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Buy local protectionism

By Edward Rees

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In the current economic climate, the international community is struggling with the ways and means to prevent a slide into worldwide depression. Some voices are articulating that protectionist "buy local" initiatives should be implemented to mitigate the effects of a rapidly shrinking international market. Others warn that this would hasten economic ruin.

During this week's G20 summit in London, these competing sentiments will be echoed by developed and emerging countries from both the North and South. Regardless of the merits of either point of view, there is a third constituency in the global economy which is often overlooked in this debate - fragile and post-conflict countries. In fragile and post-conflict countries the realities on the ground suggest that a form of buying local is not only desirable but entirely necessary to prevent conflict, or in some cases, a return to it.

In the run up to this week's G20 summit, on March 25 Prime Minister Gordon Brown was quoted by the BBC as stating that "A hundred million people have been pushed into poverty" by the global economic crisis. A day later in an interview with the Financial Times, United Nations Secretary General, Ban Ki-moon, stated "I'm concerned that this may not only be an economic crisis, but may develop into global political instability". However, Mark Malloch Brown, former United Nations Deputy Secretary-General, and now a senior member of Prime Minister Brown's Cabinet, stated last week that the G20's "meaningless, empty commitments [often] don't survive the flight home".

The international community currently manages an expanding array of peace operations around the world. By way of example, the United Nations currently operates 18 missions with 100,000 personnel and an annual budget of \$7 billion in places such as Haiti, Congo, Sudan, Liberia, and Timor-Leste while NATO manages an increasingly complex and expensive peace operation in Afghanistan. Additionally, the European and African Unions and other multi-lateral organisations run at least a dozen more - not to mention the Iraq adventure.

In addition, dozens of bi-lateral donors, led primarily by the United States, Japan, the United Kingdom, Canada, Australia, the Netherlands, Norway, Sweden, Germany and other OECD countries, pour billions of dollars into providing aid to these countries. Hundreds of non-governmental organisations (NGOs) are also involved.

All of the countries in this third constituency share one thing in common - frail and or shattered economies - which predate, and will likely outlast the current global economic crisis. Another common thread is the presence of millions of unemployed young men, who have little or no hope for a better future - about 50 per cent or more of the population in post-conflict countries is younger than 25 years of age. Given the right set of political, social and economic conditions, these men represent the tinder that can be used to spark insurrection, communal violence and outright war.

Part of the reason why the international community has failed to find lasting peace in these places is its inability to rebuild economies. Political reconciliation, gender rights, democratic governance and other pillars of the post-conflict industry all too often fall victim to the weak economies and a scarcity of jobs for those that would otherwise carry a gun or set off an IED (improvised explosive device).

In 2004, the Peace Dividend Trust was asked by the United Nations Department of Peacekeeping Operations and the World Bank to examine the economic impact of peacekeeping operations. In a wide ranging study carried out over 18 months and encompassing 13 peacekeeping missions from 1992 to 2006 the Trust discovered that the international community is missing a significant opportunity. Of the tens of billions of dollars spent "on" these countries, little is actually spent "in" these countries. Most of the international assistance actually never arrives, at least in a financial sense. Tied aid, expensive consultants, and systems contracts mean that most of the aid money for these countries never actually ends up in the pockets of the people it is meant to assist. The study recommended that local procurement of goods and services be increased by the international community, thus driving more money into the local economy to spur economic growth thereby rebuilding the private sector, creating wealth, and most importantly, generating jobs, jobs, jobs.

Since 2005, the Peace Dividend Trust has pioneered a new approach to peace-building through its Marketplace projects in Afghanistan, Timor-Leste and later this year in Haiti. These projects provide services designed to assist institutional and individual buyers to "buy local". By creating and facilitating thousands of business transactions between the international community and private sectors in Afghanistan and Timor-Leste, the Peace Dividend Trust has increased local procurement by hundreds of millions of dollars, with a noticeable impact on domestic GDP. This enables the domestic private sector to engage in rebuilding the economy, and creates a tangible peace dividend - jobs. Local politicians, business people, and the general communities in both Afghanistan and Timor-Leste often ask why such an approach was not tried before.

The protectionist instinct which stimulates "buy local" campaigns in today's current economic climate may, or may not be the panacea for economic collapse generally. However, buying local has clear and present benefits in the third constituency - where there is a war shattered economy. The international community has at one official level recognised this through initiatives such as the OECD's Paris Declaration calling for greater aid effectiveness. However, the reality on the ground in most fragile and post-conflict countries is that the majority of

international assistance still has little or no tangible local economic impact presenting greater risks and challenges for an already complex and difficult road to sustainable peace.

The words “buying local” should not be perceived as dirty, rather they represent a serious opportunity during and after this economic crisis for hundreds of millions of people to be able live free of want and fear.

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