these specific issues, we will make linkages with neoliberalism by arguing that neoliberalism is complicating those issues thereby producing some of the security challenges in recent times.

The demise of the Cold War failed to narrow down conflicts within the Third World states. Rather, intensifying conflicts and chaos has led to a perception that the post-Cold War scenario has increased escalation of internal conflicts. This was what Robert Jervis once observed, “more conflict is likely to happen than less in the future.” Since many of these conflicts are still on going, with the passage of time, the level of violence has increased manifold and some even acquired a transnational character. As conflicts have taken a violent turn, they have produced massive human migration, struggles for greater autonomy, loss of countless lives and destruction of property, and at times even affecting their neighbouring countries. As globalisation emerged, their problem still continues and

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6 Cited in Amitav Acgarya in Neuman, Ibid., p. 160.
7 Dhurba Rizal and Yozo Yokota (eds.), Understanding Development, Conflict and Violence: The Case of Bhutan, Nepal, North-East India and the Chittagong Hill Tracts of Bangladesh (New Delhi: Adroit Publisher, 2006), p. 56.
the manifestations of these problems have spread far and wide causing insecurity even for the developed West. This phenomenon clearly suggests the grave human insecurity in the Third World states which has now become a global problem.

Majority of the Third World states have failed to solve many of their internal issues. In course of time, some of them have transformed to military and non-military threats. Besides, many states have also failed to develop effective institutional mechanisms and frameworks for resolving their diverse issues and through peaceful means. As a result, when some conflicts are resolved, others emerged in their place, leading to the continuation of the cycle of violence. These phenomenon are reflected in the states of South Asia, West Asia, Latin America, and Africa. Therefore, addressing internal problems will provide us with better frameworks in understanding various issues as we discuss in the following section.

1. Primacy of Internal Problems in the Third World

Internal problems are considered a major source of insecurity for many of the Third World states. Ironically, in the aftermath of the post-Second World War period, majority of the conflicts have been internal with less inter-state and mostly in the Third World states. It was estimated that more than hundreds of conflicts took place between 1950 to 2000 where, fifty-seven major armed conflicts happened in forty-five different Third World states. While, the number of conflicts in a year ranged from twenty-eight to thirty-three

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and only from 1998, the number of conflicts has held steady and went down to twenty-five conflicts per year. As in the year 2015, conflicts can been seen in countries such as Afghanistan, Syria, Libya, Yemen, Egypt, Iraq, Israel, Columbia, Democratic Republic of Congo, Nigeria, Ukraine, East Asia, India and Pakistan, Myanmar, Somalia, and Sudan. Moreover, US-led war against Al Qaeda and transnational terrorism has unfolded on number of fronts. These statistics clearly suggest that many Third World states continue to suffer from internal conflicts and wars.

Internal conflicts or war in generic sense can be understood as an armed conflict occurring primarily, in one state, loosing countless lives as a result of the conflict. It is often described as the root of humanitarian disaster, because it involves killing of large number of civilians, leading to massive human migration, causing famines and at times enormous destruction to the environment and thereby weakening the institutional capacity of the state. Owing to the gravity of internal conflicts, commentators consider the threat posed by internal war as greater than that posed by outside states. Therefore, the seriousness in studying internal wars and conflicts has slowly begun to develop among scholars and policy-makers.

Understanding and explaining the dynamics involved in domestic conflicts is quite complex. Despite, numerous attempts, there is no single theory or level of analysis that can precisely explain the nature of conflict and factors involved in the domestic conflicts. For instance, scholars like Steven R. David employ individual psychology, inter-group

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dynamics and systematic characteristics and assert that in the Third World, conflict is often because of the characteristics such as relative youth of the states and legacy of colonialism.\textsuperscript{15} While, analysts such as K.J. Holsti move further by locating the relation between regime and communities asserting that the state as a major source of threat to the well-being and security of communities in many Third World states and post-socialist states. Despite their salience, many considers these approaches probabilistic that they highlight certain conditions which increase the likelihood of violence and war but there are no firm causal connections because none can satisfactorily explain variance in the dependable variable.\textsuperscript{16}

Despite contestation, the state offers a decisive unit for both theoretical and conceptual purpose in understanding internal problems.\textsuperscript{17} The concept such as weak and strong state provides a clearer picture in defining the nature of Third World states and their problems. Normally, a strong state acts as a dominant actor in a society having legitimate authority. A strong state is also capable of controlling territories within its boundaries, and holding up its end of the social contract with its citizenry. Moreover, in the strong state, its relations are relatively unproblematic, where the state can act simultaneously as arbiter of internal disputes, regulator of markets in addition to being the protector of political institutions and inhabitants from external threats.\textsuperscript{18}

In the Third World states, the ideals reflecting a strong image is totally or partially absent, rather they show signs of weakness and failure. In this process, some states have

\textsuperscript{18} Ibid., p. 84.
eventually failed or collapsed.\textsuperscript{19} As Robert I. Rotberg asserts, “nation-state fail because they are convulsed by internal violence and can no longer deliver positive political goods to their inhabitants. Their government lose legitimacy, and the very nature of the particular nation-state itself become illegitimate in the eyes and in the hearts of the growing plurality of its citizens.”\textsuperscript{20} Therefore, the above features depicting a strong state are at variance in many of the Third World states. Besides, their internal conflicts intensify due to their overall weakness of the state to control and address the problem. This inability of the states to address this internal problem has further weakened their position thereby, leading to its failure or even collapse of the state.

Scholars often perceive economic, social and political factors as the core problem leading to conflict in the Third World. The paradox is, many regimes hardly recognise these issues but often try to view these as military challenges, thereby complicating the issue.\textsuperscript{21} Almost all the pressing issues and challenges, which people face every day, are non-military in nature but these issues are given least priority by many regimes assuming that they do not have any problem as long as their interest or their national security policies are not challenged. This perception constantly overshadows the pressing issues until they transform into a violent form. For instance, the physical devastation of floods threatening Bangladesh; drought (in Ethiopia); hurricanes (in Jamaica); HIV AIDS in some African countries; rising sea-level threatening Maldives about its physical survival all denote non-military threats. Apart from these, the problem of debt, poverty, population


explosion, environmental challenges are faced by the majority of the people living in the Third World. This clearly shows that military solution is not an effective way in tackling these issues\textsuperscript{22} but these issues invariably turn into security challenges in later stages due to failure to address them.

Many security studies scholars advocate that Third World security is different. Defining national security in the context of the Third World, Barry Buzan argues that Third World security is largely defined in socio-political terms. While, the economic dimension of the subject is ignored on grounds of lack of space, and because in many respect, it does not run parallel to the military and political dimension of security but runs parallel especially in terms of development issues.\textsuperscript{23} Here, the point is that unless there is a clear perception about the issues and threats that are to be considered or found appropriate for a country as national security issues, it is likely to be contested always. Whereas, in dealing with these issues, the military notion of security in reality does not solve their problem. The incapacity or reluctance to address these pressing issues and by dealing with these issues militarily often turns conflict into violent form as it clashes with the interest of the states and challenges its capacity.

In trying to understand Third World security, Caroline Thomas employed a broad definition of security. She sees these states are insecure not only because of military factors but primarily because of their “relative weakness, lack of autonomy, the vulnerability and the lack of room for manoeuvre on economic, political and military

\textsuperscript{22} Thomas in Careys and Salmon, Op.cit., pp. 105-09.
levels.”

Thus, she asserts, in the Third World context, “security does not simply refer to military dimension, as is often assumed in western discussions of the concept, but to the whole range of dimensions of a state’s existence which are already taken care of in the more developed states. For example, the search for internal security of the state through nation-building, the search for secure systems of food, health, money and trade, as well as the search for security through nuclear weapons. It is the internal insecurity that makes the problem of external insecurity all the more acute.”

Mohammad Ayoob further strengthens this position by putting forward the argument that, “it is their history of state formation and the pattern of elite recruitment and regime establishment and maintenance in the Third World as compared to their counterpart in the West that is the problem.” While, Edward E. Azar and Chung-In Moon maintain that it is the ‘software’ side of security management that needs to be dealt with. They called this ‘software’ side, the security problematic for the Third World as opposed to the traditional Western analysis of security, which tends to concentrate on the ‘hardware’ side of the problem. Thus, from the above arguments, it is clear that security in the context of the Third World is dominantly non-military and analysing their security problems through western conceptions becomes problematic.

The external factor in weakening the Third World states cannot be ignored. How external factors play a decisive role in weakening many of the Third World states has been

27 The ‘software’ side of security management involves the political context and policy capacity through which national values are defined, threats and vulnerabilities are perceived and assessed, resources are allocated, and policies are screened, selected and implemented. See Azar and Moon, Op.cit., pp. 14-42.
captured by many prominent scholars. Analysing the external factor, Thomas identifies that lack of control over the international level subsequently weakens their ability to control the domestic economic, social and political domain. For instance:

the market which determines the price of primary products on which so many Third World states which are dependent on the export of single commodities are extremely vulnerable to the workings of a mechanism which is completely outside their control. The exports of these commodities fetch very little return as prices are very low. They are also vulnerable to the dictates of institutions like the IMF, in which they have no real power in decision-making process. They are vulnerable, too because the domestic policy decisions of the leading capitalist power, the United States, can have extremely adverse repercussion on them. Also US policy decision which leads to a rise in interest rates can add millions of dollars to a debtor-state’s repayment bill. They are vulnerable to changes in the production policies of multinationals.28

Thus for Thomas, the attempt of Third World states to increase their financial security by trying to change the rules of the IMF has been largely unsuccessful. This reflects their inferior position even at the external level. While Ayoob maintains that, “Third World states in the international system both in terms of their collective impact on the system as the ‘intruder’ element into the Eurocentric system of states and in terms of their roles as individual new sovereign states trying to adjust to an international order that can only be defined as an anarchical society.”29 Therefore, he argues that any paradigm to explain the behaviour of Third World states in the international system will have to be built around an expanded concept of security, encompassing internal as well as external security, regime as well as state security, and economic as well as military security.30

30 Ibid., p. 79.
In understanding the relation between the Third World and the developed West, Stephen D. Krasner argues that it can be realised through adopting more economically rational policies. Krasner assumed that, “even if the Third World states are concerned with vulnerability and threat, the regimes in almost all Third World countries are weak both internally and externally. As a result of which, their aspiration for power, control over wealth and change in the international system is not possible. While in reality, most of the international institutions are dominated by the powerful North and their rules are imposed on them.”

Therefore the feeling of animosity develops between the Third World and the West. As a result of such, the relations between the West and the Third World appears to be conflictual because most Third World states are less hopeful in managing their external vulnerability except by challenging principles, norms, and rules preferred by industrialised countries. Thus, political weakness and vulnerability of Third World behaviour is a product of both external and internal factors. Externally, the national power capabilities of most Third World states are extremely limited and are subject to external pressures that they cannot influence through unilateral action.

Furthermore, what is true under global neoliberalism is, not only their relationship are becoming more strained but also widens because quite often, the West uses these agenda through various powerful TNCs, Agreements and multilateral institutions and continues their dominance over the Third World. Therefore, one cannot expect much change in this new system.

The above argument suggests Third World internal problems mostly define their security. The predominance of internal threats implies not the absence of external threats rather it simply denotes such threats often attain salience largely as a result of conflicts.

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32 Ibid.
within the states. Besides, these domestic conflicts often transformed to inter-state level. Thus, the problem of internal insecurity makes the problem of external all the more acute. Moreover, despite the need of state effectiveness, under neoliberalism, market is out of state control and since their inability to control both internal and external, the impact of neoliberalism upon these issues further complicates their problem.

While analysing problems within the Third World state, one cannot exclude the issue of development as one causal factor. Development has become a pressing issue not only for the Third World but for any state. In general, it involves cooperation, contestation and conflicts between different groups within the state and between the states. Though development essentially is an economic issue by nature but today, it frequently turns into security challenges. Therefore, it is pertinent to explore how neoliberalism addresses the developmental process in the Third World which is discussed in the following section.

2. Issue of Development

Development is one of the most important concerns for any states. Often, conflicts and discontentment revolve around developmental issues. Since, it is too important for many Third World states, it has captured the attention of many scholars in understanding the problems. While, there are optimistic notions that effective development can resolve many of their ongoing issues which are inter-linked but lack of development further complicates their problems. Moreover, development in the Third World is an ongoing process where internal problems as well as external forces are hindering the normal developmental process in the Third World.

Achieving rapid economic development is an aspiration for many states. Majority of the Third World states are underdeveloped or developing, low GDP, lack of technology,
huge population, poverty, lack of basic infrastructures like health care, schools and education, and increased income disparity. Therefore, from these perspectives, the role of the state in achieving development becomes more pertinent than ever. No doubt, other actors do act as agents of development but overall it is the state’s role which is central for any economic growth of the country. As opposed to this perception, the neoliberals are in favour of assigning the role to the market. Therefore, the question is how far neoliberalism has effectively addressed the issue of development in the Third World.

Development is often complex to define precisely. It primarily concerns with a programme of social, economic and political transformation. It includes enhancement in living conditions, access to essential needs such as food, water, health, education, clothing and shelter. It is extended further to a stable political, economic and social ambience associated with social, economic and political freedom such as capacity to make free and informed choices that are not forced, fair ownership of land and property, and ability to participate in a democratic process to determine one’s own future as well as potential for full development of a people to lead productive lives in accordance with their requirements and interest could be an indicator of human development. In other words, development must be inclusive of political, economic and socio-cultural aspects.\(^{33}\) For the Third World states, development also denotes the process or transformation through which they could achieve the standard of living as experienced in the developed West.\(^{34}\) Therefore, the notion of development is diverse, and over time, the understanding of development in the Third World has been shifting.

The discourse on development in the Third World within different schools of thought is shifting since the post-Second World War period. The notion of development during that period was assumed to be the need for the poor countries to ‘catch up’ with the more advanced and wealthier economies of the western countries. Within the Modernisation Theory, the argument was that the developed countries need to intervene and direct the development of poorer countries in order to modernise their institutions to permit economic growth. However, this theory was challenged in the late 1960s within the developing world by Dependency Theory and neo-Marxian world system analysis. They argued that the less developed world’s weak structural position in a global political and economic system was to a large extent responsible for the poorer countries’ continued lack of economic growth and that the poorer countries should “de-link their economies from the world market.”35 In the 1980s, this notion of development was challenged and changed with the rise of neoliberalism. The neoliberal asserts development as an inherently universal and increasingly global economic process. For them, lack of development was primarily seen as a domestic problem which was caused by bureaucrats and corrupt politicians in less developed countries. The neoliberals further argued that if the world capitalist economy were left to work unfettered, then development would be achieved in the low-income economies of the world and the best development policy for them is non-intervention by the state.36

In the wake of the decolonisation process, the Third World countries made a strong assertion of their development needs and hoping to get access to global institutions in

resolving their development related concerns. The failure of global institutions along with Western industrialised nations to accommodate hope and aspiration of these states soon put them into introspection. It further pushed them to forming their separate grouping in order to address their common issues. One such was G77, named given to the number of Third World states that signed a Joint Declaration of the Developing Countries in the UN General Assembly in 1963. Its declaration highlights the dissatisfaction of these countries with the direction of world trade. The Third World countries also established the United Nations Conference on Trade and Development (UNCTAD) in 1964 where, they saw this forum turning out to be their global economic forum equivalent to the developed states Organisation for Economic Cooperation and Development (OECD).37

In 1979, the oil shock gave same kind of leverage to the developing countries against the Western monopoly over global trade. During this period, the Oil-Producing and Exporting Countries (OPEC) gave the Third World states a new confidence due to oil price bargaining power, makes many to believe, they might engage the global economy on their own ways. They were hopeful that a ‘New International Economic Order’ (NIEO) was possible. Further, the UNCTAD in 1976 sought to tackle the problem of declining value of natural resources export through scheduling of eighteen specific raw material agreements supported by a US $ 6 billion fund. However, the confidence was soon deflated and the developing countries began to slip behind further in 1981-82, with the world recessions and the debt crises.38 Moreover, increase of trade due to decline in trade barriers (trade tariffs) during the 1990s affected their trade and financial position. The

38 Ibid.
tariff cut on import and export especially tax on imports which has been the major source of income earlier for the state and with the reduction of trade tariff, revenue of the country was deeply affected.\textsuperscript{39}

The plight of the Third World socially and economically still remains unchanged. The core theoretical foundation for export-oriented production was centred on the theory of “Comparative Advantage”. Until 1996, twenty-three Third World states derived eighty per cent of their export revenue from only single commodity, a further twenty-one derived between sixty to eighty per cent of their export earnings from single commodity, and another twenty-three derived between forty to sixty per cent from single commodity clearly depicts many Third World states hardly benefitted from production export bounty. The exports of raw materials were less profitable as they have fetched growing inferior value globally. Thus, this has hit African countries severely as they were highly reliant on export of raw materials than other regions. Throughout the 1980s, the value of their commodity exports fell more than any other region when compared to the cost of its imports. In the report of UNCTAD 2002, established that the majority of the world’s extreme poverty is concentrated in the countries where the majority of their export incomes depend on raw materials.\textsuperscript{40} Consequently, this made one to conclude that “continuing reliance on raw material exports has been one of the main forces of economic globalisation that have kept poor countries poor.”\textsuperscript{41} Therefore, exporting raw material has

\textsuperscript{39} Ibid., p. 84.
\textsuperscript{40} According to ‘comparative advantage’ theory, every country should produce only those products over which it has a relative advantage; thus, some countries now specialized in single crops like coffee, sugarcane, forest products, or high-tech assembly. Theoretically, they can meet their other needs by using the earnings from those specialised exports to buy goods and services over which others have an advantage. John Cavanagh & others (eds.) Alternatives to Economic Globalisation: A Better World is Possible (San Francisco: Koehler Publishers, Inc., 2002), pp. 24-6.
\textsuperscript{41} Ibid., p. 86; Ibid., p. 85.
not significantly changed their position over years. Moreover, their problem has been further compounded by the debt crises.

