



AID AND TRADE

International Young Professionals Summit 2001 Agenda Paper

The Challenge

This millennium begins with new challenges especially with regard to poverty, and no issue sets more serious challenges to the world's populace than does the plight of the Majority¹ World. Of the world's six billion people, 77 percent of the world's population - about four billion people - live in developing countries².

- * 1.2 billion live in extreme poverty;*
- * 180 million children, one in three, suffer from serious malnutrition;*
- * 1.3 billion people don 't have safe drinking water;*
- * 10 million children under the age of five died in 1999 most from preventable diseases;*
- * 113 million primary school-aged children are not in school, the majority being girls; and*
- * female literacy is still only a fraction that of men.*

Vision

The IYPS Aid and Trade Action Area group envision a world where:

- Socially, Environmentally and Economically sustainable trade is a primary mechanism by which communities can develop.
- All Aid and Trade is conducted through equitable power relationships

Abstract

This paper aims to look at the issue of trade particularly as it relates to developing countries, the effects of globalisation and the challenges faced by developing economies in integrating into the global economy. This paper will also look at international aid as it stands today and the inherent dangers of aid dependency. By looking at the dual themes of aid and trade this paper aims to propose alternative measures of development that utilize the economic advantages of trade to encourage development that is sustainable, ensures environmental integrity and encourages the appreciation of social capital, all three of which are measures in concert with the ultimate goal of alleviating poverty.

- * Is aid the ideal solution to the alleviation of this poverty?*
- * Can trade substitute for aid effectively?*
- * Is there a possibility of economic independence in the decision making process concerning what to trade?*
- * Are the returns on trade reflective of the variable inputs by those involved in the exploitative process, in other words does each party to the trade get a return for the effort expended in*

production. Party to this process is the labourer, the entrepreneur, the nation and the environment.

- * Are there any obligations to posterity?
- * Do rulers, cultures and institutions play a role in perpetuating poverty?
- * Are these considerations absolute as distinctions between developed societies and underdeveloped ones?
- * Can enclaves of elite be said to be the primary perpetrators of this poverty in developing countries?
- * Are indigenous collective peoples of poverty struck nations involved in the alleviation of their plight?
- * Do they see their position as a plight or are they comfortable with their situation?
- * What is the role or significance of major financial institutions in world development efforts?
- * At the end of the day, will any of these arguments make a difference to the 2/3 of the poor that are women?

The bottom line is, should aid be administered or not? If it should, in what way should this be so? Should trade be carried out or not? If it should, then in what ways?

Background

In recent years there has been progressive globalisation of economic activities with increased economic interdependence between countries. During the past decade there has been a shift towards liberalised domestic trade regimes and regional trade arrangements such as SADC, COMESA, EU, NAFTA and CARICOM to mention a few. Multilateral agreements within the WTO and the IMF framework now govern the rules and regulations of international trade.

Globalisation has brought about growth in international production and trade, information technology and global linkages. Now many growth strategies being adopted for business are on the basis of a global market. However the present international trade environment has stunted and in many cases reversed the growth of many economies in developing countries, resulting in relatively poor economic performance in these countries during the last three decades. Therefore we must redress the basis of trade relationships.

What is the language of aid and trade? Quite often in discussions such as this language can and may become a snare where it purveys an unclear if not misplaced understanding of issues. So to give clarification to terms employed we need to ask ourselves a few questions.

Is there a **Third World**? Historically the term makes reference to the economically underdeveloped countries of Asia, Africa, Oceania, and Latin America, considered as an entity with common characteristics, such as poverty, high birth rates, and economic dependence on the advanced countries. The French demographer Alfred Sauvy coined the statement ("tiers monde" in French) in 1952 by analogy with the "third estate," the commoners of France before and during the French Revolution-as opposed to priests and nobles, comprising the first and second estates respectively. It conveys as well a second idea, also discussed by Sauvy, that of non-alignment, for the Third World belongs neither to the industrialized Capitalist World, which was the first world nor to the industrialized Communist bloc, which was the Second World. In our discussions we will endeavour to utilize the terms "Majority Countries", "Developing

Countries” and “Underdeveloped Countries” inter-changeably as they are more reflective of the tone of ethic our discussions carry rather than the stale or arbitrary term Third World.

