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CONFLICT AND POVERTY

BROOKINGS GLOBAL EXPERTS

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In a world where boundaries and borders have blurred, and where seemingly distant threats can metastasize into immediate problems, the fight against global poverty has become a fight for global security. American policymakers, who traditionally have viewed security threats as involving bullets and bombs, are increasingly focused on the link between poverty and conflict; for instance, the Pentagon's 2006 Quadrennial Defense Review focuses on fighting the "long war," declaring that the U.S. military has a humanitarian role in "alleviating suffering, ... [helping] prevent disorder from spiraling into wider conflict or crisis."

Such assertions have a compelling logic. Extreme poverty literally kills: Hunger, malnutrition, and disease claim the lives of millions each year. Poverty exhausts governing institutions, depletes resources, weakens leaders, and crushes hope—fueling

a volatile mix of desperation and instability. Poor, fragile states can explode into violence or implode into collapse, imperiling their citizens, neighbors and the wider world as livelihoods are crushed, investors flee and ungoverned territories become a spawning ground for terrorism, trafficking, environmental devastation and disease. Yet if poverty leads to insecurity, it is also true that the destabilizing effects of conflict make it harder for leaders, institutions and outsiders to promote human development. Civil wars may result in as many as 30 percent more people living in poverty—and as many as one-third of civil wars ultimately reignite.

THE GLOBAL CONTEXT

Contrary to the conventional wisdom that civil conflict stems from ancient ethnic hatreds or political rivalries, compelling evidence now suggests that the most powerful predictors of civil conflict are in fact weak economic growth and volatile low incomes. According to the U.K. Department for International Development, a country with \$250 per capita income has a 15 percent likelihood of internal conflict over five years—many times greater than the 1 percent risk for an economy with \$5,000 per capita

income. In 2002, more than two-thirds of the poorest countries of the world were in conflict.

Tragically, poverty and insecurity are mutually reinforcing, leading to what Brookings scholar Susan Rice evocatively calls a “doom spiral.” Conflict increases infant mortality, creates refugees, fuels trafficking in drugs and weapons, and wipes out infrastructure. It also makes it harder for outside players to deliver assistance and less attractive for the global private sector to invest. Thus, once a country has fallen into the vortex, it is difficult for it to climb out—as the world has witnessed with the ongoing catastrophe in Democratic Republic of Congo, a crisis that has claimed nearly 4 million lives and sparked a massive humanitarian emergency, where most people today are killed not by weapons but by easily preventable and treatable diseases. Violent conflict also produces considerable economic spillover for neighboring countries, as refugees flow in, investment pulls out and supply chains and trade routes are disrupted.

Resources and Conflict. A powerful driver of extreme poverty is scarcity—typically of such renewable resources as water, timber and arable land that are fundamental for daily survival. When demand for resources outweighs supply and when the distribution is perceived to be grossly unfair, public frustration can spark civil strife. Resource scarcity challenges will only intensify over time; during the next 20 years, more than 90 percent of the world’s projected growth will take place in countries where the majority of the population is dependent on local renewable resources. Already today, more than 40 percent of the planet’s population use wood, charcoal, straw or cow dung as their main source of energy, and more than 1.2 billion people lack access to clean drinking water.

Abundance no less than scarcity can fuel conflict and poverty—generally of nonrenewable and more easily “lootable” mineral wealth like oil, gas, gold or diamonds. More than 50 developing countries, home to 3.5 billion people, depend on natural resource revenues as an important source of government income. Too many of these suffer from a resource curse—pathologies of corrupt regimes, led by elites who have few incentives to invest in social development.

Demographics and Poverty. Demographics is another critical driver. Nearly half the people on the planet are under 25 years old. The disproportionately large share of young people in the population—the so-called youth bulge—is in absolute and relative terms the largest cohort ever to transition into adulthood, and it will remain so over the next two decades. Nearly 17 million of the world’s youth are refugees or internally displaced persons; 130 million are illiterate; as many as 300,000 fight as child soldiers; and, collectively, young people make up almost 60 percent of the world’s

poor. There is strong historical evidence linking youth bulges to instability and conflict. But this need not be the case. A youthful population can be a country’s blessing instead of its curse, providing a “demographic dividend” of energetic workers to jump-start productivity and growth.