In understanding the development process, the Third World debt crisis is important as this factor has seriously crippled the economy of many of the Third World states. For instance, it was made conditional that poor countries cannot sign for a loan from the IMF or the World Bank unless they agree to a package of SAP which was designed to open up their countries to the global market. Measures contain FDI nominal control, devaluation of currency, less government expenditures and tariff cut. Many states were subjected to IMF and World Bank mandated economic adjustment. Thus, it suggests that these institutions turned out to be the real managers of half the global economies.  

Through implementation of neoliberal structural adjustment programme, the effect has been on the poor due to import liberalisation, withdrawal of subsidies and cuts in social development. The equity, which is highly desirable, was not possible without high economic growth. The sluggish economic growth has also been responsible for high levels of poverty, deprivation and poor quality of life. Moreover, the growing economic and income disparity intensified the demand for bringing about structural changes in the society. As hopes become less in achieving their goal through democratic means, some of them have taken to violence as a dominant mode in the political process. The economic cost of violence in the region includes huge expenditure on making security arrangement, retards economic growth, destroys physical infrastructures, and encourages migration of talents and scares investment as South Asian experiences shows.

42 Ibid., p. 77.
Today, in South Asia (1.70 billion populations), the society is highly divided between the rich and the poor. The rich one-fifth earns nearly forty per cent of the region’s income and the poor fifth makes less than ten per cent. As per the United Nations Human Development Report of 2014, report highlighted that about one-twelfth of the world’s population lives in acute deprivation, deficient access to adequate nutrition, sanitation, education, health, housing, safe drinking water and employment (see Table 5.1). Thus, we see the region having highest incidence of poverty with 44.4 per cent of the population living in absolute poverty where 730 million people live on $ 1.25 - $ 2.50 a day. This shows the existence of unequal ownership of wealth, extreme poverty, deprivation and inequality.44

According to the Chronic Poverty Report 2014-2015 (see Table 5.2), there will be nearly 10 million people in extreme poverty in six countries by 2030 (India, Pakistan, Nepal, Madagascar, Democratic Republic of Congo (DRC) and Tanzania). It shows that the topography of extreme poverty in 2030 is exceedingly concentrated in South Asia. As per their baseline report, over ten million poor people will be living $ 1.25 a day below the poverty line in fifteen countries: Bangladesh, India, Nepal, Pakistan, and the Philippines in Asia; Burkina Faso, Congo, Madagascar, Kenya, Ethiopia, Nigeria, Malawi, Sudan and Tanzania in Africa; and Yemen in West Asia and that eleven of these countries will be home for over ten million people with extreme poverty in 2030. It has therefore suggested that the global poverty eradication project should ensure none of these countries ignore their inhabitants living in poverty. By 2030, the pessimistic scenario showing twenty-one


According to the 2014 Global Hunger Index (GHI) released by US-based International Food Policy and Research Institute out of 120 developing countries, India rank 55\textsuperscript{th} behind China (5\textsuperscript{th}), Sri Lanka 39\textsuperscript{th}, Nepal 44\textsuperscript{th}, but two per cent above Bangladesh 57\textsuperscript{th} and Pakistan 57\textsuperscript{th}.\footnote{“Global Hunger Index 2014.” http://www.ifpri.org/publication/2014-global-hunger-index (Accessed on 15 March 2015.)} Also according to the United Nation’s Development Report 2014, India ranks 135 out of 187 countries on UNDP’s Human Development Index.\footnote{Arindam Sen, \textit{India in the Grip of Deep Economic Crises: Causes and Quest for Solution} (Delhi: CPI (ML) Publication, 2014), p. 34.} Between 1999 to 2011, India’s gender Inequality Index has worsened-from 0.533 to 0.617 and the country now ranks 129 out of 146 countries, behind Pakistan, Bangladesh and Rwanda\footnote{Ibid.} and still there is not much significant changes even in the year 2015, where India’s rank 132 with 0.828 gender ratio.\footnote{United Nations Human Development Programme, \textit{Human Development Report 2014} (New York: UNDP, 2014), p. 178.} The scenario still appears stark when taken into consideration the well-known fact about the levels of malnutrition among women and children, high incidence of maternal and baby death, the plight of minorities’ communities, dalits, and tribals. Moreover, the growth pattern takes less care of the environment as India ranks 155 among 178 countries on Environmental Performance Index - Yale University in 2014.\footnote{Sen, \textit{India in the Grip of Deep Economic Crises} Op.cit., p. 35; Also see Environmental Performance Index 2014 -Yale University. http://www.epi.yale.edu/epi/country-profile/india (Accessed on 15 March 2015.)}
In East Asia, resistance to economic liberalisation occurred at the grassroots level. This process was regarded as environmentally destructive and socially unfair, failing to tackle redistribution issues. Thus the grassroots organisations in East Asia had to articulate sustainable development policies based not on private property or public ownership, but rather on the commons, on equity, environmental sensitivity, common participation in transparent decision making and small-scale and labour-intensive projects using appropriate technology.\(^{51}\)

Recent China’s economic growth in the story is quite impressive and well known globally. Among the Third World states, China presently becomes the largest recipient of FDI, the leading manufacture and the fastest emerging economy mainly because of growth strategy modelled on dispensation of privates and global market players. While on the other side, her growth has relatively enriched a small upper-income group by exploitation of the majority of workers. For instance, as a outcome of state liberalisation policies, the state-run enterprises purged nearly thirty million workers over the period 1998 to 2004 with urban unemployment rates in double digit, where few could able to find adequate re-employment. Though the recent foreign-dominated export manufacture has generated new employment prospect, the majority of these jobs are extremely low paid. For the past decade in Guangdong, where almost a third of China’s exports are produced, the wages of workers have been frozen. Further, only a small number of people could access to affordable housing, health care, pension and education.\(^{52}\)

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In Africa, the implementation of structural adjustment programmes have increased women’s load due to cash crop production and lack of access to the money to raise their crops. As conventional providers of basic family needs, women are directly affected by cutting of social-welfare schemes for example, food, housing, subsides, health and education. During the period from the early 1980s to the late 1990s, levels of external debt increased dramatically. Increasing levels of debt persisted and stood at $185 billion in 2003. Since then, bilateral debt writes-offs have reduced nominal international debt. Through this twenty-five year period, most countries have paid out massive amounts of money in interest, which throws into some doubt standard aid that the West routinely gives to Africa. In sum, structural adjustment did not deal with economic stagnation or high levels of external debt in Africa. The bulk of foreign direct investment (FDI) in Africa has been focussed in mining/extraction, especially oil which has proven to be either minimally beneficial or socially deleterious to Africans’ well-being. Thus, poor rate of economic growth combined with a reduction in state expenditure on health and education had exacerbated social hardship.

While, the experiences of different regions clearly suggest that not everyone has benefited from neoliberal globalisation rather, it created worst condition for many.

Development everywhere involves some people are gaining while others losing. This has become sharper with neoliberal globalisation. The development based on growth and market has failed to emancipate the poor, downtrodden and deprived. It has eroded the inbuilt and inherent ability of developing societies to create equitable systems.

Experiences suggest that development in the Third World has failed to bridge the wide gap and inequalities and improve and ensure adequate survival on sustainable basis. The dominant paradigm of development based on the market has failed to promote equity and sustainability as the benefits goes to the already well-off and has not trickled down to reduce poverty. Therefore, the neoliberal development model has not created the conditions for greater participation and the empowerment of majority in developing countries.\textsuperscript{56} As the majority have been left out, the feeling of alienation and discontentment continues.

Recently, popular demand for economic redistribution both at the domestic and international level has become more vocal. However, under neoliberal policy, this has become extremely difficult. The failure to meet such expectation generates animosity and contestation.\textsuperscript{57} In this connection, some analysts made a comparison with the early state-makers in Europe. From the experience of state-making in Europe, particularly during its early crucial stages shows that it was not initiated by political liberals or by supporters of the welfare state. But in the later twentieth century, the Third World populations are aware of both their human and political rights and thus make the task of Third World states-makers extremely difficult. This was due to an ideal for democratic welfare state which all the states are trying to achieve coupled with the communications revolution. Thus, fulfilling popular demands runs in contradict to the idea of nation-building as the European experience has established rather unsavoury task and often involved levels of coercion that are unacceptable to citizens influenced by notions of social justice, political


participation, and human rights.\(^{58}\) Therefore, under neoliberalism, not only a feeling of deprivation and alienation from those benefits is growing stronger among the people but also is a formidable challenge for leaders to meet basic needs of their people. This makes the task of state-making even more difficult.

There are many studies which establish a strong linkage between the issue of development and conflict. The publication *War, Hunger, and Displacement: The Origins of Humanitarian Emergencies*, a project initiated by the World Institute for Development Economic Research of the UN University (UNU-WIDER) and Queen Elizabeth House at Oxford University and also the World Bank project, leading to a series of publications *Breaking the Conflict Trap: Civil War and Development Policy* all make a strong case for this. These studies represented a new direction in the field of both development and conflict research, bringing an economic perspective to the understanding of the origin, evolution, and impact of conflict. Many economists offer a new analysis of the economic motives and dynamics that are the root causes of violent conflict. The lack of development and economic redistribution has often generated conflicts and violence. Simultaneously, continuous conflict and violence also impair many developmental activities.\(^{59}\) The deterioration of the security situation in some of the countries has adversely affected their economic growth and development. This has greatly contributed to internal dissension, strife, turmoil and violence, and civil wars.

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Civil wars are particularly devastating to populations because civilians, not soldiers are the main victims. These conflicts have many indirect consequences that compromise long-term development in diverse and complex ways. They undermine the economy, reducing economic growth, capital flows, export, investments and savings. As GDP shrinks, government revenues also decline — and as resources are diverted to war efforts, expenditures shrink further for the productive and social sectors. Paul Colliers estimates that, “the cumulative effect of a seven-year war would be around 60 per cent of annual GDP. Wars also weaken government administration, social institutions, social network, and erode social capital along with the human potential of entire generations.”

Many analysts consider structural factors as underlying causes of conflict. They identify several factors that increase a country’s risk to violent internal conflict. The main factors include (1) low incomes and stagnant growth; (2) horizontal inequalities and the exclusion of cultural-identity groups; (3) environmental pressures; (4) demographic structures and the youth bulge, (5) dependence on mineral resources; and (6) failure to manage slipovers from conflicts in neighbouring states. However, it is not any single factor but the mutual influence of various factors that increases a country’s vulnerability to conflict. Thus, a complex and interlocking dynamics of poverty, inequality, exclusion, environmental degradation and demographic pressures creates the condition for the outbreak or recurrence of conflict.

Many Third World states are now deeply engaged with the neoliberal path of development. This has been partly due to the globalisation process as well as the need for economic development. Since, many Third World states do not have sufficient capacity to

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initiate the development process by themselves, they look upon international institutions like the IMF, World Bank and other advanced countries for loans which were given with certain conditions and the Third World states agreeing to restructure their economic policies by accepting SAP. Thus, they become the victim of these policies where they are now burdened with a huge debt due to increase in a credit rate which becomes greatly advantageous for the lender country. Moreover, these international institutions also encourage the existence and growth of private corporations and market policies as part of the strategy in the development process. And it has to be understood that aid initiatives from rich countries are not meant for improving social development in the Third World.

The war on terror has led to ‘securitisation of development’ replacing human development with military and counter-terrorism goals since 2001. It has involved in the militarisation of bilateral aid policies of the major donors and stressed on external military funding instead of social development outcomes. The criterion such as ‘good governance’ needed by recipients of development aid has been redefined to include counter-terrorism measures. For instance, new aid initiatives were stressed on Pakistan, Indonesia, the Philippines and India as the main fronts, fighting against terrorism. Also countries such as Djibouti received $ 31 million aid to set up a US military base as it was are strategically important. These transformations may lead to uncertainties as it may narrow down democratic accountability and arms control with possible human right abuses. Much of the aid from the rich countries does not reach the targeted group and the condition of the people especially the commoners remains the same due to high corruption and

63 Ibid.
concentration of wealth in the hands of the few elites. The state machinery provides power to these elites and the political allies and bureaucracies acquire their own momentum of growth, which may or may not benefit the public they claim to serve.

In a nutshell, the contemporary neoliberal model of development is problematic for many of the Third World states. Under neoliberalism, some states have emerged successfully and few sections of society are uplifted. Besides, expectations upon state for emancipating their own people from economic deprivation are becoming dim than ever. The neoliberal promises that their values and policies and approach towards development for global growth promoting development thereby, ensuring human security through economic welfare becomes an illusion. Therefore, under this process, the hampering and complication of development issues in many of the Third World states has further widened the gap between the West and the weak Third World states. While the international institutions and their rules are not only undermining the weak Third World states but such policies are also leading to an intensifying inequality at the domestic level which will be discussed in the following section.

3. Intensifying Inequality

Another form of global insecurity today is a sense of intensifying inequality. Though inequality is not a new phenomenon but it has become more visible and widened with global neoliberalism. Evidence suggests a growing gap between the poor and rich not only in incomes and wealth, but also in the quality and accessibility of healthcare, education, employment opportunities, protection of human rights, and in access to political
Therefore, the question is how can one think about achieving social development and human security without focusing on inequality and how income inequalities are widening rather than narrowing as a result of global economic integration? And what will be its implications. Although, inequality can be multi-dimensional but here the discussion is emphasised more on economic inequality and income disparity and how it has generated social unrest at present times.

Generally, people today presume that the rich are becoming richer and the poor, poorer. This perception in fact has become a global discontentment and widespread, and sharply increased over the past decade. Though, it is difficult to establish a direct connection between neoliberalism and inequality and insecurity but many assume the global neoliberal philosophy of free market, privatisation, state lack of control over the market with gradual withdrawal from many welfare functions have heightened inequality. The majority of the population who were looked after by the state have been left out from its economic benefits and the repeated failure of the state to meet their basic demands leads to wide resentment against the state and their leaders.

Lately, scholarly works focusing on neoliberalism and inequality have established that there are clear connection between the neoliberal policy and intensifying inequality rates. Many assert that neoliberal economic policies have often leads to rising inequalities globally and worsened the lives people. Such inequality occurs by placing public assets to privates, relaxing tax for the rich and lowered the wages for workers. David Held and

Atse Kaya for instance argue, “If neoliberal globalisation leads to greater economic growth in poor countries, reducing within - national inequalities, then globalisation will have contributed to the reduction of inequality. Yet, integration into global economy may usher in growth without improving intra-country inequalities.”