What is **Development**? Often development has been equated to economic development without investigating the environs within which that development is taking place. Our discussions have tried to pull together strands of progressive increases of financial, environmental, infrastructural (or physical), human, social and cultural capital summed up as development.

What is **Aid**? And why is it there? The main forms of aid are food aid, technical co-operation/ assistance, military aid, balance of payments support and grants. This aid may be disbursed as either bilateral (government to government) or multilateral aid. (International institution to country aid). There is also a considerable amount of aid in the form of finance, services and goods from NGOs and development agencies. Theories that have sprung up, some in support and others in criticism of foreign aid, may be categorised in the following ways:

1. The conventional gap analysis which views aid as a positive force in the development process of the Developing Countries of the world filling gaps:
 - a. between savings and investments
 - b. between exports and imports.
2. Then there are those with a purely economic perspective who view aid as not necessary since development can only be indigenously achieved on the basis of self-interest.
3. A third position is occupied by those whose appreciation of the social dimensions of development causes them to consider this whole aid and development debate as irrelevant and misconceived as long as it operates within the current world economic structures (world order). They see this structure as inappropriate to the needs of underdeveloped countries as it reinforces dependency.
4. Middle ground perspective take a neutral position proposing that aid works but has failed in certain places, and has worked in others and that the solution lies in a best practices code.

What is **Trade**: Trade theory as a doctrine for the promotion of the well being of a nation state, was developed by the fathers of classical economics Adam Smith and David Ricardo, who drew their theoretical analysis based on several concepts. Adam Smith's doctrine embodied the idea of Barter, comparative cost (**Absolute Advantage**) and specialisation all in the context of self-interest both of individuals and of nations. Ricardo refined this theory supposing the possibility of a country being at an absolute advantage in all lines of production, say the way the US appears in the eyes of many. For him however **comparative advantage**, which is preferable, is only achieved if the opportunity cost for producing a good is lower at home than in another country justifying trade even when a country is able to produce goods cheaper than others. A **vent for surplus** arises after having satisfied local demand, providing a surplus of foreign exchange if trade doors are opened. This now avails **scarce resources** to countries that would otherwise go without, resources such as oil. This leads on to what has been termed the **law of reciprocal demand**. As local demand for a product increases there is pressure on its levels of production. The factors of production for that product may not all be readily and sufficiently available so the deficit is bought from other countries. Thus it may be said that trade is essentially the exchange of goods and services between countries using a medium of exchange.

Questions of Trade

From the mid 1900's to fall of the USSR, A.G.Frank, Samir Amin, Osvaldo Sunkel and others analysed underdevelopment in Latin America and the rest of the world with an emphasis on dependency theory as

being the reason underlying growing poverty in the majority of nations. Trade relations and the transfer of capital from developed nations to underdeveloped nations was said to be structured to the net benefit of the developed nations. Earlier studies by Prebisch and Singer and others attributed the process of underdevelopment to the declining terms of trade that existed in the export sector of developing countries. As factual as these findings were, the solution suggested at the time was to break the links with the developed world. At the time of this research the world was divided into the Socialist/Communist World and the Western/capitalist world. This divide produced a third group called the Non-alignment Movement. It was thought that by collecting together in an economic block outside capitalist clutches and with the use of central planning, the dependency of developing countries on the West would be eliminated.

But these were the paradigms of yesteryear. The factors that are driving globalisation today are increases in freedoms and information. Just as the West embraced these factors while the USSR fell behind during the Cold War, today the developed nations have been quicker to implement change, increase personal freedoms and the flow of information. Yet these changes have been moving at a much slower rate in underdeveloped nations due to the strong political-economic structures that perpetuate underdevelopment and thus perpetuate poverty. The implications of globalisation are that there are those that are reaping and will reap huge benefits and those that will lose. For those that will lose, their economies will decline even faster. Integrating the developing countries into the global environment may prevent it from becoming worse off.

In making these observations it is noted that globalisation and consequently interdependence among countries has been increasing with virtually irreversible patterns in regard to trade. Production decisions are increasingly made on the basis of the global environment. Countries can no longer maintain a sole focus on production for local consumption but must also consider production for trade as one of the major driving forces of globalisation. By producing for local consumption only, countries would avoid competition. Yet competition is an incentive to improve the quality of the product through creativity as well as by lowering prices, thus increasing consumer surplus.