THE CHALLENGE

Tackling the poverty-insecurity nexus demands sustained commitment to building long-term local capacity. Assistance is most effective not in the immediate aftermath of a conflict, when donor interest is typically greatest, but as a preventive measure before conflict erupts and in the middle of the first postconflict decade, when the recipient country’s absorptive capacity has improved. Unless policies and programs shift from reactive to proactive and from responsive to preventive, breaking out of the poverty-insecurity trap will remain elusive.

Unfortunately, U.S. foreign assistance does not have a good track record on staying the course in combating poverty and improving governance in fragile states. Proactively addressing weak states is all the more vital with U.S. “hard power” assets, such as the military, stretched thin and ill-equipped to undertake development missions. The challenges of the new century—global poverty, insecurity, and pandemics—require the United States to strengthen its “soft power” capabilities. It is surprisingly badly suited to do so—employing an outdated Cold War structure designed for the 20th century to address the challenges of the 21st. A recent analysis by the Brookings Institution in cooperation with the Center for Strategic and International Studies counted more than 50 separate offices addressing more than 50 separate aid objectives—a laundry list that is not ranked in any consistent hierarchy.

Thus it is not surprising that the bulk of U.S. assistance does not fund the things the government claims to care about. The United States spends barely more than a dollar per person in the world’s 50 poorest nation-states. Strategic and diplomatic demands mean that the lion’s share of U.S. assistance flows to countries based on their strategic importance, with the net result that U.S. assistance on a per capita basis actually declines as governance improves. The United States wants to encourage good governance, but the Middle East Partnership Initiative—the flagship democracy promotion program in that region—represented only 2 percent of overall U.S. economic assistance to the Middle East in 2005; meanwhile, strategically important Egypt received an assistance package amounting to \$24 per capita, poor governance notwithstanding.

RECOMMENDATIONS FOR ACTION

The world faces immense challenges brought on by local insecurities and conflicts that morph, seemingly overnight,

into transnational threats and sustained challenges. Only by addressing the root causes of these issues can we hope to foster sustained growth and a more secure future:

- > **Overhaul U.S. foreign assistance.** As the world's most generous donor, the United States must refine its foreign assistance focus from 50 objectives to no more than 5, and from more than 50 agencies to one preeminent organization. Long overdue for comprehensive reform, U.S. foreign assistance would have greater impact if it were streamlined to achieve coordination among key actors and coherence among the full set of development tools, a unified framework integrating the national security and developmental agendas, and customization of aid approaches based on the capacities and need of the recipient.
- > **Take a comprehensive approach to weak states.** The United States and other bilateral and multilateral donors should place a much higher priority on addressing countries at risk of conflict and state failure. This will require an integrated set of policies that enables leaders of newly democratic countries to deliver concrete results to their people: further debt relief; increased market access; the elimination of agricultural subsidies; improved incentives for private sector development; sustained support for civil society, the free press, women's rights and democratic institution-building; and concerted efforts to prevent and terminate conflict and to rebuild postconflict states.
- > **Reduce resource risks.** States and outside actors should proactively seek to attenuate the risks that resource scarcity and abundance pose to human security, through measures to promote economic diversification, capacity building, equitable distribution, enforceable property rights, demographic sustainability and public health. Government, nongovernmental organizations (NGOs) and private actors should be creative in devising tailored, targeted, emergency assistance for states facing sudden economic and environmental catastrophes. For example, foreign assistance could be quickly and routinely deployed to states that suffer a drought or commodity price collapse *before* violence has a chance to break out. In addition, crop insurance programs and other forms of protection could be created for individuals whose livelihoods may be destroyed. Just as critical, especially in cases of natural resource abundance, are efforts to promote transparency—not only on the budget side of the ledger but the expenditure side as well. Publicizing how much money is flowing in for natural resources, and how it is being allocated, makes it harder for governments to skim from the top, and for rebels to benefit from plunder.

- > **Focus on youth.** Innovative private sector players and NGOs are working to engage and empower youth in underprivileged areas. The private sector has a critical role to play in providing employment opportunities for young people in poor countries—especially by ensuring that training and skill development are linked to market demands—and by supporting entrepreneurship. NGOs are pursuing grassroots efforts to make youth an integral part of community safety and well-being. Because poor youth, especially those in conflict situations, too often find themselves marginalized from political discussions and processes, leaders and activists working to provide opportunities for youth must think not only in economic terms but political terms as well. Youth should be encouraged and trusted to organize, lead and govern programs as much as possible.

WANT TO READ MORE?

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