There is a huge income disparity between developed countries and developing countries lately. UNDP estimates, the income gap between the richest and poorest fifth of the world’s population was 30:1 in 1960 and 60:1 in 1990. This trend would appear to be accelerating with a reported widening of the ratio to 74:1 in 1997. Intra-state data are not indicated and although there is much dispute concerning the wealth distribution within countries in many case the economic divide in terms of class, gender and urban/rural cleavages continue or have actually worsened. It is estimated that between ‘the 1980s to 1990s inequality increased in 42 of 73 countries with complete and comparable data’. Inter-state comparisons also demonstrate a wide and widening gap between the industrialised and less industrialised countries, from a GDP per capita income ratio of 1:5 in 1960 to 1:13 in 1970, increasing to 1:18 in 1989. This is corroborated by data measuring the gap (GDP per capita) between the richest and poorest country, which has grown from 3 to 1 in 1820, 11 to 1 in 1913, 35 to 1 in 1950, 44 to 1 in 1973 and 72 to 1 in 1992. The UNDP report highlighted that inequality in income has risen by eleven per cent in the Third World states over the two decades between 1990-2010. The number of households in Third World states more than seventy-five per cent of those nation’s populations are living where income is more unevenly distributed that it was in 1990s. The

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report cautions that this trend has become a worldwide and if left unchecked, could have dreadful consequences as it “can undermine the very foundations of development and social and domestic peace,”69 the UNDP also further warned that the income disparity in countries around the world have been worsening, posing new risk for global economic and political stability. Though these figure and comparisons are disputed, it clearly denotes that the existence of inequality at the global level is alarming which needs to be addressed.

While looking at intra-state inequality, the trends of inequality within countries in the last few decades have become a matter of grave concern. Even in many developed countries, most countries experienced increases in wage inequality. But this varied widely across countries with the largest increases experienced in the leading supporters of neoliberalism like, the UK and the US. Income disparities of the population are still relatively low compared to those of most developing countries. In Latin America, the income gap between the richest 20% of the population and the poorest 20% fell from 25 to 1 to 18 to 1 from 1970 to 1982, the situation deteriorated during the high period of structural adjustment in the eighties with the richest 10 per cent increasing its share of income by 10 per cent while the poorest 10 per cent experienced a decline of 15 per cent. In the former Soviet Union and Eastern Europe, the rapid liberalisation of these economies resulted increases in inequality. The income of the richest 10 per cent increased while income of the poorest 10 per cent decreased. In Asian context, towards the end of the nineties, there were some set-backs in the improvements in income distribution for some of the countries. Bangladesh, Indonesia, Malaysia and Sri Lanka witnessed increases in

inequality. In 2004-2006, India’s after more than a decade of liberalisation and at the time where the economy was growing fast, per capita net availability of food grains was 7.8 per cent lower than in 1994-1996. Indeed it was lower in 1954-1956. While the number of dollar millionaires and billionaires was growing at the rate that was among the fastest in the world, as of 2004-05 a total of 836 million people (77% of India’s population) had an income below Rs. 20 a day. This was revealed in the 2007 report of the National Commission for Enterprises in the Unorganised Sector (NCEUS) known as the Arjun Sengupta Commission. In the African context, the 1980s represented the lost decade in which living conditions deteriorated rapidly and economic growth failed to keep pace with population growth, so that for example, between 1980 and 1985 ‘income per person declined more than 25 % for the region as a whole. In 1980, there was large disparity of income. Experiences of Sub-Saharan Africa in the last few decades have been one of large increase in poverty and continuation of very high levels of inequality within these countries.

Some major developing countries like India and China which have seen strong economic growth and an overall increase in national wealth, there is a widening income gap and that the wealth has not been evenly distributed, which has contributed to greater inequality. In an interview with Reuters, UNDP chief Helen Clark made clear that these negative trend is reversible and that one of the key component is creating quality

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employment opportunities. According to the UNDP report, the inequalities increased over the past two decades were primarily due to trade and financial globalisation processes that undermined the bargaining position of the workers. For Clark one of the problems with globalisation is that it “has proceeded in a very deregulated world”. She advocates more regulation of international trade and financial flows but without eliminating risk and the ability of companies to generate profits.\(^{72}\)

Within the states, one study found that income distribution is more unequal. While wage inequality within a large sample of rich and poor countries was stable from the 1960s to the early 1970s, then declined till about 1980-82 then increased sharply from 1980-2 to the present. The period, 1980-82 is a turning point towards greater inequality in industrial pay worldwide. The countries within the different regions tend to show closely correlated movements in pay dispersions, suggesting macro forces at work.\(^{73}\) It is an irony that 225 people have a combined wealth ($1 trillion), equal to that of the poorest 47 per cent (2.5 billion people). According to the UNDP 2006, just 4 per cent of their wealth would provide universal access to education and healthcare, enough food, clean water and sanitation for those in need.\(^{74}\)

In contrast, advocates of neoliberalism defended their ideology by arguing that it has lowered extreme inequality. Though it might be correct to some extent but critiques often challenged their claim by arguing that relative inequality has increased. Strengthening their view, many scholars argues neoliberalism is either indifferent or might in reality

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support inequality. Scholars like Harvey therefore assess critically the capitalist nature of neoliberalism for increasing inequality by arguing that “capitalism inequality-inducing penchant for accumulation by dispossession via suppressing the rights of the commons, commodifying labour power, suppressing all non-capitalist forms of production and consumption, appropriating assets, monetising exchange and taxation, and initiating credit systems. Through these processes, neoliberalism engenders inequality through the uneven development of states and through the restructuring of class power in favour of the elites. Inequality both within and between countries has widened since about 1980, the time that neoliberalism really began to take off under Ronald Reagan, Margaret Thatcher, and Helmut Kohl. In spite of this, world leaders often defend this ideology and the inequality that it creates.”

While, multilateral institutions and policies cannot be ignored as they are by and large responsible for sustaining inequalities. For instance, critiques point out that, “the set of global institutions and policies that maintain the global political economy harbour important power disparities which in turn create or sustain inequalities. The dominance of neoliberal ideas in major international institutions and media instead of serving the poor, serve themselves and the interests of the powerful. The World Bank constitutes one such example where the voting power of the affluent significantly supersedes the voice of the developed nations. Also ‘American factor’ in the current form of globalisation gains the ability to affect policies of national governments everywhere with its superior economic position and influence in international institutions. Globalisation has allowed people across the world to be more aware of each other’s relative status, increasing the visibility

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Analysts link globalisation and inequality by demonstrating the lack of neutrality of globalisation that it in reality, it supports the rich. The contemporary global economic structure, via multilateral institutional rules, does not concern about improving the welfare of the poor. Moreover, the major intellectual response in global institutions serves the career goals for those who recommended development policies, rather than the poor. The major global institutions such as WTO and the World Bank perpetuate its own existence and neoliberal ideology without adequately delivering to the poor. Thus, global institutions and their rules as well as dominant paradigms contribute to the persistence of inequality.77

It is not only the Third World states, even in the industrialised countries not everyone has benefited from neoliberal globalisation. New corporate freedoms through neoliberal globalisation are leading to increased insecurity in the workplace. It was estimated that between 1973 and 1997, the average income of the poorest 20 per cent of Americans fell by 5 per cent, while average incomes of the richest 20 per cent rose by over 40 per cent and the richest 5 per cent rose by over 60 per cent. As manufacturers relocate to reap greater profits from cheap labour in the global south, workers in the rich North are losing their source of livelihood. Implementation of NAFTA, for example, from 1994 to 2001 has resulted in the loss of 7,50,000 US manufacturing jobs.78

Also few decades ago, the Pearson Commission in its report recognised the widening gap between the developed and the Third World countries. The gap between the richest and the poorest of the world measured by average national income per head, has

77 Ibid., p. 18.
more than doubled. It is established that inequality has increased when their state have liberalised almost without exception all their economies. Consequently, the UNDP talks about “two globalisation”, which means one for the wealthy, another for the poor. Though there is an overwhelming argument that neoliberal globalisation has promoted economic growth, leads to reduction in poverty, it has created winners and losers. There is also a growing apprehension over income inequality and job insecurity particularly in environment which are highly competitive that aggravates a sense of powerlessness and insecurity.\textsuperscript{79}

Many scholars concerned with the issue of inequality which needs to be addressed. They are of the opinion that if continues will further weaken the Third World states and that will eventually create larger dispossessed communities embracing anti-social elements. Moreover, the sense of frustration has become strong as a result of widened inequality especially in the globalisation era.\textsuperscript{80} Knowing the gravity of the issue, political economist Robert Hunter Wade argues that the defenders of globalisation wrongly claim that globalisation has reduced inequality and poverty. Wade challenges the method used to assess gain made by the poor. For example, the case for globalisation often rests on calculating the growth of a country’s national income following its integration in the global economy. “Yet this measure fails to take account of the distribution of income and rising inequality which can offset increases in overall national income. In other words, the


\textsuperscript{80}Ibid.
size of the national income pie may increase and at the same time the size of the slice of pie received by the poor can shrink.”\textsuperscript{81}

Along with rising income inequality, the concerns with poverty, hunger, diseases remain widespread, and continue to threaten the world population. Moreover, some of these trends are not confined to the Third World alone. Particularly, since the 1980s and 1990s, the worldwide promotion of neoliberal economic policies by global governing institutions has been accompanied by increasing inequalities within and between states. During this period, many countries of the former Soviet bloc were incorporated into the Third World grouping of states, and millions of people previously cared by the states have been thrown to poverty with the transition to market economies. Within the Third World countries, the adverse impact of neoliberalism has been felt acutely, as countries have been forced to adopt free market policies.\textsuperscript{82} Thus, the intensifying economic inequality and income disparity has further promoted deepening of poverty which will be discussed in the next section.

\subsection*{4. Poverty as an Important Concern}

The issue of poverty remains one of the main global challenges threatening millions of lives today. While it was believed that global economic integration through free trade and the free movement of capital will reduce global poverty and hunger but in reality, this has met with limited success. In fact, the expansion of the market has helped the relatively wealthy people and rich nations while the needs of the poor are ignored. Equitable

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distribution of the wealth to the world’s poor people to secure their families and communities in terms of basic needs are also diminishing rapidly.\(^{83}\) Therefore, the critical question – has neoliberal development widened the choice and opportunity for the vulnerable sections and thereby reduced poverty is debatable?

Poverty in common parlance is deprivation of well-being. It is the inability to satisfy one’s basic needs as one lacks income to obtain service or from lack of access to services. It is also multi-dimensional, including income, hunger disease, lack of shelter, lack of water and sanitation and social exclusion.\(^{84}\) Poverty according to the UN is a denial of choices, opportunities and violation of human dignity. It denotes lack of capacity to participate effectively in security, not having enough to feed, clothe or to go school or clinic, do not have land and access to credit. It also denotes powerlessness, insecurity and exclusion of individual, households and communities. In addition, vulnerability to violence, living in fragile environment, lacks access to clean water or sanitation\(^{85}\) while, the World Bank defines poverty as a deprivation of well-being.\(^{86}\)

According to a World Bank report, over the past few decades, the poverty around the world has significantly lowered. Since 1990, the people living with less than $ 1.25 a day become halve which is approximately 1 billion in 2011, representing 14.5 per cent of the total world population. In 2005, $ 1.25 a day represents the average national poverty lines of the fifteen poorest countries. In 2010 and 2011 shows a decline in extreme poverty (see Table 5.3). For World Bank, this is as a result of China and India which has played a

\(^{83}\) Ibid., p. 51.  
\(^{86}\) Ruth Lister, Poverty (New York: Polity, 2004).
vital role in narrowing poverty. Both the countries have uplifted nearly 232 million out of poverty since 2008 to 2011.\(^{87}\)

The Bank further highlights the annual per capita consumption growth of 4 per cent in each state globally and the collective with no change in income distribution in each country would result in a reduction of global poverty by 3 per cent of the world population by 2030. In order to achieve this, could depend on the strong commitment and effort from all states as the Bank says. For Sub-Saharan Africa, poverty will continue remain over 19 per cent in 2030, i.e., nearly 80 per cent of the world poor and that six countries would still remain in poverty above 30 per cent in 2030. Many poor people according to Bank might “trapped” in poverty due to failures in credit, land, markets, governance failures, or low levels of education, skills, and health. This will prevent them in access to new opportunities from global economic activity.\(^{88}\)

South Asia and Sub-Saharan Africa are the two regions where poverty is more widespread. Two regions accounted nearly 80 per cent of the world poor. In 2011 survey, nearly 3/5 of the global extreme poverty in Bangladesh, China, Congo, India, and Nigeria (see Figure 5.1). Adding Ethiopia, Indonesia, Pakistan, Madagascar, and Tanzania would include just over 70 per cent of the extreme poverty.\(^{89}\)

Why poverty is considered a grave issue and addressing it becomes a necessity is that it results more deaths than conflict and it might also lead to intense conflict thereby causing great human insecurity. Moreover, insecurity arising out of poverty threatening millions of lives and failure to address this issue will lead to a formidable challenge for


\(^{88}\) Ibid.

\(^{89}\) Ibid., p. 19.
any state in the future. Lately, there has been a growing interest in the finding of relationship between poverty and security. Earlier, “experts in security studies generally thought of these areas as separate. Economic issues were considered very much low order issue. Poverty was relegated to the domain of development practitioners and academicians. They measured development in terms of national achievements.” ⁹⁰ In the 1990s, the conventional security programme and the development agenda merged under the layer of global governance. The world political scene after the Cold War has changed, there has been shifts in conflicts to developing countries particularly Africa. Within mainstream analysis, the threat from intensifying inequalities, political protest, global terrorism and humanitarian crises has created space for the exploration of the relationship between poverty and security ⁹¹

Many states in following the recommendation of IMF cut off subsidies of the basic needs such as oil, electricity, water, transport, education, and agriculture. These incurred a heavy burden especially to the poor people making it difficult to look after their family, children’s education, medical, food and other basic needs. For example, many poor families who had three meals a day now cannot afford and skip two meals a day and also had to reduce the quality of food. In many countries especially the working population among the poor, the level of productivity is getting lower as a result of that people are getting poorer and physically weak. The simple reason is that once workers are weak one cannot expect them to work properly. ⁹²

Besides, those living in extreme poverty lead insecure lives and face violent crimes. The hopelessness among the youth today is greatly disturbing because missed

⁹¹ Ibid., p. 247.
opportunities in life and the behaviour that they acquire at an early age becomes difficult to reverse.\textsuperscript{93} Extreme poverty also has many impacts. It drains resources, destroys institutions, weakens leaders and hopes leading to insecurity and instability. Weak states can cause violence or collapse, endangering people’s lives at domestic, regional and global. This may further turned their ungoverned territories a breeding ground for terrorism, trafficking, environmental destruction and disease.\textsuperscript{94}

With neoliberal globalisation, TNCs, MNCs and big corporate houses have intensified their role across the globe affecting lives of the millions. Many scholars therefore, are highly critical of how TNCs have exploited the people and resources of poor countries. For instance, Vandana Shiva captures two major problems. First, by using their greater financial resources to gain control over the land and water of poor countries, TNCs force small farmers off the land without a corresponding gain in efficiency or benefits to the people and regions. In addition, through shifting to commercial, export-oriented agriculture from small-scale subsistence farming produces extensive harm to people and the environment. Second, the international legal rules that protect intellectual property rights via patents granted to TNCs causes great harm to poor people and poor regions of the world. As a result, a handful of TNCs are hijacking the global food supply and causing immense social and economic dislocations in the poor countries around the world.\textsuperscript{95}

\textsuperscript{93} Ibid., p. 251.
Furthermore, Shiva pointed out that farmers are transformed from producers to consumers of corporate-patented agricultural products, as markets are destroyed locally and nationally but expanded globally. Seed which is considered as food security for a farmer, it is not merely the source of future plants and food, is the storage place of culture and history. Seed as an ultimate symbol of food security, the intellectual-property rights regimes allows corporate to take hold of the seed and monopolise it as their private property. For instance, corporations such as Rice Tec US maintaining exclusive rights on Basmati Rice. Also, Soyabean evolved from East Asia has copyrights by Calgene owned by Monsanto. Calgene now owns patents on mustard which is an origin from Indian.\textsuperscript{96}

Today, multinational companies control 32 per cent of the commercial-seed market and 100 per cent of the market for genetically modified seeds worth many billion dollars. These privates also rule the world pesticides and agrochemical market. The control over agriculture, along with SAP had brutally favours exports, results in a flood of exports of food from the US and Europe to the Third World. As a result of NAFTA, the increased quantity of food supply in through imports which has raised from 20 per cent (1992) to 43 per cent (1999) and 45 per cent (2014). After 18 months of NAFTA, 2.2 million Mexicans lost their jobs, and 40 million fell into extreme poverty while in Philippines, import of sugar have destroyed their economy.\textsuperscript{97}

The emerging farmers’ resistance in India can be connected to the impact of neoliberal policy on agriculture. For instance, globalisation and free trade under IMF, World Bank, GATT/WTO regime aims at providing freedom for TNCs to invest, produce and trade in agricultural goods with no control, rule or even accountability. The free

\textsuperscript{96} Ibid.
\textsuperscript{97} Ibid., p.115.
market approach adopted in India under the SAP envisages free export-import dynamics whereby the level and structure of domestic prices of agricultural commodities are brought at par with global prices. According to some analysts, “it is based on a quite simple and straightforward belief that setting price right set everything else right, and therefore, goes the argument, price distortions which are basically induced by government regulations and interventions have to be removed by unseating the government from the field. But the reality is that global prices of agricultural products are determined not by the logic of demand and supply alone, but by the power of very few transnational trading companies.”\(^{98}\) The networks, resources, marketing techniques, brand names, or fixation in price globally leaves a very little scope for Indian and Third World farmers to have any say in the market. Such a global reality, coupled with innumerable domestic hurdles which Indian farmers have to confront, exposes the baselessness of the globalisation argument for price equilibrium in agriculture. Large sections of farmers and experts have been demanding state intervention for the protection of small farmers from international price fluctuation and for meeting domestic societal demands.\(^{99}\)

In Indian with liberalisation of agriculture, the cotton farming has increased and started to displace food crops. Aggressive corporate advertisement, including promotional films shown in villages launched to sell new hybrid seeds to farmers. These seeds began to replace local farmers’ traditional varieties. These hybrid seeds were susceptible to pests and needed more pesticides. Many farmers bought these seeds and chemicals on credit from the same company. The crops failed due to innumerable growth of pest and seed

\(^{99}\) Ibid.
failures. As a result, large number of peasants and nearly four hundred cotton farmers in the district of Warangal (Andhra Pradesh) committed suicide due to crop failure in 1997. According to CNN-IBN the report, it was estimated that from 1st January to 3 March, 2015, 93 farmers have committed suicide in Marathwada (Maharashtra) alone.