Inherent problems with today's trade regime

The world trading system has inherent inequalities so that regions like Africa account for less than 5% of total world trade. Despite the momentum of regional integration in the last few years, the continent has not managed to take advantage of this environment to increase its trade. One of the questions that arise is whether regional integration is the best remedy for developing economies? What approach can be appropriate for these economies given their diverse backgrounds in a context such as Africa?

In the last four decades international trade has been expanding both in value and volume. While developing countries as a whole showed both growth in output and trade, there was a wide variation. Asia and Latin America showed increasing trends while Africa showed declining trends of economic growth.

Supply constraints have also hindered underdeveloped countries in diversifying their production bases, despite the fact that the Majority World is generally rich in cheap labour, agricultural capacity and raw materials.

There have been factors that have impeded production of goods and services such as poor infrastructure, lack of skilled human resource capital, low savings and high energy, costs. This has increased the unit cost of production, making many products uncompetitive on the international market. Elimination of these constraints would create an environment that would foster production for both export and domestic markets.

The other side of this problem is that production focuses on large-scale extractive export industries

instead of focusing on indigenous value adding and production for local consumption. This stifles development of the local economy by refocusing domestic production away from supplying local demand to the supply of international market demands.

Additionally, the concentrations of power required to support any high volume export-industry inevitably assist in the support of archaic non-merit based colonialist and feudal power structures, and the consequent incompetence and mismanagement that is generally associated with these regimes. This may happen either through nepotism and corruption, or through the channelling of profits from export-industries into weaponry and other mechanisms for entrenching the hold of the corrupt elite on the reigns of power. It may also discourage independence and creativity because intelligent locals can make more money in totalitarian styled bureaucracies associated with international mega-corporations and aid agencies than they can by working for themselves and developing locally based entrepreneurial activities.

Further, the profits from the export of primary products and raw materials are eaten up when those primary products are refined and sold back to developing countries elite following a process of value adding. This has often been referred to as declining terms of trade for the country that is exporting and getting poorer.

In addition to the promotion of trade in sustainable industries, it is also desirable to eradicate certain global industries that contravene basic human rights and dignities. Absolute priorities include trading of humans and human body parts, and trade in endangered species. Growing trade within these industries compounds the already significant need for development of socially and environmentally desirable industries.

Questions of Aid

In the past there has been a failure of much of the international aid effort to achieve its intended objectives. For this reason arguments against aid have arisen. At the fore of such arguments are conservative economists that have argued that aid is inconsistent with the market philosophy. On the basis of this view, any development activity undertaken by governments or international organisations are *ipso facto* an interference with the market economy and therefore damaging to economic efficiency and growth. Thus this neo classical argument concludes that aid generally harms the trade sector as aid acts as a substitute for trade.

It is important to note that 'aid' can be and has been harmful. The wrong kind of aid can be quite harmful in its effects and injurious to the basic objectives of aid. The most elementary means by which aid can harm, is by undermining the ability of the poor to be productive and self-reliant. Such aid increases poverty by creating and encouraging a state of mind that is constantly dependent on resources being provided.

Another important issue facing aid is the accountability of aid agencies. Any aid agency that purports success of its programs must have a certain degree of transparency and be open to public scrutiny for its use of funds. Normally aid agencies account directly to their governments concerning their use of taxpayer's money. However this scrutiny may not always be thorough and objective.

Another issue is that of inappropriate aid. This is the situation where the country receiving aid may be exposed to a non-monetary sabotage of social structure, values and culture.

Inappropriate aid packages tend to have ambiguous motives. For example excess production of agricultural produce may lead a country to donate that produce to a poor country without consideration of

the effect on the domestic producer. Even technology may be inappropriate when donated, as the net costs of consumables that go with the technology may far outweigh the value of the technology itself.

Debt relief is another very important ingredient in the consideration of aid. Being a background issue to the present discussion it must be noted that unless debt is mitigated by sustainable relief in the form of cancellation of the debt of majority countries, benefits that accrue to them through transformed processes of aid and trade will come to nothing. This is because the governments they belong to will have need to tax it away for the cause of interest obligations and loan repayments on their international debt.

