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Economics and Third World Debt: A Look at How Debt is Hazardous to Third World Countries

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forces. One such example is Executive Outcomes, a PSC which quickly ended a protracted war by training Sierra Leonean government soldiers and jointly confronting the RUF, a brutal rebel opposition army. With the aid of EO, government troops ousted the RUF from the country in a mere nine days’ time.86

Along with providing a viable solution for the African nations, PSCs are being used effectively in conjunction with the military in America’s war on drugs.87 Half of the $630 million of U.S. funding for the anti-drug effort in Columbia is funneled to DynCorp and other private corporations.88 In addition to their strategic value, PSCs offer the advantage of quicker preparation and deployment.

Security contracting companies present greater flexibility and ease of use because they can be employed and fired on an as-needed basis.89 This allows the government to use swift, adaptive forces rather than military or federal personnel, which logistically take much longer to prepare.90 For example, a leading expert provides the tactical readiness of Blackwater: “at present, Blackwater has forces deployed in nine countries and boasts a database of 21,000 military or federal personnel, which logistically take much longer to prepare.”91 This increased use of private contractors to fight wars would also provide a cushion for U.S. civilians because fewer citizens would be sent to war and a draft would never be necessary as long as PSCs are available. Finally, private contractors are not officially included on the official casualty lists. A leading expert states that “in just the Iraq war, ‘more than 900 U.S. contractors have been killed, with another 13,000 wounded.’”92

These contractor casualties are not included in the official numbers, which would otherwise further tarnish public image. This supplementary strategy of hiring PSCs to deal with world problems will likely continue to increase over time as they become more adaptive and efficient.

Private security contractors are professional and expedient assets to the Department of Defense if used properly. If employed in conjunction with military forces, they would best be applied as a force multiplier in an effective support function. Additionally, if private security contractors are to be implemented strategically and in lieu of military personnel, they must remain under close supervision from the DOD or State Department. Proper strategic application of private security contractors could truly be the basic force multiplier needed to resolve conflicts in today’s chaotic world.

Economics and Third World Debt
A Look at How Debt is Hazardous to Third World Countries
Mary A. Doyle

Third world debt is a serious concern in the world today. The cause of which can be attributed to the debt crisis that occurred in the 1970s when a rise in oil price induced higher rates. As a result, third world countries incurred a significant amount of debt. Factors such as colonialism, illegitimate loans, mismanaged lending, and subsidizing have stimulated the rise in debt. Consequently, there has been a decrease in education, policy reform, and health spending, resulting in poorer health conditions and weaker economic performance. In response, there are numerous organizations working to alleviate, and eventually end, third world debt.

Poverty is a worldwide phenomenon that has existed for thousands of years and affects a multitude of people on a daily basis. There are numerous factors – particularly debt – which induce poverty. Underdeveloped countries have been found to have the poorest economies and thus contain the highest poverty and debt rates. By building a better understanding of the contributing factors of debt and its effect on a country, society could collectively work to end debt. The cause of third world debt is a combination of several factors, including the debt crisis of the 1970s, overspending, illegitimate loans, and embezzlement. These in turn cause poor economic performance, a decrease in government spending for health and education, and higher unemployment levels.

It was not until the 1970s that debt began to significantly impact global society. During this time, the United States government exceeded its budget, resulting in the printing of more money to cover the loss. Inflation occurred which led to a rise in oil prices by oil producing countries. Oil producers had also deposited their profits into western banks, which stimulated a rise in interest rates within the banking sector. This in turn forced banks to lend money to third world countries that wanted to continue developing, as well as meet the rising costs of oil production. According to the Jubilee Debt Campaign (JDC), debt “often arose through reckless or self-interested lending by the rich world.”93 Countries that profited from the rise in oil prices disbursed loans to poor countries as a means of accruing more revenue and obtaining allies, regardless of the country’s political stance. With the rise in “world interest rates, a global recession, and low commodity prices,” the amount of debts grew dramatically and the ratio between debt and repayment became unevenly distributed.94

Additional facets of debt include colonialism, illegitimate loans (also known as odious debt), mismanaged lending, and subsidizing (corruption and embezzlement of money by the rich). Odious debt is defined by the Jubilee USA Network as “debt that resulted from loans to an illegitimate or dictatorial government that used the money to oppress the people or for personal purposes.”95 This type of debt is prevalent in countries like South Africa, Tanzania, and Cuba. The practice of mismanaged lending transpires when a country incurs a debt to another country; the country in which the debt owed to is pardoned, and the cycle repeats itself as the in-debt country continues to seek loans. Subsidizing occurs when the political elite in developing countries use their rise to power and deposit money in foreign banks with certain restrictions; this in turn causes more money to be withdrawn from developing countries. As a result, developing countries are forced to reduce the process of economic reforms, which leads to a weakened economic performance. The consequence of subsidizing is a dramatic decrease on the price of commodities, which creates a devalued currency rate.