Other states are also witnessing the same trend.

Times of India, a leading newspaper in India, recently highlighted the statistics of farmers’ suicides in four states of India from 2009-13, suggesting that it is a serious issue even though it does not indicate what might be an exact reason responsible for massive farmer’s suicide ever year. Despite government intervention few years back with remedial measures such as clearing up their debt and compensations, but the situation still remains bleak which needs deeper analysis. According to Government data, from 1995 to 2012 no party in power at the centre and particular state has succeeded in putting a stop to this scourge. Among states, Maharashtra has the worst record for farmer suicides followed by Madhya Pradesh, Andhra Pradesh and Karnataka. Figures of total suicide of the five year period is 72,785; in 2009 - 17,368; 2010 - 15, 963, 2011 - 14, 207, 2012 - 13,754 and in, 2013 - 11,772 (see Figure 5.2).

With the decline in food production, there has increased the cotton production, leading to price rise and decline of food consumption. In 1991 when trade liberalisation policies were introduced in India, the Agricultural Secretary stated, “food security is not

102 “No Let-up in Suicides by farmers,” Times of India, New Delhi, 3 August 2014.
food in the godowns but dollars in the pocket.”¹⁰³ This statement shows that food security does not depend on food “self-sufficiency”, but on food “self-reliance” (buy food from global markets). For instance, the intensive shrimp farming has destroyed both fisheries and agriculture in states like Tamil Naidu and Andhra Pradesh. Women in particular from these communities were opposed to these types of farming. It was estimated that in one job creation from these farming led to fifteen jobs loss. On environment and economic capital, it destroys five dollars economic capital for each dollar received through exports. Further, after three to five years of farming, it is shifted to a new site. Hence, this kind of farming is a non-Sustainable which is often called by agencies of UN as a “rape and run” production.¹⁰⁴ Also, the flourishing rubber farming in Kerala were turn into impracticable due to high rubber imports which led to wiped out of $ 350 million rubber farming with a loss of $ 3.5 billion on Kerala’s economy.¹⁰⁵

Farmers are rapidly becoming the leaders of international resistance to global neoliberalism in many parts of the world. Mass protest by rice farmers has taken place in Japan, Thailand and the Philippines. There have been huge protests against Cargill, Kentucky Fried Chicken and Monsanto in India. Even in developed countries, farmers have been protesting against these neoliberal policies.¹⁰⁶

¹⁰⁴ Ibid., p. 118.
4.1. Conflicts and Violence Associated with Extreme Poverty and Inequality

In public pronouncements, ending poverty and achieving peace have been the goals of the international community for some time now. This was envisioned by the world leaders in adopting the millennium declaration at the historic UN General Assembly in September 2000, and their importance has been reaffirmed in subsequent policy documents. Ending poverty and achieving peace through eliminating poverty are not only new objectives for the international community: the vision of the UN was founded on guarantees of freedom from fear and freedom from want for all people. Together with the freedom to live in dignity, they formed the three pillars of the Secretary-General’s 2005 agenda In Larger Freedom. Since many global security threats are inextricably intertwined with global poverty, eradication is imperative in resolving the other threats.\(^{107}\) Therefore, it has been argued by some that addressing poverty more or less is a human rights issue\(^{108}\) as well as an ideal for achieving human security.

At the global level, the disparity between rich and poor is increasing. According to UNDP report 2014, more than 830 million people are seriously undernourished. The neoliberals often assert that economic globalisation leads to growth and development around the world. Openness to trade and investment boosts growth and growth raises living standards. When income levels rise, poverty is reduced and the economically marginalised begin to prosper. In accounts of this kind, a ‘catch up’ or ‘convergence story’ is often assumed whereby poorer countries which open their markets and liberalise are

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expected to grow faster and get richer so that income differentials narrow overtime.\textsuperscript{109} In this way, inequality and poverty can be reduced. The more troubling question is how far it works especially in poor countries where income inequality and poverty are extreme. At the core, there is a contention that neoliberal economic globalisation itself impedes development, exacerbates inequality and makes the poor worst of in many parts of the world leading to poverty.

The fight against global poverty has become a common concern for both the rich and the poor countries because global poverty and security challenges are all interconnected. Many assert that there would be practically no peace if poverty continues as some of its outcomes are conflict, violence and crime. The impact of extreme poverty can destabilise governing institutions, depletes resources, weaken leaders, and destroys hope leading to anxiety, insecurity and instability.\textsuperscript{110} Realising its consequences, there is a growing seriousness among global leaders to fight poverty and thereby ensuring global stability. This was the core message of G8 Summit in Gleneagles (Scotland) in 2005, and has become main principle of the Millennium Development Goals of the UN. It also convinced the US policy-makers who earlier perceived in traditional security threats now acknowledge the link between poverty and conflicts. This is clear from the statement made by former Secretary of State Colin Powell, which says, “The US cannot win war on terrorism unless we confront the social and political roots of poverty.”\textsuperscript{111} The National Security Strategy of the US 2006 envisages the case for fighting poverty since

\textsuperscript{111} Ibid.
“development reinforces diplomacy and defence, reducing long-term threats to our national security by helping to build stable, prosperous and peaceful societies.”¹¹²

Extreme poverty also leads to environmental destruction which is a link to the emergence of new kinds of diseases. For example, the deforestation in Congo and Amazon River basin are destructive to bio-diversity leading to climate change. Diseases such as Ebola, SARs and avian flu were believed to be originated in the Third World countries. These diseases are threat to the lives of its people which ultimately now spread worldwide. Thus, the arguments linking poverty and insecurity are reinforced by recent scholars in their research work. In a ground-breaking analysis, Paul Collier shows that the most dominant predictors of civil conflict are in fact lack of economic growth, low incomes, and reliance on natural resources.¹¹³

Many analysts also suggest that to establish lasting peace is to tackle poverty. Berkeley economist, Edward Miguel and his colleagues, increase in poverty significantly increases the likelihood of conflict. Miguel examined a yearly country-level data for forty-one sub-Saharan Africa countries between 1981 and 1999 where population depended on subsistence agriculture confirmed the fall in per capita income which was linked with drought increases the probability of civil conflict in the following year. Besides, the danger of conflict is higher in poor countries because poor people have little to lose. As governments in those states are susceptible to corruption and have small revenue which is insufficient to build state forces. Further, poverty also leads to humiliation, alienation and

¹¹³ Ibid., p. 3.
exclusion. Though data does not substantiate an underlying relationship between income inequality and the risk of civil war but the recent trends in Mexico to India to China suggest growing expectations when unaddressed may ignite social unrest. Thus it was established that poverty and insecurity are mutually strengthen each other. Furthermore, conflict creates refugees, trafficking of drugs and weapons, destroys infrastructure and increases child mortality. It makes difficult to deliver assistance for external donors and investment. Therefore, a state once fallen into deep crises is often hard to come out. Many recent instances, such as the crises in Congo has taken 4 million lives and ignite an enormous humanitarian crises where majority died not because of weapons but as a result of disease that are preventable.\textsuperscript{114}

Lately, the World Bank study shows more than fifty countries, there is an apparent connection between high income inequality and the crime rate. The UN ‘Global Report on Crime and Justice’ concludes that socio-economic strains in terms of inequality are key factors in elucidating the variation in ‘contact crimes’ globally. As the UN Secretary-General once observes, “most conflicts take place in poor countries, especially those which are poorly governed or where power and wealth are very unfairly distributed between different ethnic groups.”\textsuperscript{115} While in the wake of neoliberal globalisation process, there is a growing political and social disorder in many Third World states as a result of the state inability to satisfy the people’s basic needs coupled with a growing perception of relative deprivation.\textsuperscript{116}

\textsuperscript{114} Ibid., p. 4.
According to the theory of relative deprivation, conflict and violence arise out of poverty and inequality. This concept holds that when an individual gets less than he or she believes they are rightfully entitled to, the result is frustration leading to violence. The prospects for violence increase when individuals believe they have right to engage in violence and when they believe that violence will be effective in meeting their ends.\textsuperscript{117} Moreover, the belief in right to repel enhances the prospect for internal violence as it results not so much from people believing they can gain from toppling the government as it does from the belief that they are justified in seeking its overthrow.\textsuperscript{118} Samuel Huntington, in a similar vein, sees frustration deriving from inadequate institutionalisation. Modernisation mobilises people to make political demands that, if not channelled appropriately by institutions leads to violence and internal conflicts.\textsuperscript{119}

Scholars often locate violence as a result of the development process. The fact is that it is not development itself but the disequilibrium in development, or what may be described as ‘mal-development’ that result in tensions, conflicts and violence. Mal-development in the newly liberated, erstwhile, poor and backward countries is the result of many forces. At the base is the appalling problem of poverty, inherited inequality and lack of equal opportunity as a legacy of the tribal and feudal past. This legacy was prolonged by the colonial system, which not only allowed tribal and feudal hierarchies to survive and perpetuate unequal social relations that directly contributed to the perpetuation of poverty and kept the economies at low level of performance, but also introduced a new form and higher level of exploitation, by transforming the indigenous traditional political and economic elite into an intermediate strata of collaborators in the colonial design of

\textsuperscript{119} Ibid.
political domination and economic aggrandisement. With the dawn of independence, poverty, inequality and exploitation have become hallmarks of Third World countries. This became more severe with the advent of neoliberal globalisation.120

In an unequal society, fragmented by tribal, caste, and class or other cleavages, mal-development means unequal opportunities in the competition for jobs, services, educational and social facilities and so on, also aggravates group and class conflict and accentuates individual frustration. While the rich have become richer and the middle class has expanded in many countries, the poor have either remained poor or in some cases, become even poorer because of the increasing gulf between the rich and poor.121

In response to the growing number of civil wars in developing countries, in the early 1990s economists began to study the causal relationship between development and conflict. These studies represented a new direction in the field of both development and conflict research, bringing an economic perspective to the understanding of the origins, evolution and impact of conflict. Economists offered new analyses of the economic motives and dynamics that were key among the root causes of violent conflicts.122

Though there is an indisputable fact that social, economic, environment, political, and historical factors may contribute to conflict, the growing literature have provided poverty and low incomes are key factors for conflict. Many Third World states shows stagnation and decline in GDP, inequality in income, increase military budget, and tradition of violent conflict are source of main crisis that there could be varieties of economic grievances, greed and even opportunity. Many research studies show poverty

121 Ibid. p 184.
feeds insecurity and insecurity feeds poverty at the state and individual level. Thus, this has been summed up as ‘the conflict trap is part of the poverty trap’ by the UNDP.123

It is true that neoliberalism conveys an ideology and its own agenda is fundamentally a new social order in which over a period of time the wealth of the rich has only increased. Although the Third World states overrode the structural crises, few have managed to come out but majority of them have remained plagued by slow growth, unemployment, and inequality increased tremendously leading to poverty. The economic redistributions scheme has been completely transformed under neoliberalism. In the Third World states, resistance to neoliberal policies are often met with heavy state suppression against the oppositional movements such as the Zapatistas in Mexico or landless peasants in Brazil.124 The farmers in India have been protesting throughout the 1990s against liberalisation of agriculture pursued by the central and state government since 1991. This has provoked strong resistance from farmer’s associations, NGOs, trade union, banking, insurances and transport sectors, environmentalist and other activists.

124 Zapatistas was a social movement resisting against neoliberal or Washington consensus on international trade and development. The uprising was directed explicitly against NAFTA and the ‘Free Trade’. The small force organised as the Ejercito Zapatista de Liberacion Nacional (the EZLN) which, on 1 January 1994, the first day of the NAFTA, took control of the main municipalities adjacent to the Lacandon Forest in the southern Mexican state of Chiapas. Most of these 3000 lightly armed men and women are from various ethnic groups, although some of them were mestizos and some of their leaders and their spokesperson Sub-Commandant Marcos were urban intellectuals. The leaders had hidden their face behind ski masks and when the Mexican army despatched reinforcement, after a series of skirmishes in which a number of people were killed, the guerrillas withdrew into the rainforests. See Andrew Jones, Dictionary of Globalisation (Cambridge: Polity Press, 2006), p. 238-9; Noam Chomsky, Profit over People: Neoliberalism and Global Order (New Delhi: Madhyam Books, 1999), p. 121-8. David Harvey, “Neoliberalism as Creative Destruction,” Annals of the American Academy of Political and Social Science, vol. 610, no. 1, March 2007, pp. 22-44; Richard Stahler-Sholk, “Resisting Neoliberal Homogenization: The Zapatista Autonomy Movement,” Latin American Perspectives, vol. 34, no. 2, March 2007, pp. 48-63.
The abrupt shift to neoliberal model of development without resolving their other existing problems further compounded them. As the issue of socio-economic development is so crucial that any diversification will result in negative consequences and the conflicts are so severe that it may turn into violent conflict. The inability and the weakness of the state institutions coupled with state withdrawal from many of its welfare provisions further led people’s disillusionment over the state which erodes its legitimacy. Therefore, the following section will discuss the issue of legitimacy as how legitimacy has become problematic for many Third World states and what are the responsible factors and how neoliberal policy is indirectly going to impact upon the state and thereby complicating the issue of legitimacy.

5. Eroding Legitimacy of the Weak State

Legitimacy is an important component for any state survival, and a number of weak states today in the Third World show a sign of deep legitimacy crises. As, states continue to implement neoliberal policies its attention towards the people are narrowed down. This resulted in people’s disillusionment with the systems of governance incapable to address the increasing political, social, economic and ecological problems facing every society. This inability has further stretched over to the security of its citizens. These two factors, welfare and security provision where many people look upon the state and failure to provide such have turned into deeper legitimacy crises for many of the Third World states.

For the Third World states, welfare of its citizens assumes prime importance. With neoliberalism taking root, many states have either become fragile as there is neither
effective institutional capacity nor mechanism to deal with these delicate issues.\textsuperscript{125} It is observed that challenges to legitimacy of many states have emerged from within due to the incapacity of the state to perform many welfare functions and security needs of the people. Some analysts therefore, argued that, legitimacy deficits are likely where there exists a major gap between the state promises and its performance in fulfilling the security of its citizens. On the basis of the state’s inability to perform its traditional security functions that a number of analysts have claimed to discern a growing legitimacy deficit.\textsuperscript{126}

Legitimacy of many weak and failing states have been severely questioned with the advent of neoliberalism. The states are now seems to provide less security which are considered to be its core functions. This has further led to the decline of its authority by distribution of authority to other non-state institutions and associations and to local and regional bodies.\textsuperscript{127} For instance, the state monopoly of legitimate violence has come under serious challenge. The long-established monopoly of state on legitimate violence is either eroded through external influences and actions. While ethno-religious extremism, political agendas and ideology create the condition for violent action\textsuperscript{128}

In many weak states, the fight for power within between different groups has caused them worry. These are usually organised around identity issues where, they seek to promote their interests at the expense of other groups. With the decline in power, there is lack of inability for the state in protecting minorities and other disadvantaged groups


\textsuperscript{126} Ibid., p. 184.