Aid and Trade revisited

An increasing number of developing countries have been liberalising their trade regimes through structural adjustment programs and other development policies forwarded by the IMF and the World Bank, yet very few of these have had success with imported development strategies. On the other end of the spectrum there are no examples of countries achieving economic growth solely by perpetuating a closed economy. The closest example we have is Cuba. Cuba did however receive substantial aid from its benefactor, the Soviet Union. In spite of these observations it must be noted that trade is important to both industrial and developing economies as an engine of growth.

Building capacities through aid can lead to improvements in international trade. This can in part be seen in examples such as Taiwan and South Korea. International aid to those two countries was used to finance investments in transport, power facilities, education, agriculture and rural development. This in turn helped accelerate economic diversification and facilitate export promotion. With the monetary element of aid fostering an environment for trade to grow, aid and trade can substantially contribute to economic growth and poverty alleviation. However it is important to note that these countries have had other advantages, given their relative proximity to major markets and cultural backgrounds. One also imagines that the strategic advantage that these countries have held for America might also have influenced the success of these aid programs.

Aid for development packages are increasingly sought by developing countries to help them face the challenges of globalisation. But since 1993 Official Development Assistance contribution to developing countries has been declining and according to OXFAM, over the last decade rich nations have cut aid by \$35 billion and less than half a dozen of the OECD nations have reached or maintained their targets of 0.7% of GNP as aid, and within it 0.2% as aid to LDCs. According to the World Bank this has resulted in a \$100 billion shortfall of targeted finances

The issue of aid needs to be re-examined. The challenges of globalisation and how best to facilitate the integration into the global economy need to be addressed. The potential exists for significant advantages to the developing countries if the developed world is forced to reduce both its tariff and non-tariff barriers to fair trade. This inevitably calls for a new paradigm or perhaps old paradigms in new clothing.

This paper does not suggest that it is unquestionably in the interest of developing countries to be fully integrated into the global trading system on the same basis as the advanced economies. However the reality is that export trade will not work to the advantage of the underdeveloped countries as long as massive power imbalances remain in the international trading system. Trade is important to development and thus cannot be discarded. But it is the current unbalanced trading system that needs to be tackled and the defective methods that has led to the overall net effect of such aid tending to be negative.

In addressing this issue, the building of ventures in Majority Countries with local ownership and using locally skilled people is immensely desirable. The benefits are significant and include greater economic return and promotion of socially relevant ventures. The greatest benefits can be achieved when

development involves intellectual capital that can be protected or creation of value added products that have some point of differentiation in global markets.

For this to occur, principles of entrepreneurship must be fostered, especially in the educated. Without the opportunity to participate in valuable ventures at home, these individuals will often travel offshore in search of greater economic reward. It is possible to develop a culture of risk taking among the professionals in Majority countries and to support these with networks of skilled individuals to develop potentially successful ventures. The outcome will be locally grown ventures that can generate real wealth for the local economy.

Issues facing Trade as Aid

The question of aid and trade must be looked at with regard to the consequent impact that these activities would have on the alleviation of poverty, on enhancing social capital, on maintaining the balance of the environment and ultimately on the sustainability of these activities. Issues such as labour rights and the environment must be taken into account, which may contribute to a competitive advantage for Developing Countries but may also adversely affect the sustainability of a trade based aid strategy.

Issues of labour standards have also tended to be highly contentious in discussing international trade. While the West is advocating unified labour standards, a large section of the Developing Worlds political leadership feels this will only lead to increased marginalisation of the underdeveloped countries in the world trading system.

In distinguishing labour costs from labour standards it is observed that there are numerous advantages to maintaining the comparative advantage of differential wage rates for the developing countries. A case in point is that wage rates indexed against some arbitrary international criteria such as the US dollar do not adequately reflect the cost of living in particular countries. For example US\$1 in Guyana buys so much more than US\$1 in America. Furthermore, this fails to take into account non-economic impacts on community health such as social welfare, education and happiness.