Third world countries have continued to experience the negative impact of the 1970s’ debt crisis. An expert on the matter notes, “debt has impeded sustainable human development, security, and political or economic stability.”96

86 Ibid
88 Ibid; Scahill, “A Very Private War”
89 Ibid
90 Schwartz, S
91 Ibid
92 Scahill, “A Very Private War”
93 Schwartz, CRS Report for Congress
94 Ibid
95 Scahill, “A Very Private War”
100 Schwartz, CRS Report for Congress.
The Revolutionary Armed Forces of Colombia
A Realistic and Imminent Danger to U.S. Security

Andrew D. Grabau

The United States is susceptible to a potential attack by the Revolutionary Armed Forces of Colombia, a terrorist group known as FARC. Several guerrilla tactics are viable for implementation military and civilian personnel in addition to clandestine operations. There is a 70 percent probability that FARC will soon engage in retaliatory covert operations against key U.S. military installations in U.S. cities bordering the Gulf of Mexico.104

The history of the Revolutionary Armed Forces of Colombia can be traced to an early 1960s guerrilla group of rebel peasants that was established as its transnational acronym “FARC” in 1964. Through the 1980s, this terrorist group accumulated a large portion of its revenue from kidnapping and extortion. Many of the U.S. anti-narcotics policies of the 1990s inadvertently aided FARC and enabled the organization to increase its territory within Colombia.105 FARC has engaged in multiple deadly wildfires with the Colombian military and the DEA since the 1990s. In fiscal year 1999, the United States expanded its assistance to Colombia to $317 million, and later to almost $1 billion in 2000.106 President Andres Pastrana attempted to negotiate a peaceable resolution with FARC, but was unsuccessful in the endeavor. During that year, the rebel organization was able to capture a third of the country’s territory. By 2002, the massive rebel war machine and drug trafficking empire reached its peak.107

The United States, as an ally of the Colombian military, has caused significant setbacks to FARC’s strategic objectives since 2001; however, U.S. involvement did not immediately deter the terrorist group’s financing methods. In 2002 alone, the guerrillas were responsible for almost all of Colombia’s 2,882 kidnappings, which amassed millions of dollars in ransom.108 The group also held three Americans captive for four years, releasing them in 2006; this demonstrates their willingness to kidnap American personnel.109 For years, the United States has been funding and training the AUC, or the United Self-Defense Groups of Colombia, to fight against FARC forces. In addition, the U.S. has allocated massive financial support to the Colombian government for the purpose of destroying the terrorist faction. Since the beginning, FARC’s leadership structure has consisted of a seven-man council. In 2008, the Colombian military launched a massive raid with the support of U.S. intelligence against a FARC camp located across the border in Ecuador. The raid resulted in the deaths of key leaders Raul Reyes and Juan Rios, with the eventual elimination of top commander Manuel Marulanda.110 For two years following the raid, in conjunction with captured intelligence, struck a massive blow to FARC and its capabilities. Intelligence recovered in the raid indicated that Ecuadorian president Rafael Correa, along with Venezuela, had been rendering financial support to FARC and providing a safe haven in Ecuador.111 A Colombian bombing raid dispatched FARC commander Mono Jojoy in September of 2010, which has been credited as a large victory for the country.112 The United States has supported the Colombian forces in the effort to eradicate the terrorist group.

101 ibid
106 Ibid, 110.

18 countries are compelled to spend millions of dollars each day to pay off debt with money that could be used for economic reform, education, healthcare, or a multitude of other beneficial areas. In fact, government spending on education and improving the health of its citizens has declined due to an increase in debt. This downward spiral has led to higher death rates, particularly among children. An estimated 21,000 children die each day from poverty-related causes, according to UNICEF’s Progress of Nations 2000 report.100 This figure implies the statistic of one child’s death every four seconds, which amounts to fourteen children each minute.101 In addition to poor healthcare, low-income countries have suffered from weak economic performance, which has resulted in a decrease in economic reforms.

Despite these seemingly high statistics, there are numerous organizations whose sole focus is to end, or lessen, third world debt. These groups include Jubilee 2000 UK / Jubilee Debt Campaign (JDC), Christian-Aid, Oxfam UK, World Development Movement, Catholic Agency for Overseas Development (CAFOD), and Tearfund. Of these organizations, JDC is the most significant in that it is highly involved in aiding third world countries. Their mission is to see that the development of the country’s territory. By 2002, the massive rebel war machine and drug trafficking empire reached its peak.107

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108 Ibid, 2
110 Ibid, 10