\textsuperscript{128} Tara Kartha, \textit{Tools of Terror: Light Weapons and India’s Security} (New Delhi: Knowledge World, 1999), p. 3.
against powerful groups. This has eventually led some of the groups to arm for their own defence. The outbreak of such vicious movements based on ethno-national has resulted erosion of states powers and its ability to control over monopoly of violence and territory. Thus, the failure in providing security to its populace will further derecognise their state regimes as manager of conflicts. 129

While, it is true that neoliberalism may weaken state structures and also transforming many of the ongoing issues into a violent form. Placing people’s security in the hands of the market is rather impossible. Though, rich can afford their security to some extent but the common people are left at their own mercy without any protection. In the South Asian context, Pakistan provides one classic example as a ‘weak state’ or ‘failing state’ where the state faces a formidable challenge in all fronts and withdrawing of the state from many of its welfare and social provisions in an already struggling state has enabled various sub-state actors to assume state responsibility thereby, filling the vacuum created by the state. This needs a detailed discussion.

5.1. Pakistan as a Weak State

Pakistan provides a classic example of a weak state. 130 Though her military expenditure has been increased dramatically over years ($ 700.3 billion for the year 2014-15), 131 there is a decline in its spending on social sectors. Pakistan state is facing a tough

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crisis within as its inability to perform welfare provision on one hand and growing resistance by the people on the other. These developments are not only a threat to her internal stability but also affecting the neighbouring countries as well.

In common terminology, weak states have been defined as a state low in capacity in terms of its ability to carry out its objectives with adequate societal support. Robert Rotberg defines weak state as those states that suffer from deficiencies in the areas of security, political participation and physical infrastructure. Also a weak state according to K. J. Holsti, suffers from low levels or the absence of ‘vertical’ and ‘horizontal’ legitimacy. The former implies that ‘substantial segments of the population do not accord the state or its ruler loyalty’.\(^{132}\) The result is that the decisions and decrees of state rulers do not elicit ‘habitual compliance’. An absence of horizontal legitimacy refers to the definition and political role of the community; that is, there is ‘no single community whose members, metaphorically speaking, have signed a social contract among themselves. Instead, there are numerous communities and categories that shape the nature of politics and authority structures.\(^{133}\)

Thus, a weak state by its very nature is unable to provide sufficient levels of protection to all its citizens. Sometimes political or military elites have the wherewithal to acquire wealth and develop capacity in some kinds of coercive instruments. But the ruling elite often lacks legitimate authority and control in much of the country and frequently will have to engage in brute force to suppress dissidence among disenchanted ethnic or political groups. Possessing some capacity distinguishes this kind of situation from one in


which the central government has no coercive resources at all. But this suppression neither creates peace nor increases the support base of the regime. The absence of legitimacy and the full allegiance of its population are major chronic challenges that a weak state would face. The characterization of weakness has to be seen in relative terms, as most states have some element of strength. A state may be weak in some areas while in others it may show relative strength. That is why not all weak states are ‘failed states’. For instance, Pakistan has a fairly strong army for waging external war, and to that extent it is able to provide a measure of security to its citizens against external threats but it is weak in almost all other aspects of state strength.

Pakistan is often described as a state without a fully developed nation and also shows signs of a garrison state. The incongruence between state and nation is very marked in this case. Islam, the original source of Pakistan’s identity, in juxtaposition to India, is not a sufficient unifying force as multiple loyalties based on ethnicity, intra-Islamic divisions, and economic and class affiliations weaken cohesion. The absence of sustained democratic rule, a proper federal structure, and economic integration of the provinces have made Pakistan a weak state. Its own long-standing involvement in neighbouring countries and the elite’s willingness to use multiple instruments, including terrorism, for obtaining tactical goals, have made the country a breeding ground for long-standing insecurity for both itself and its neighbours. Pakistan has a weak educational system, with majority of its primary education offered through religious seminaries (Madrassas).

Over decades, Pakistan has reduced its spending on the social sector while such withdrawal has been more forceful by following the neoliberal policy. Despite huge

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134 Ibid., p. 6.
135 Ibid.
136 Ibid., p.12.
external assistance, the reduction on welfare and social sector will further alienate the people to make itself to grow as a strong state. Thus, leaving it to market to perform such service becomes rather an illusion. Therefore, in the next section the discussion is on how Pakistan has reduced its social sector spending and by following neoliberal policies.

5.1.1. Reduction in Social Sector Spending

Despite huge external assistance in the form of aid, Pakistan has reduced its spending on the social sector over decades. Pakistan’s average economic growth over 5 per cent\(^{137}\) for decades has been fairly well when compared to other countries. However, despite this economic growth, her human development remains very low. The other paradoxes are its economic performance, which is relatively high with consistent economic growth, has not translated to an equal improvement in human development to the extent that one would expect.\(^ {138}\) Therefore, the question is what are the responsible factors behind the reduction in social sector spending and how far Pakistan is going to respond to these challenges.

Looking at a brief history of the social sector and of human development will enable us to understand why they behave in this way. Pakistan’s economy had immensely benefitted as a consequences of 9/11. In the aftermath of 9/11, Pakistan debt was cancelled and rescheduled, creating huge fiscal space. Remittances and other wealth from Pakistanis overseas came back to Pakistanis (particularly those in the United States and Dubai). This is evident from the fact that Pakistan’s traditional source of remittances between $ 2-4


billion was mostly from Gulf. This has been changed after the 9/11 tragedy.\textsuperscript{139} The outside support to Pakistan, particularly from the US, the IMF and the World Bank grew when the military is in power. Thus, her economy improved as a result of 9/11 which some describe, “had the New York attack not taken place, it is quite improbable that Pakistan would have been able to get out of the post-nuclear test and post-military coup scenario, both of which had been damaging to the economy.”\textsuperscript{140}

High GDP growth rate (since 2002) resulting high and increasing per capita incomes is one positive sign emerged in the past few years. However, from the people’s view point, many of these numbers are not translated to improve their living conditions. Even after years of high growth and rising per capita incomes, many people were still waiting these benefits to trickle down. Besides, a growth strategy target on rich and upper middle classes results rising income disparities leading to high resentment in the society.\textsuperscript{141}

The most important feature of economic performance during the year 1999-2007 is that despite high GDP growth rates there was no major reduction of poverty. The percentage of population living below the poverty line in fact increased from 30 per cent in 1998 to 33.8 per cent in 2007-8.\textsuperscript{142} Also between 1982 and 2002, international donors like the IMF and the World Bank forced the Pakistani government to cap the defence budget so that more could be spent on development.\textsuperscript{143}

\textsuperscript{139} Ibid., p. 319.
\textsuperscript{140} Ibid., p. 320.
\textsuperscript{141} Ibid., p. 321.
A heavily armed small state like Pakistan with a huge military spending annually does not suffice that the state is strong and capable in meeting the basic requirements of its citizens. This also does not mean that it does not have enough resources to meet these challenges. Scholars often pointed out after analysing the cost of military spending between Pakistan and India that the conflict and threat perception between the two countries has become costly affair. For example, Pakistan spent nearly one billion dollars to buy three Agosta 90B submarines from France. This huge money could have financed for a year of primary education for the 17 million children, safe drinking water for 67 million people, and family planning services to a nine million couples.144

Thus, in a market-model of social development where the state is on the retreat, such a slowing down in the economy has an adverse impact on the social and human development. In Pakistan case, one does not see the trend where improved human development increases economic growth as East Asian model suggests. As in Pakistan context, its external, regional and global security issues that determine human development outcomes through the linkages created by donor money and aid.145 Thus, the overall reduction of the social sector where education is has been deliberately neglected in Pakistan will be discussed in the following section.

5.1.2. Reduction in Expenditure on Education

Education is perhaps, one of the top most priorities among other social sectors in all the countries. In the Third World states, education assumes primary importance as it is the

gate way for more promising future.\textsuperscript{146} Despite its salience, educational sector in the Third World do not have particularly impressive records of achievement. This has been due to a variety of factors differing from state to state.

Education is under concurrent lists in the constitution of Pakistan. As such, the responsibility for education has been divided between the federal government and four provincial governments namely, Punjab, Sindh, Khyber Pakhutukhwa, and Baluchistan. The retention of curriculum is finance by the federal government.\textsuperscript{147} At the time of Pakistan’s independence, 85 per cent of its population was illiterate. In the backward regions of the country, the literacy rate was even lower, with rural women virtually at zero per cent literacy. Ever since, successive governments have declared the attainment of universal primary education as an important goal. Although considerable resources have been allocated in creating new infrastructure and facilities till date, the literacy rate in Pakistan remains low. According to published government statistics, 2001/02 literacy rate was 45 per cent, 55.6 per cent in 2009 and in 2010, the literacy rate stands at 56.2 per cent. The government has set a literacy rate target of 85 per cent by the year 2015.\textsuperscript{148} Therefore, the reasons for Pakistan’s low literacy rate could be the neglected factor of education policy—which also raises the question about whether it is due to lack of resources or other factors?

\begin{flushright}
\textsuperscript{148} Ibid. Pakistan’s literacy rate is lowest in South Asia. There are also wide regional variations as 71\% of men in Sindh are literate, only 23\% of women in Balochistan can read. Over all 74\% of urban population in Pakistan can read compared with 48\% of those in rural areas. \textit{Europa Regional Survey of the World} (London: Routledge, 2013), p. 544.
\end{flushright}
Despite tall claims made by each regime, the history of educational policy in Pakistan reflects a broken promise. Each successive government accuses the preceding regime of not being serious and committed to the educational cause of the nation. Each successive government promises to raise literacy levels to new heights. Each regime promises to put in more money and allocate more resources to education. And each successive policy makes loud claims of harmonising education with the principles of Islam. Yet, in real terms, education in Pakistan has remained largely underdeveloped both in quantitative as well as in qualitative terms.\(^\text{149}\) Moreover, the financial constraints are also considered as a major challenge in development of education in Pakistan.\(^\text{150}\)

Traditional explanation of the weakness, failure, and ineffectiveness of the educational system in Pakistan almost without exception argues that it is the politicians, patriarchal land-owning classes, and corrupt self-serving bureaucrats who are the root cause of the dismal state of education in Pakistan. As a corollary of such consensus, some argue that preoccupation with political intrigues and political short-sightedness has resulted in the low priority accorded to education by successive regimes (both civilian and military) in Pakistan. Some also argue that the intelligentsia in the new state is much to blame for not resisting the ruling elite’s apathy toward education. Finally, those not too critical of the past or pessimistic about the future of education in Pakistan point to the political instability, enmity with India, defence problems, etc. for the lack of qualitative and quantitative increase in education and in literacy.\(^\text{151}\)


The commitment to education can be known from its percentage of GDP allocated for education. In 1990, the allocation was 2.6 per cent, 1999-2001 was 1.8 per cent and 2002-2003 was 1.7 per cent. This highlight that GDP allocated of educational sector is declining each year. While educational expenditure is vital, effective schooling models will not succeed unless there is strong desire for education.\footnote{Shahrukh Rafi Khan, \textit{Basic Education in Rural Pakistan: A Comparative Institutional Analysis of Government, Private and NGO Schools} (New York: Oxford, 2005), p. xi.} According to UNESCO Institute of Statistic, based on the 2007 figures, the total resource allocation to the education sector was 2.8 per cent of the GDP. For 2013-14 the educational fiscal budget was Rs. 80 billion which also decreased by over Rs. 1 billion. Due to this, the allocation of four per cent of GDP for education remains a distant dream.\footnote{Ikram Junaidi, “Education Budget Decreased Despite Promises,” 5 June, 2014. http://www.dawn.com/news/1110706 (Accessed on 16 February 2015.)}

Pakistan educational system is based on the public-private dichotomy. Within each of these tiers are further divisions. In public sector institutions there are multiple tiers of public school. Their top tiers are urban-based public schools that impart a better-quality education, are competitive to get in and are prestigious. The second tier is the urban-based government schools that are funded and managed by the provincial governments. The standard of these schools vary from one place to another. While some are better managed and impart a better standard of education, others are not as good. The third tier consists of government schools based in the semi-rural and rural areas of Pakistan. These institutions often lack qualified staff and adequate infrastructure. Some are reported not to even have proper buildings. While most of the private schools in the top and second tiers are co-educational, public schools at almost all levels are segregated.\footnote{Naseem, Op.cit., p. 39.}
Private schools can also be broadly divided into three categories. In one category, are the elite foreign schools (American and International schools in Karachi, Lahore and Islamabad and franchise schools such as the Choueifat School, Lahore) and in the second category are schools such as Aitcheson College Lahore, Chand Academy. To get admission in these institutes is tough and the fee structure is higher than rest of the public schools. In the third category, are private school systems such as the City School Network and Beacon House School System. These schools have maintained higher standard of education, having fee structures that fall in between the elite and the public schools, are spread all over Pakistan, and in some cases follow their own curriculum. Finally, there are large numbers of private schools that have mushroomed recently. These schools mainly cater to the lower-middle and lower classes and have low fee. The quality of education imparted by these institutions, though not up to the standard, is still better than the government-run schools at the bottom of the public school system. \(^{155}\)

Educational discourse in post-independence Pakistan drew heavily upon colonial educational discourse. At the same time, the religious discourse contested for and intervened in educational policy-making and manifested itself in the liberal sprinkling of religious metaphors and references to the relevance of religion for the educational system of the new state. Drawing upon colonial educational discourse, the educational discourse in post-independence Pakistan aimed at depoliticising the student-citizen. The *Government of Pakistan Report 1959* restricted student’s participation in politics. The emphasis was on maintaining order rather than creating faculties of critical thinking and citizenship. Other than the brief interlude of 1972-1977, this de-politicisation of the student population has

\(^{155}\) Ibid., p. 40.
carried on until today. Students unions are banned in the country by the order of the Supreme Court since the time of General Zia-ul-Haq’s martial law.156

The influence of religion in constituting docile subjects increased overtime. For example, Islamiyat literally study of religion but in practice, the study of selective history and teachings of Islam) was made compulsory up to class VII by the 1959 education policy. The 1972 policy made it compulsory up to class X and the post-1977 policies first extended it to class XI and XII and then made it compulsory for the professional colleges as well. Subsequently, with religion making a significant intervention in the education policy, lead to extension of Mohallah (neighbourhood) schools and Madrassas also became a part of the mainstream educational discourse. It is also important to note that the degree issued by Deeni Madaris on the basis of arbitrarily set curricula was made equal to the degrees awarded by national educational institutions. The educational policy also mandated that all Hafiz-e-Quran (those who memorised the Quran by heart) will be awarded 20 extra points when competing for admission to professional colleges and universities. Those with paramilitary training (NCC) were also to receive 20 points. Thus, military and religious training enabled one to have a better chance of entering professional colleges and universities.157 Non-governmental schools outperformed government schools in quality and standard (student-teacher ratio, class size, and basic facilities such as providing classroom, desk, water and electricity).158

The rapid growth of religious seminaries therefore connects with the decline in basic public education, the rise of sectarian violence, and funding from privates and Gulf countries. In the view of Islamists, a modern secular education is the enemy and it has to

\[156\] Ibid.
\[157\] Ibid., p. 44.
be countered by ideologically driven solutions to Pakistan’s broad social and economic crisis.\textsuperscript{159} Consequently, the overall problem of social violence, sectarianism, poverty and dispossession pushes young Pakistanis into enrolling in religious seminaries or adopting a life of violence.\textsuperscript{160}

There is a justified fear of austerity measures imposed by structural adjustment is that the social sector, including education, are likely to face the first and major budget cuts. An important outcome was that structural adjustment was associated with the neglect of the social sector and the poor, and thus the main recommendation was reversing this neglect. In Pakistan, the World Bank’s effort to put a human face on structural adjustment came in the form of the Social Action Program.\textsuperscript{161} While in its democracy era, desires for education, health and other social services contested directly with the military’s budget. Even those state leaders who recognised the need for improving human development were reluctant to stress the issue for fear of being confronting with the army.\textsuperscript{162} Thus due to overall neglect of the state educational system by the state, religious schools have filled the vacuum, while the mushrooming growth of religious institutions has indirect implications for the state which will be discussed in the next section.

5.1.3. Rise of Religious Extremism

Successive regimes in Pakistan in some way or other used Islam to establish its power. This has been main factor responsible for the rise of religious extremism. In Ayub regime, the philosophy of modernisation and economic development, Bhutto regime

\textsuperscript{159} Cohen, Ibid., p. 185.
donned the mantle of redeeming the power through socialism while Zia came to power through military coup sought to institutionalise military rule through coercive means and obscurantist intervention of Islamic ideology. All shows that the regime that come to power sought to legitimatis itself through Islamic ideas.

In the absence of popular legitimacy, the Zia regime used terror tactic as a conscious policy of the government. For this, the abandonment of democratic constitution of 1973 and draconian rule of military courts, arbitrary arrest, amputation of hands and public lashings were introduced. In this way, its democratic aspirations, diversity, religious tolerance and human values was destroyed. These outcomes greatly negated with the ideals of its founding father Muhammad Ali Jinnah.

In Pakistan, state funds were provided for setting up of religious seminaries in small towns and rural areas thereby laying an institutional foundation of Islamic fundamentalism. This led to an increased growth of belligerent religious organisations. Measures were taken to build a theocratic state, brutalised society and increased isolation of state from the people with more reliance on external funds. It sought political, military and economic support primarily from the US to act as frontline state in Afghan war against the Soviet. By doing such role, it has received $3.2 billion loans and other military war heads. In addition, through US support, their external debts were rescheduled and increased the flow of foreign private funds. These developments played a significant role in macro-economic growth during those periods.

164 Ibid.
165 Ibid., p. 52.
The government under Zia engaged a proxy war in Afghanistan with the supported of religious extremist groups. During this period, Madrassas were official funded, trained and supplied arms to carry guerrilla warfare. As the war was taking place, the militant groups widen the political space within society, intelligence and security apparatus in Pakistan. In late 1970s, the gradual flow of refugees from Afghanistan to Pakistan and the arms in Afghan war developed two trends. First, huge weapons for Afghan war entered into the illegal arms market in Pakistan; and second, increased the growth of opium trade. The large illegal-arms market and the burgeoning heroin trade injected both weapons and syndicate organizations into social life of major urban centres. At the same time, the frequent terrorist bombings in the North West Frontier Provinces (NWFP) together with a weakening of state authority in parts of rural Sindh undermined the confidence of citizens in the ability of the state to provide security of life and property. Increasing numbers of the underprivileged sections of society began to seek security in various proximate identities, whether ethnic, sectarian, Biradari (brotherhood) or linguistic groups.\(^{166}\)

Religious institutions such as Madrassas and their growth and effectiveness are directly linked to the rise of these institutions in Pakistan.\(^{167}\) Cohen in his book *The Idea of Pakistan* writes that;

\(^{166}\) While historically such schools merely imparted religious knowledge, in the late 1980s a new kind Madrassas emerged, which engaged in systematic indoctrination in a narrow sectarian identity, and inculcated hatred and violence against other sects. In 1998, there were 3,393 Madrassas in the Punjab alone and 67 per cent had emerged during the Zia regime and after. In Punjab, the number of Pakistani students in these Madrassas was 3,06,500. Between 1979 and 1994, many of the Madrassas were receiving financial grants from Zakat (a form of obligatory alms-giving and religious tax in Islam) funds. Ibid.

\(^{167}\) The Madrassas were the major source of religious and scientific learning and teaching in Islamic states, especially between the 7th to 11th centuries. They were apolitical religious schools, with important centres in Baghdad and Damascus. In South Asia the Madrassa tradition continued, restricted to religious domain. These schools did produce some outstanding scholars and teachers but were also instrumental in chopping up Islamic thought along sectarian lines and in some case narrowing, not broadening, the outlook of their graduates. Quoted from Cohen, Op.cit. p. 182.
At the time of partition, there were about 250 religious schools in Pakistan, by the 1987, there may have increased to 3000. By 2004 the estimates range from 10,000 to 45000 of which some 10 to 15 per cent preach a particularly virulent kind of hatred or provide military training. (There is no exact number of Madrassas in Pakistan but some estimate that in 2015, it is around 10,000. Here they provide food, housing and a religious education to students from around country. The Madrassas range in size from a few students to several thousands. As a result of the state’s official support of traditional institutions, the number of scholars, Arabic teachers, students and clerics far exceeds Pakistan’s requirements. Moreover, they are ill-adapted to find jobs in the modern world. This has created a class of religious lumpen proletariat, unemployable and practically uneducated young men who see religious education as a vehicle for social mobility, but who find traditional avenues clogged and modern ones blocked.168

From 1987 and thereafter, sectarian violence has increased in province of Punjab and spread all over the country. The increases of Madrassas were linked with large-scale sectarian violence carried out by well-armed and trained cadres. As per some sources, a many Madrassas were not merely providing religious education as it was observed that nearly 42 per cent were actively support sectarian violence through a well-conceived indoctrination process. The students were largely from poor families, given free food and lodging at the Madrassas. When poverty was increased in1990s, the growing Madrassas provided unemployed and improvised youths with the food, shelter and their identity to be established through violence.169

Pakistan as a case study has shown that though it is militarily strong but because of the impact of neoliberal policies, it is not only a weak state but also a failing state. By following the neoliberal policies, the state had to withdraw from many of it welfare functions in already neglected areas ultimately create a vacuum whereby, this was filled up by other non-state actors for example in areas such as education. Education as one of

168 Ibid.
the backbone for future, with the government continuous neglect lead the other non-state actors’ to play in these areas, further creates alienation of the common people towards state. It also suggests that religious indoctrination in these educational sectors is often a harbinger of religious extremism and militancy which will further pose a challenge to the state itself.

Here the argument is that impact on weak states like Pakistan, which are struggling almost in all fronts, will further weaken the state. Therefore, impact of neoliberalism might worsen the security of the country rather than solving it. Thus, all these developments show that the leaders of the Pakistan state have repeatedly failed its citizen in improving their basic needs. This not only creates a formidable challenge to its security but also to the neighbours as well.

Lately, many weak states in the Third World states also provide bases for many transnational criminal activates. Though these activities are becoming global, the effect as a result of it becomes extremely challenging for the weak states as they lack mechanism in dealing with these issues unlike strong and effective states. Many of the criminal activities become transnational with the globalization process. Therefore, in the subsequent section we will be discussing transnational organised crime in the neoliberal context.

6. Organised Transnational Crime

Transnational organised crime has been increasingly taking root at the global level over the past two decades. Transnational crime such as proliferation of weapons, drug trafficking, human trafficking (prostitution, child labour, organ trade), money-laundering, cyber-crime and trafficking of endangered species has become transnational which needs international cooperation in dealing with these issues.
It is often difficult to explain the complexity of transnational organised crime from one perspective. Transnational criminal groups have grown so powerful and established that it has a capability to weaken the components of power so significant to states.\textsuperscript{170} For analysts, transnational organised crime can impact upon security at different levels. Crime can weaken the norms and institutions essential to sustain international system at global level. While at state level, transnational organised crime can destabilise the state internal unity and undermine its various components vital to security. Lastly, transnational crime will have a deep impact on human security and endangered human lives globally.\textsuperscript{171}

With the end of the Cold War, important shift has been made from traditional security threats to the dangers posed by transnational organised crime. In 1994, in a conference on the Centre for Strategic and International Studies a Washington think-tank labelled transnational crime as the ‘new empire of evil’.\textsuperscript{172} According to 1996 UN report, transnational crime has become the new form of geopolitics. This led US National Security Strategy report in 1996 to label this phenomenon as a major national security threat. Many governments now no longer treat transnational crime merely as a threat to individuals in society, but as a threat to the very state itself.\textsuperscript{173}

Though transnational organise crime impact varies across the globe, it has increased over the past few decade. While organised crime has always been present, new trends in the international system, particularly globalisation and neoliberalism have made it

\textsuperscript{171} Ibid.
\textsuperscript{173} Ibid.
increasingly possible for criminal enterprises to cross borders. As the rate of globalisation of trade, finances, and travel accelerates, the crime has become more transnational and increasingly adopts flexible network forms of organisation. This suggests more countries will be infected with the effect of transnational crime upon individual security, societies, and the rule of law, while the phenomenon is becoming more difficult to deal with. There is a serious concern over the weak states that provide a fertile basis for transnational crime that even states with strong law enforcement are vulnerable to spill over effects.\textsuperscript{174} One analysts in this connection remarked, “One security challenge which owes almost everything to globalisation is that of organised crime, which has now moved away from the traditional clan-based and localised models to transnational networks that are structured like international business. As crime becomes more business-like it becomes more difficult to detect, for criminal groups make full use of global technologies, including the internet and e-commerce.”\textsuperscript{175} Thus organised transnational crime has been called the ‘shadowy sigh of globalisation’.\textsuperscript{176}

International arms trade, availability of arms in international market and increase possession of lethal arms by non-state actors posed a formidable challenge to many states. With the growth of market and liberalisation of trade, these have acquired transnational dimensions. This has weakened the capability of many states to contain and control this process. Therefore, the following section will discuss the gravity of the issue and how this has taken a transnational form and poses serious security challenge to both strong and weak states.

\textsuperscript{174} Ibid.
\textsuperscript{176} Ibid., p. 48.
7. Proliferation of Small Arms and Light Weapons

The use of small arms and light weapons (SALW) has taken countless lives globally.\textsuperscript{177} Today, states are not only heavily militarised but also many non-state actors. This has become a great cause of concern especially, in weak and conflict states as it has turned the conflict to a great magnitude and thereby, posing difficulties in resolving the conflict. The extensive use of small arms encourages violence to persist, violates human rights, and hampers reconstruction, development, and democratic structures in conflict-thorn states.\textsuperscript{178} Here, the underlying issue is such possession of arms by non-state actors (militants and criminal groups) some of which are superior to those available with the state forces, and the states are unable to control the flow of weaponry poses a serious security challenge.\textsuperscript{179} While the growing availability, manufacturing and trade in arms and ammunition both by the state and privates at the contemporary times can be located within the larger process of global neoliberalism.

In the aftermath of the Cold War, an intense escalation of internal conflicts in the Third World has led to an increasing demand of small arms. These conflicts have paved an opportunity for many leading powers to sell off their old weapons to various states and clients through formal or informal ways. While, this process also coincided with the advent of new forces such as global neoliberalism, which conferred enormous power to the markets to expand, innovate and do business globally almost everything, regardless to their consequences. This has eventually made markets to manufacture and trade in small


arms and light weapons across the globe. Also with growth of free market and trade, many illegal markets and criminal groups have mushroomed thereby earning billions of dollars in doing these arm business. As neoliberal economic globalisation aims for worldwide expansion of the market economy through privatisation and liberalisation, the unrestricted flow of small arms and light weapons across the national boundaries has become a new reality.

Small arms have become the weapons of choice in present conflict. The SALW category refers to the following:

1. Small arms: It includes Revolvers and self-loading pistols; Sporting shotguns and rifles; Craft produced firearms; Military rifles and carbines; Sub-machine guns; Assault rifles; Light machine guns.

2. Light weapons: It includes heavy Machine-guns; Hand-held under-barrel and mounted grenade launchers; Portable anti-aircraft guns; Portable anti-tank guns; Recoilless rifles; Portable launchers of anti-tank missiles and rocket systems; Portable launchers of anti-aircraft missile system; Mortars of calibres of less than 120mm.

3. Ammunitions and explosives: It includes Cartridges for small arms; Shells and missiles for light weapons; Mobile container with missiles or shells for single-action anti-aircraft and anti-tank system; Anti-personnel and anti-tank hand grenade; Landmines; Explosives.\footnote{Greene and Marsh, Op.cit., p. 13.}

According to SIPRI, from 1996-2000, half of all transfer of major conventional weapons came from United States, Russia, France, Britain and Germany. The seven
following biggest sellers of small arms were Netherlands, Ukraine, Italy, China, Belarus, Spain and Israel. In addition, SIPRI 2001 shows, the seven largest arm-manufacturing companies in terms of military sales are Lockheed Martin (US), BAE System (UK), Boeing (US), Raytheon (US), Northrop Grumman (US), General Dynamics (US) and Thomson-CSF (France). In 1994, the United Nations Institute for Disarmament Research (UNIDIR) in Geneva identified nearly 300 companies in 52 countries manufacturing small arms and related equipment’s, a 25 per cent increase in the number of such countries since the mid-1980s. As per the 2014 Small Arms Survey, the top 15 small arms manufacturing and exporting countries were Austria, Belgium, Brazil, Canada, China, Germany, India, Italy, North Korea, Pakistan, Russia, Switzerland, Turkey, UK and US. This highlights that many prominent arms producers globally are in fact, the private companies.

The proliferation of arms to different part of the world has been taking place since the aftermath of the Second World War. In the post-World War II to 1950, the most important arms recipients were Western and Eastern Europe and China. But, during the 1950s and the Cold War, military assistance from the Soviet Union and US to the European allies declined. This lead to spread in all other regions: 70-80 per cent of the more than $17,000 million dollars of transfers by the US between 1950 and 1957 went to Europe. As European rearmament reached its completion in the early 1960s the locus of the arms trade shifted South, fuelled also by the decolonisation movement and continued

conflict in South-East Asia. The major recipient regions after 1970 were West Asia and Africa, both of which more than trebled their share of arms acquisitions between 1963 and 1987.¹⁸⁵

The end of the Cold War greatly contributed to the diffusion of weapons in the Third World. The reason for such diffusion was due to dominance of conflicts and the overall growth of large illicit markets. This has armed some of the most autocratic governments and brutal rebel movements.¹⁸⁶ For instance, since the withdrawal of Soviet forces from Afghanistan in 1989, South Asia became flooded with a considerable amount of light weapons. Many of these weapons found their way to non-state actors operating in Afghanistan, Pakistan, India, Sri Lanka, the Central Asian countries and China.¹⁸⁷ Amount of weaponry left behind by the Soviets and the Americans in Afghanistan appears to be unlimited. Despite many years of civil war between various groups there is still plenty of arms and ammunition, including heavy weapons, lying with the private militias. The Weapons supplied by outside powers during the conflict between Taliban and the Northern Alliance in Afghanistan facilitated in prolonging the conflict.¹⁸⁸

Diffusion of small arms and light weapons suggests the diffusion of these weapons throughout the world and in all levels of society through multiple channels not only to regimes and states but also to non-state actors such as insurgents and militant groups, private soldiers, criminal organisations and civilians. Weapons under such process reached

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state and non-state actors as a result of increasing demand and availability of arms in the illegal market.\textsuperscript{189} Although there is no statistics available, it appears that world-wide production of small arms run in millions of units each year. In addition to covert supplies by government agencies, the international black market is being fed by large private arms dealers and criminal organisations as the black market has greatly expanded in recent years.\textsuperscript{190}

With the emergence of global neoliberalism, the transnational actors are manufacturing as well as supplying and trading in small arms. These created new opportunities for transnational actors to trade in small arms and light weapons. With growing conflicts in the Third World, there is a great demand for small arms and light weapons. The growing demand has made this a huge profitable business associated where it has increased the number of players involved in this activity.\textsuperscript{191}

The availability of arms and its possession are transforming the conflict into more violent form creating insecurity and even difficulty in resolving many issues in the Third World. This also has deepened many intra-state conflicts. In low-intensity conflicts, such weapons have played a significant role in destabilising states and endangered civilians in large parts of the Third World.\textsuperscript{192} The capability of armed non-state actors challenging state power particularly in weak states has become enormous. Many states are made ineffective where in some case, characterised by a vacuum of state authority, they have no

capacity to check this phenomenon. As a result, the diffusion of light weapons promotes breakdown of states by fuelling conflicts.\textsuperscript{193} Besides, the use of light weapons has contributed to countless civilian lives lost and human right abuses.

Unlike conventional wars, the diffusion of light weapons has indirect impact on civil society. Violence, civil strife and instability cause grave insecurity for the people as well as for the states. The spill-over effects of light weapons diffusion like abundance of light weapons in the hands of private actors in post-conflict scenarios create displacement of populations, increased lawlessness and criminal activities.\textsuperscript{194} This has further thwarted the economic development of the state.

Availability of small arms and light weapons and armed violence can greatly hamper reconstruction and retards economic development of states. In a place where violent conflict continues, economic development is severely handicapped. Such conflict leads to the destroying of physical infrastructure. It involves damaging state and private property, disrupting the public sector economy, public transport and other essential services and developmental projects. Moreover, this creates a situation where excessive demand are made to sustain the group in the form of taxation on government officials, departments, general public, business establishment, and any developmental work thereby greatly hampering the developmental process.

Light weapons have proven to be a major cause of human insecurity in large parts of the world. Intensity of violence and the risks are highest where diffusion of light weapons coincides with fragmented societies along ethnic, religious, tribal, caste and linguistic lines. As rivalry and resentment between social groups increases, the diffusion of light

\textsuperscript{193} Ibid., pp. 64-7.

weapons can heightens the prospect of violent conflict. While the conflict in these societies may have deep and complex roots, it is the abundance of light weapons at every level of society that increases the likelihood of armed violence and bloodshed. Light weapons have not affected Western countries in the way they have impacted on the developing world, where they have been exacerbating armed conflicts, and insurgencies and have heightened violence, consequently, taking a heavy toll on human life.\(^{195}\)

For instance in India’s North-East, over a period of time, there has been an increase in the number of insurgent groups placing different demands on the centre. Though the level of death associated with conflicts has lowered over the last decade, through extension of cease-fires between government and various insurgents groups, the increased possession of arms has not ceased which may likely turn conflict if mutual understanding of resolving problems fails. It is difficult to establish the quantity of arms under the possession of the different armed insurgent groups but one thing is clear, the liberalisation and globalisation process beyond doubt, has made it easy for the different insurgent groups to procure arms in the international market. The increased taxation by different insurgent groups over a period of time and centres lack of enthusiasm in resolving the conflicts creates condition for different insurgent groups not only for their sustenance but also to acquiring more and more weapons. With possession of massive assault weapons, the more doubtful question is, if peace fails, what will happen next. It has increased the insecurity of the people living in regions infected by different armed insurgent groups which has hampered development the process, made controlling corruption difficult, draining their economy which all are intertwined, creating deep psychological fear and insecurity.

Although, the younger generation do not show interest in joining the different insurgent groups, the unemployment problem, lack of skill development and infrastructure in tapping human resources may create assertiveness among the educated unemployed youth. This will further create a problem, if the states as well as the centre, fails to make alternative arrangements for them. Moreover, the insurgents groups are also less likely to give up arms until they meet with an acceptable solution. Though nature of the problem, aspiration and conflicts varies from country to country but this might explain why in some cases, with the availability of small arms in particular, the security challenge to the states may be highlighted.

Thus, the intensifying diffusion of small arms and light weapons in the contemporary times is because of the larger process global neoliberalism. Another grave security challenge is an intensified growth of organised transnational crime related to drug trafficking. Despite global, regional and country specific initiative to ban and control such activities, it has been far less successful. Liberalisation, free trade and growth of information technology have increased these criminal activities. Drug business has also become one of the important sources of funding for criminal organisations.

8. Drug Trafficking

Drug trafficking over the past few decades has become transnational. With the growing pace of international free trade and market, their operations across international borders have expanded. The high death rate, crimes and violence, health hazards and social consequence associated with it have become serious concerns for any society. Moreover, with its huge profit, it has become one of the major sources of funding for any
organised groups.\textsuperscript{196} Drug trafficking has therefore become a great security challenge for any state in contemporary times.

Lately, neoliberal globalisation has created a ground fertile for mushrooming transnational networks. Trade liberalisation, free flow of capital, internationalisation of banking and production\textsuperscript{197} has increased the illegal world markets thereby converting mafia groups into large business cartels with mobility and internal competition, both within particular criminal groups and between each large criminal association. As a result, an organised crime has thus come to take its place in the development of illegal world markets where, some have amassed very large fortunes.\textsuperscript{198} Therefore, the criminal networks responsible for the production and sale of illegal narcotics are a threat not only through their trade but also because their activities and capability of funding terror groups further weaken states by undermining the rule of law.\textsuperscript{199} This eventually made governments to allocate a huge resource to control and contain these groups which could otherwise be used for development and public service.\textsuperscript{200}

Generally, drugs are classified into various kinds such as cannabis, opium, cocaine and amphetamine-type stimulant (ATS) group, produced, manufactured and supplied in different countries (see Table 5.4) The nature of the market for illicit drugs is such that most of the profit is made at the top of the production chain and over 80 per cent of the profits remain in consumer countries as in the case of cocaine. The major profits in this

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business accrue to those who control the international trafficking routes and retail distribution networks, those areas where the risk is greatest and where there is most need for organisation. Afghanistan and Columbia provide classic examples as it is estimated that 92 per cent of the world’s heroine is produced in Afghanistan and 66 per cent of the world’s cocaine is produced from coca grown in Colombia. Over the past years, opium cultivation is increasing while coca cultivation is decreasing (see Figure 5.3). The overall availability of cocaine globally has also fallen with the decrease of coca bush cultivation since 2012.\footnote{United Nations Office on Drugs and Crime, World Drug Report 2014 (New York: United Nations Publications, 2014).}

Drugs in general, have been identified will all kinds of harmful effect.\footnote{Nigel Inkster and Virginia Comolli, Drugs, Insecurity and Failed States: The Problems of Prohibition (Abingdon: Routledge, 2012), p. 12.} In 2012, United Nations Office on Drugs and Crime (UNODC) estimated that some 243 million people corresponding to some 5.2 per cent of the world population aged 15-64 had used an illicit drug. Majority of the illicit drug users are found among men. It was also estimated that nearly 1,83,000 drug-related deaths were reported. The sharing of used syringes among drug addicts are more vulnerable to HIV and hepatitis C. It was estimated that an average of 13.1 per cent who inject drugs are living with HIV. A joint estimation of WHO, UNAIDS, UNODC, and the World Bank arrived at the conclusion that out of 12.7 million number of people who inject drugs, there are nearly 1.7 million person infected and living with HIV globally. The most affected parts are South-West Asia and Eastern/South-Eastern Europe.\footnote{United Nations Office on Drugs and Crime, World Drug Report 2014, Op.cit., p. 1.} This clearly suggests adverse effect as a consequence of its abuses. Furthermore, the users are also forced into an underground existence dominated by the
need to obtain by whatever means, even resorting to crime and high-risk behaviours such as prostitutions.

Although organised crime related to drug-trafficking is not new but its impact on the world scene has been more lately. Some scholars observe that the breakdown of the Soviet Union and drug trade have unlocked new prospect for terrorist as well as states sponsored terrorism in many Third World. Analysts like Walter Laqueur states, “originally, the terrorist and the guerrillas opposed drug producers and traders. On the ideological level, the revolutionaries opposed the use of drugs and punished those in their ranks who violated this rule. But, over time, the production and smuggling of drug has been practiced by guerrilla and terrorist groups of the left as well as the right, and by others who are neither left nor right but nationalist-separatist in aspiration.” Evidence clearly suggests that drugs could be a major source of funding for different militant and terrorist groups leading to the weakening of the state.

In Latin America, in the past decade, the transformation in trafficking of cocaine have led criminal to ‘outsource’ retail distribution, wholesale and focused on cocaine production. In Colombia, profits from the cocaine trade finance insurgent movements from both left-wing revolutionaries and right-wing paramilitaries. The emergence of drug cartels in Mexico such as the Tijuana Cartel, the Golden Triangle Alliance and the Gulf cartel have largely taken over the transport and wholesale distribution of cocaine in

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the US. This has intensified violence and corruption in Mexico. The Latin American cocaine producers are transhipping cocaine largely via the Caribbean (e.g. the Netherlands, Antilles and Jamaica) to wholesaling criminal groups across Europe. Whereas, Africa is becoming a destination and transhipment point for Latin American cocaine and Asia constitutes a major destination for cocaine and heroin. While, growing opium market in Afghanistan were linked to financing of extremist, insurgents and transnational terrorist organisation contributing to a primary threat to the integrity and stability of the weak Afghan government.

The conflict following the Soviet intervention in Afghanistan in 1979 facilitated the increase in opium production. It provided a source of funding for the anti-Soviet war effort, and allowed traffickers to exploit the support to the Mujahideen by Iran and Pakistan, by using those countries as transit routes. The Mujahideen involved in the drug trade were clandestinely aided by the US Central Intelligence Agency (CIA) and the Inter-Service Intelligence (ISI) of Pakistan to procure more arms. Profits from drug trade were ploughed back into buying more weapons.

The protracted conflict in Afghanistan has turned its economy from a productive one to a war–based economy. In such a war-based economy, the local communities survived by virtue of being connected to either one or both sides of the conflict. Participation in the war became the only way of supporting their families for many. The meaning of ownership changed dramatically as owning a rifle became more important than owning

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production tools. For example, in pre-war times, owning a large farm with fertile land and a large group of animals defined the status of wealth in the agrarian Afghan set-up. In a war-based economy owning more rifles and other war machines and controlling a large number of armed men became the main symbol of wealth and status. Besides, even as far as the Western benefactors were concerned any local community with larger armed arsenals and more fighters could receive a large portion of the foreign aid.\textsuperscript{210}

In Afghanistan, opium has in fact become the only commodity capable of generating any income. The emerging opium trade became of use as the production and sale of the illicit produce sustains the unending need for arms. From an initial informal barter system, grew an increasingly structured and formalised economic system based on the nascent ‘drugs for arms trade’. In parallel, there was a shift in agricultural livelihood strategies as the destruction of other income generating activities was the collateral damage from the years of war.\textsuperscript{211} The paradox is on one hand, “the poor tribal society dependent upon a rural economy and the other is the continuous conflicts in the region had ensured that while the people did not have jobs or access to even the basic amenities of life yet they have been exposed to the most sophisticated and technologically advanced weaponry, with its elevated destructive capacities.”\textsuperscript{212} 

In early 1990s, the UN Drug agency sources estimate that more than $30 billion worth of heroin produced in Afghanistan found its way to European and American markets.\textsuperscript{213} While the effect of drug money is so powerful that it was used to bribe the

\textsuperscript{212} Quoted from Deepali Gaur Singh, Drugs Production and Trafficking in Afghanistan (New Delhi: Pentagon Press, 2007), p. 215.
police and other drug enforcement agencies, financing political parties and politicians to buy protection and induce disinterest in controlling drug trafficking. Because of these developments, the illegal underground economy in the region has grown into a multi-billion dollar business, creating a vibrant black economy in the entire region.\textsuperscript{214}

Although American intervention in Afghanistan might be for a different purpose but for many, it raised serious doubt about the restoration of the drug economy in Afghanistan. Analysts have pointed out that “the new American interventionism is a drug and oil-driven intervention. The drug policy has met with no opposition among America’s European allies.”\textsuperscript{215} The drug trade generates hundreds of billions of dollar in illegal income in the advanced countries. The sudden disruption of the trade is allegedly to have an affect especially on powerful interests in the advanced countries.

During the leadership of Mullah Muhammad Omar, the Taliban has imposed a ban on opium cultivation, probably in order to gain international recognition for his regime. Some 70 per cent of the world’s opium production was wiped out. Significantly, production of opium trebled in the areas controlled by the Northern alliance but this could not compensate for the effect of the Taliban’s ban, which, even according to the US State Department, reduced opium production in Afghanistan from 3656 tons in 2000 to 74 tons in 2001. The US military intervention restored the drugs economy in Afghanistan. Peter Dale Scott states that, “as the authority of the Taliban disintegrated, starving Afghans farmers replanted their fields with poppy, often on orders from the local warlords who

\textsuperscript{214} Ibid.
succeeded the Taliban. These warlords were unwilling to accept the authority of the new central government, because it would mean surrendering control of their wealth.”

During Hamid Karzai regime, gestures were made towards the eradication of opium cultivation but it had remained only gestures. Though the government has banned opium cultivation, it flourishes because the Afghan economy was opium-based and reconstructing the economy on a normal basis required massive foreign assistance. The Afghan army were also too small to pose any threat to the drug lords and the authority of the Karzai government was mostly confined to Kabul. While, the American authorities have not allowed the international force to operate outside Kabul. For instance, when European government offered 80 million dollar to Afghanistan to eradicate opium cultivation, drug lords, through whom it had distributed, stole the money. Afghanistan has therefore becomes a state like Colombia, the world’s leading producer of cocaine.

Narcotic trafficking has thus increased since the fall of Taliban regime. The Afghan government and international authorities launched eradication programmes in spring 2002 and again in 2003, first the promise of cash compensation and then with the promise of reconstruction projects. Both programmes faced serious credibility issues with farmers as a result of irregular delivery of promised assistance, and thus poppy cultivation rapidly expanded both in total area and number of provinces. Therefore, contrary to strong perceptions that the US military presence in Afghanistan would discourage the illicit trade

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216 Quoted from Peter Dale Scott, *Drugs, Oil and War: the United States in Afghanistan, Colombia, and Indo-China* (New York: Rowman & Littlefield Publisher Inc., 2003), p. 27.


in narcotics, it is clear that Afghanistan’s drug trade is actually on the rise\textsuperscript{219} (see Figure 5.4).

The opium economy was also partly responsible for financing the war efforts of some of the opposing factions. Insurgents and terrorists are said to be benefiting directly from opium production and pressuring Afghan farmers into production of the crop. While funding of terrorist groups and activities through illicit drug trafficking is nothing new, the so-called ‘narco-terrorist’ threat has been increasingly denounced since the terrorist attack of US 9/11. The situation in Afghanistan, where Al-Qaeda terrorist camps were hosted by the Taliban, offered ground for such ‘narco-terrorism’ links to be suspected. Not only it hampers political and economic development, it also laid the foundation for criminalisation and even encourages a prolongation of conflict and making any resolution of crises all the more difficult.\textsuperscript{220}

Despite continuous efforts, international effort to control drug trafficking is still finding difficulty. Controlling drug trafficking at the international level comes from the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988). The Convention sets out specific measures for the manufacture and distribution of


\textsuperscript{220} The term ‘narco-terrorism’ was recently applied in Afghan context. It was first used by former Peruvian President, Fernando Belaunde Terry in 1983. He used the term to describe terrorist-type attacks against his nation’s counter-narcotics police by the Shining Path Marxist rebels. Later, in 1986, former US President, Ronald Regan also spoke of ‘narco-terrorism’ when referring to purported link between international drug trafficking and terrorism allies of the Soviet Union (Cuba, Nicaragua). In May 2003, Steven Casteel, the DEA Assistant Administrator for Intelligence, gave the definition of the group involved in ‘narco-terrorism’. Pierre-Arnaud Chouvy, Opium: Uncovering the Politics of the Poppy (London: I.B Tauris, 2011), pp. 93-123. Also see Michael Kenney, “Drug Traffickers, Terrorist Networks, and Ill-Fated Government Strategies,” in Elke Krahmann (ed.), New Threats and New Actors in International security (New York: Palgrave Macmillan, 2005), pp. 69-90.
and international trade in a number of chemicals frequently used in the manufacture of drugs. The Convention entrusts the International Narcotics Control Board with the implementation of precursor control at the international level. As of December 2013, 23 substances were added under international control from 15 substances of the 1988 Convention. In March 2014, the Commission on Narcotic Drugs decided to schedule *alpha-phenylacetoacetonitrile* (APAAN) in of the Convention.\textsuperscript{221}

Another transnational organised crime comes in the form of human trafficking. It has become transnational in character with the liberalisation of trade and mushrooming of markets with free flow of people from one region to another. It has become an established sector and has been a huge profitable business. It has mushroomed criminal organisations posing a challenge to human life and threatening many states.

9. Human Trafficking

Human trafficking is not a new phenomenon but today it has highly intensified across the globe and has become a major concern. Human trafficking can be understood as buying and selling of people in order to exploit them in some way. However, from the 1990s onwards, there has been growing international recognition of a contemporary manifestation of slavery, understood and defined as the practice of human trafficking. Trafficking in human beings to some extent has been subject to doubts surrounding data and disputes about definition. Whatever its extent, the contemporary practice of human trafficking is intimately linked to the working of neoliberal economic globalisation.\textsuperscript{222}

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To tackle the problem of human trafficking has become a major concern at the local as well as international level. In 2000, the UN adopted Protocol to Prevent, Suppress and Punish Trafficking in persons, especially women and children, commonly known as the ‘Palermo Protocol’. This protocol’s widely cited definition essentially states that “trafficking involves the movement of persons by means of deceit, fraud, or force, and ultimately their coercion for the purpose of exploitation. This could be sexual exploitation, labour exploitation, slavery, or other kinds of exploitation, such as the removal of organs. The protocol also states unequivocally that a person cannot consent to being trafficked, thus differentiating trafficking from human smuggling where a person pays to be moved knowingly across international borders. The protocol obliges signatories to take action to combat the organised crime behind trafficking, and, in further recommends that steps be taken to protect victims.”

Human trafficking comes under different forms. According to UNODC Global Report on Trafficking in Persons 2014, sexual exploitation and forced labour is highest among all form of human trafficking (see Figure 5.5). Some forty per cent of the victims detected between 2010 and 2012 were trafficked for forced labour. The trafficking for forced labour is a broad type which includes manufacturing, domestic work, construction,

223 The ‘Palermo Protocol’ definition summarises in legalistic form. Although the Palermo definition has acquired an international consensus, its creation involved a difficult drafting process at the United Nations. Global networks of non-governmental organizations (NGOs) lobbied vociferously to promote radically divergent understandings of trafficking. This was particularly so among feminist movements concerned about trafficking in women for sexual exploitation. For some, it is possible for women to consent to migrate for sex work, and it was therefore argued that trafficking ought to be defined narrowly in order to avoid rendering all women involved in prostitution as trafficked. But from an opposing feminist perspective, prostitution is inherently exploitative and never truly chosen. People with this view opposed drawing a line between prostitution and trafficking. Although both sides find the UN definition useful, they continue to hold their original positions and agitate for implementation of what they consider to be best anti-trafficking policy within states: legalisation of sex work by the former and the abolition of prostitution by the latter. Ibid.
catering, cleaning, restaurants and textile production which has growing steadily in recent years. Trafficking for exploitation other than sexual and forced labour is also growing such as trafficking of children for armed combat, and forced begging.\textsuperscript{224}

The report further says that there are considerable regional differences with regard to forms of exploitation (see Figure 5.6). While trafficking for sexual exploitation is the main form detected in Central Asia, East Asia and Europe and the Pacific, it is forced labour. In the US, the two types are detected in near equal proportions.\textsuperscript{225}

These different types of trafficking suggest the meaning of interdependence in the current global system. Globalisation has produced new conditions and dynamic particularly, the growing demands for these types of workers by the expanding high income professional workforce. Globalisation also enabled older trafficking networks and practices which used to be national or regional to become global.\textsuperscript{226} The profit from trafficking are important when one considers that a victim can earn profits on daily basis while other forms of crime, such as drug trafficking, are a point-of-sale model dependent on a constant replacement to obtain profit.\textsuperscript{227}

Human trafficking is increasing at an alarming rate globally. According to the international Organisation for Migration Report, the numbers are between 7,00,000 and 2 million suggests that the profits from this trade are around US $ 7 billion. Alternatively, the US state department estimates that 6,00,000 to 8,00,000 people could be trafficked per year across a series of global routes. Of this number, 80 per cent are believed to be women

\textsuperscript{225} Ibid.
and children, 70 per cent of whom are trafficked for the purpose of sexual exploitation. Global trafficking routes connect throughout Southeast Asia, from South America to North America, between West Africa and Europe, from the former states of the Soviet Union to West Asia and from Eastern to Western Europe. Trafficking also occurs within countries, as happens in countries like Thailand, where people are moved from rural areas to major cities\textsuperscript{228} while, US and Western Europe remain the largest destinations for trafficking.\textsuperscript{229}

According to UNODC report 2014, an analysis of the profiles of detected trafficking victims over the 2010-12 periods confirms the broad pattern reported previously by UNODC covering the 2003-10 periods. The vast majority of the victims detected globally are females, either adult women or underage girls (see Figure 5.7). The overall profile of trafficking victims may be slowly changing, however, as relatively fewer women, but more girls, men and boys are detected globally. Adult women continue to comprise the largest group of detected victims, as approximately half of the total numbers are women.\textsuperscript{230} Trafficking of woman particularly for the sex industry and the growing weight of this trafficking as a profit-making option for the traffickers, especially in the Third World countries.\textsuperscript{231}

Human trafficking is a hugely profitable business globally. According to UN reports, criminal organisations in the 1990s generated an estimated $ 3.5 billion per year in profit from trafficking (excluding the sex industry). Traffickers may take women from Vietnam,

\textsuperscript{228} Trafficking data needs to be dealt with extreme cautions due to the divergent figures. Scholte and Robertson, Op.cit., p. 601.
Burma, Laos, and China to Thailand, while Thai women may shift to Japan and US. While there is no comprehensive data, the evidence suggests trafficking in women, including minors, for the sex industry is lucrative business. UN holds that four million women were trafficked in 1998, earning a profit of $7 billion for illegal organisations. The funds include remittances from sex workers earning and payment to the organisers and facilitators in these countries.\(^{232}\) A group of researchers at Ritsumeikan University in Kyoto shows how the transnational sex industry operate across borders and that child prostitutes profess to be proud that they are feeding their families and in some cases, such as Meiji-era Japan as well as in parts of contemporary Southeast Asia, national development strategies have promoted prostitution. The students argued that “the sex industry today is a part of the larger problem of the globalisation process.”\(^{233}\)

In Japan, the last few years, the so-called “entertainment industry” is made legal, earning a revenue over 4.2 trillion yen per year. In Poland, it is estimated that for each polish women delivered, the trafficker receives about $ 700. In Australia, it was estimated that the cash flow from 200 prostitutes is up to $ 9,00,000 a week. While in Ukraine and Russia, the criminal gangs involved in trafficking earn about $ 500 to $ 1000 per women delivered. These women are likely to make about $ 2,15,000 per month for the gang.\(^{234}\)

In Central Asia, it is estimated that millions of women are trafficked within and outside. Increase trafficking of women in this region is deeply connected with poverty.


High unemployment has been the main factor responsible for increasing criminal groups and the growth of trafficking in women. For instance, unemployment rates among women in Bulgaria, Armenia, Russia and Croatia have reached 70 per cent and in Ukraine 80 per cent with the implementation of neoliberal market policies.\(^{235}\) One analyst writes:

While some women know that they are being trafficked for prostitution, for many the conditions of their recruitment and the extent of abuse and bondage only become evident after they arrive in the receiving country. The conditions of confinement are often extreme, akin to slavery, and so are the conditions of abuse, including rape and other forms of sexual violence and physical punishment. They are severely underpaid, and wages are often withheld. They are prevented from using protection methods against AIDS, and typically have no right to medical treatment. If they seek police help they may be taken into detention because they are in violation of immigration laws; if they have been provided with false documents there are criminal charges.\(^{236}\)

The intensifying growth of human trafficking over the past few decades can be connected to global neoliberalism. Despite contestation regarding the data, there is no doubt that trafficking is a contemporary global phenomenon, and its current stretch is intimately linked to the working of global market and the growth of an entertainment sectors which is seen as a parallel growth and recognition of key development strategy. Tourism over the past few decades has grown sharply and become a major development agenda for a state. In many places, the sex trade as part of the entertainment industry has increased. For instance, “when the IMF and the World Bank see tourism as a solution to some of the growth challenges in many poor countries and provide loans for its development or expansion, they may well be contributing to develop a broader institutional setting for the expansion of the entertainment industry and indirectly of the sex trade.”\(^{237}\)

\(^{235}\) Ibid.
\(^{236}\) Ibid, p. 156.
\(^{237}\) Ibid.
One cause of trafficking can be traced to the paradox of current globalisation practices, whereby developed states display openness to the movement of capital and finance but not to the movement of people. So, for example, European economies may be globalised but European states remain a “fortress” in relation to the entry of immigrants. Such policies persist despite the evident demand in the developed world, particularly in the global cities that form the nuclei of the globalised economy, for migrant workers to fill low-wage, unskilled jobs in areas such as domestic work or the sex industry. This paradox results in human smuggling and trafficking. The growth of global capital depends on these people as much as it denies them a legitimate existence by preventing their legal migration.\(^{238}\)

Another facet of globalisation dynamics that contributes to trafficking has been that the application of the neoliberal model of economics has created social dislocation, which again encourages human trafficking. Throughout the former Soviet bloc, for example, the result of economic “shock therapy” were sharply rising unemployment, the removal of social safety nets, and ongoing corruption in a situation of scarcity and radical transition. The criminal organisation of trafficking is further facilitated by the globalisation of technology, communications, and travel. One consequence of the interaction of economic neoliberalism is low-cost air travel, and enhanced communications has increased the sex industry. The demand for global prostitution and sex tourism is another cause of trafficking for sexual exploitation as traffickers operate to meet the demands of a growing market.\(^{239}\)

\(^{239}\) Ibid., p. 603.
There is an upsurge in trafficking that occurs in relation to armed conflicts and war as well. That the majority of those trafficked are believed to be women and children and that the most common end is sexual exploitation, draws attention to the manner in which globalisation practices are generated and affect local and global gender order. Many analysts have asserted that in the contemporary world, family survival has become feminised. Women are more likely to bear the brunt of unemployment created by economic tightening to suffer the consequences of shrunken social welfare. In certain countries, such as Philippines, women are seen as exportable commodities and a source of vital remittances and foreign currency. In addition, women are liable to experience gender-based violence during times of war and armed conflict. Given all these dynamics, there has been a consequent “feminisation of migration.” But again, given the limited legal possibilities for such movement, the likelihood of trafficking is again heightened. While, effective anti-trafficking action requires more than policing response to transnational organised crime. It requires recognising the structural causes of trafficking in the economic, migratory, and gendered working of globalisation, and the reshaping of globalisation policies in response.

10. Money Laundering

Money laundering is another kind of criminal enterprise. It is the practice in which currency is hidden from state regulation. Money laundering may begin with tax avoidance but the main concern is that it has transformed many criminal groups’ profits from those illegal activities. Banking regulations and financial oversight make it difficult for anyone to deposit or draw upon huge amount of money without clear statements of the funds

240 Ibid.

241 Ibid.
origin. Because secrecy is an integral part of money laundering activities, it is impossible to provide an accurate figure of the amount of money that is laundered annually. The International Monetary Fund has nevertheless estimated that the total could equal anything between 2 and 5 per cent of the world’s gross domestic product. Thus, tackling money laundering goes to the heart of the challenges of governing globalisation as launderers take advantage of the opportunities offered by the globalisation of finance, while the scope of their criminal activities is also transnational.242

Money laundering techniques have become increasingly sophisticated. Criminal groups engaging in such activities are taking advantage of multiple financial systems, institutions, and instruments to launder money. Financial liberalisation and innovation have further assisted money launderers. The large volumes of transnational financial transactions can often disguise “dirty money” and the increasingly international character of many financial institutions means that funds can be moved within a banking entity to a branch in a national jurisdiction with less strict controls.243

Money laundering generally involves three steps: placement, layering, and integration. In the placement stage, funds are divided into smaller amounts and are deposited into accounts or converted into monetary instruments and deposited in different locations. The layering stage consists of a series of conversions and other transitions that distance the funds from the original source. This is achieved through electronic transfers, the use of liquid monetary instruments such as traveller’s cheques, and the movement of funds toward jurisdictions with relatively lax reporting requirements. In the final stage,
integration, the funds are reintroduced into the legitimate economy, through investments, spending, and other legal activities.\textsuperscript{244}

Tackling money laundering has become a global concern. The fight against money laundering aims to assure the integrity of the economic and financial system. Money launderers frequently use “front” operations such as restaurants and shops, which quite often rely on illegal activities for profit. It also distorts financial market functions since a huge amount of money may enter and leave the system suddenly, affecting the liquidity of financial institutions. A more drastic set of effects could lead to loss of control of economic policy, especially in countries where the amounts laundered correspond to a substantial part of national wealth. Money laundering can alter investment patterns when laundered funds are allocated to sectors where they do not risk detection. Ultimately, it could result the loss of state revenue everywhere.\textsuperscript{245}

Black money and corruption are also compatible. Such money can be used in corrupting state actors, funding criminals and terrorist organisations, political parties and so forth. In many states, criminals are strongly attached to influential business personalities and political parties. They help political parties during elections by employing violence for politicians in return for impunity and, sometimes, portion of income from public works and contracts. For instance, the Sicilian mafia in Italy and numerous crime groups and the former Soviet Union follow this model. Crime groups have also worked closely with business people to ensure their oligopolistic control of certain industries in return for direct payments or shares of public contracts. La Cosa Nostra groups in New York City where a prime example of this merger of crime groups and business interests, using public unions as proxies to allow penetration of the

\textsuperscript{244} Ibid., p. 823.
\textsuperscript{245} Ibid., p. 824.
sanitation, finance and fish markets of New York. Thus this entire phenomenon has become global creating grave security challenges to the states. This very character of their network across the globe makes these organised groups and crimes difficult to contain.

Money laundering can also have social costs, from policing and health costs in the countries that deal with the effect of drug use to the wider implications of corruption in the public sphere. In these cases, the focus is on law enforcement and public policy, on dealing with the consequences of money laundering and of the activities that generate the illicit funds. The fight against money-laundering also seeks to eradicate the activities that create the funds in the initial place. Organise crime is most frequently seen in drug trafficking, but it is also involved in the smuggling of illegal objects. Simultaneously, human trafficking is a source of significant financial benefit for various criminals group. Other activities that can lead to money being laundered include illegal business deals on endangered species, arms, vehicles and antiques.

The reason why tackling the practice of money laundering is crucial because those money can be used in diverse ways which will affects global stability. Such concerns have long been concentrated on the political condition in the Third World. For instance, drug-trafficking centres such as Colombia and Afghanistan have long been politically unstable and violent, while “blood diamonds” in Angola and Sierra Leone have helped to finance civil wars. The 9/11 incident have however shifted the attention to a much more global level necessitate to tackle money-laundering which is also connected with the terrorist funding.

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248 Ibid., p. 824.
Lately, a global response has been initiated to control money laundering through global institutional approach. The global response to money-laundering started taking shape in the 1980s and culminated in the creation of the Financial Action Task Force on Money Laundering (FATF). The FATF, based at the secretariat of Organisation for Economic Co-operation and Development (OECD) in Paris, is charged with coordinating and harmonising the global fight against money laundering, as well as surveying practices and progress in different jurisdiction and keeping up with the techniques and methods used by launderers. Its membership comprises most OECD countries and regional institutions such as the European Commission and the Gulf Cooperation Council, and it is growingly steadily. Its work is also observed by FATF-style regional bodies in the Caribbean, South America, eastern and southern Africa, and the Asia-Pacific region. The main task of the FATF is to provide regularly updated recommendations to countries on how to combat money laundering and to monitor their implementation.\textsuperscript{249}

Controlling money-laundering is important for number of reasons. Reducing money laundering would also help eliminate corruption in the Third World where, criminal groups can use laundered money to consolidate their place in the political system. In some cases, criminal establishments utilise their position to exercise coercive power and intimidation through violent ways. They can damage the institutions of the state by using their wealth to corrupt state officials. Thus it is understood that the long-term development of states are harmed by these corruptive elements. It should weaken transnational organised crime (especially traffic in drugs and humans and illegal arms sales), and

\textsuperscript{249} All the members’ countries carry out self-assessment exercise and the FATF has a mutual evaluation procedure in place, whereby on-site visits by legal, financial, and laws enforcement experts from other member governments are conducted. The FATF also has provision for dealing with noncompliant members Ibid., p. 825.
promote international stability by reducing the funds available for ethnic and civil conflicts and terrorist activities. The policy processes surrounding anti-money-laundering efforts are indicative of trends and challenges in the governance of globalisation. The transnational nature of financial activities and the use of offshore financial centres can obfuscate illegally obtained funds at a time when the crime associated with money-laundering are increasingly transnational in their scope.\(^{250}\)

Increased expansion in transnational criminal activity over the last two decades suggests how these activities are perfectly going in tune with the global neoliberal ideology. Failing and weak states often provide suitable bases for various criminal groups involved in the production, transit, or even trafficking of human, weapons, drugs and other illicit commodities and laundered profits from such activities. It is assumed that if given an option for their operations, generally, criminal groups would be more attracted in corrupt, unstable, and dysfunctional states that lack capacity and have weak rule of law, cannot provide for safety of their inhabitants, enforcing private contracts, and regulate economic activity.\(^{251}\) In global economy, realising high returns require tapping a global market to sell illicit commodities and launder the profits, which in turn depends on access to financial services, telecommunications and transport infrastructure which many weak states lacks. Failed and weak states may thus be less attractive than seemingly functional states, which provide a baseline level of order and easy access to international trade while affording opportunities to corrupt political authorities and exploiting various governance

\(^{250}\) Ibid., p. 826.

gaps.\textsuperscript{252} The Third World in the international system of states is thus very vulnerable to neoliberal globalisation.

11. CONCLUSION

Many states are aggressively implementing the neoliberal policies despite its effect and consequences. Though neoliberalism in the West is accommodative to their values and practices in solving their problems however, one should not assume that this is true for many of the Third World states. Further, it has become a dangerous idea when this ideology is forcefully imposed on the Third World and endorsed as a global norm. It undermines the state and its traditional security roles. Many state functions have been replaced by the market where states are unable to control this process. Moreover, numerous issues of the contemporary are interlinked with neoliberalism and that solution of one becomes extremely difficult without addressing the other. As many Third World states are crippled with unsettled issues, the outcome of neoliberalism further complicates their problem rather than providing a solution. The impacts can be disastrous. Their effects are not only faced by the Third World but also the West. Therefore tackling jointly the challenges and some alternative way of thinking becomes imperative.

\textsuperscript{252} Ibid.