Nevertheless, when Developing Countries achieve a comparative advantage because of authoritarian and inhuman government policies, or because of a government's inability or unwillingness to respect worker rights and safety, then the only advantage is to the dictators and their supporters. Some governments of underdeveloped countries may not want uniform labour standards as politicians and other elite in these countries get substantial benefits out of the exploitation of their own citizens.

If oppressive governments of the underdeveloped countries achieve an improved economic in-flow because of restrictions on the right of workers to collectively organise, or through lax safety and environmental standards, it is not the wages (labour costs) that are being treated cheaply but the lives of those workers. This therefore necessitates unifying non-monetary labour standards using humanitarian grounds rather than on wage value.

Operating frameworks for Aid and Trade

Environment - aid and trade – The environment impacts on aid and trade in two ways. Firstly in order to maintain a competitive advantage it may be argued that developing countries could refrain from introducing costly environmental protection standards. But production whether for export trade or for domestic consumption ought to be bound by environmental constraints. The environment belongs as much to today's generation as it does to posterity.

Secondly, aid and trade activity will always have a geographical scope. Within that scope should exist the target groups and other intended beneficiaries. Thus the administration of an aid package will require resources that are financial, human and natural.

Aid packages and production activities ought to be subjected to environmental audits and made accountable to people present, to posterity and to nature. Such audits must assess the natural capital stock and the degree of reserves it will affect. But any production project or aid assistance that may be termed to contribute towards enhancing development must also be measured through its ability to improve the quality of life of the recipients or target group and those that are dependent upon them.

Consumption is also recognised as a driver of trading requirements and so sustainable and equitable consumption is a key issue to be addressed, especially by the Minority world now.

Sustainability - aid and trade- Sustainability in Aid should be indicated by its decreasing need wherever administered. Resource transfer with the tag 'Aid' should be designed so that the entity in receipt of that aid should subsequently attain the ability to independently source resources necessary to meet the need for that aid after the aid is no longer available. Therefore aid in any context must have a life cycle that ensures 'sustainable' natural resource management, which can only be achieved if a society develops values and a world-view in line with a sustainable life style. This socialisation process in effect represents a social capital appreciation, being an assurance for the continuum of values that will characterise the decision-making processes of future generations and also a continuum of activity.

Social Capital - aid and trade: Social capital is a collection of values of a social grouping which may stretch from the family unit to the global village. At an elementary level this is indicated as the interrelations between the culture of that social grouping and the needs that that culture meets peculiar to that social grouping. The importance of this lies in the social groupings ability to make needs assessments and provide an endogenous solution to such needs.

The four tier Grail approach, summarises the social analysis that occurs in the development and enhancement of social capital:

1. Individual level accounting for individual needs, possibilities, strengths and weaknesses.
2. Group level to enhance an understanding of group dynamics and group leadership skills for fostering decision making skills, constructive ways of dealing with problem, conflicts and evaluation methods.
3. The institutional level to identify the most significant institutions through which the society can be transformed (i.e. education, media, trade unions, village committee, etc).
4. Impact from the wider society that may enhance or thwart efforts of change.

These tiers are considered cognisant of the scope of coverage. Just as environmental considerations reflect on the individuals immediate environment up to that of the solar system as a biosphere, likewise social capital extends from the individual through to global dimensions of human interactions. In this way individual determination, followed by peculiar forms of indigenously oriented social contract, will give rise to demands in the economy that might be termed domestic and consequently sustainable.

Poverty - aid and trade: Aid packages and trade relations borne out of social initiatives, undertaken along principles of sustainable practice within the frame work of limits to environmental resources. Will ultimately alleviate poverty and lead to sustainable development.

Conclusions

Although the shifts in paradigms of economic development suggested in this paper advance aspects of classical economics, they are couched in the values of society so that the human capital generated is corporate and hence social capital appreciates. The immediate contrast with the classical perspective is that sustainable economic empowerment arises out of the collective need rather than individual needs. This is meant to be a popular paradigm not so much in terms of how things must be as armchair observers, but rather as participants, not passive, but active, conscience and empowered. As members of a society that is continuously being empowered both by the collective as well as individual commitment to self-determination. This is grassroots action for grassroots benefits.

Paul Lupunga facilitated the Aid and Trade Agenda Area group discussions. The views expressed in this paper were drawn up in the process of facilitating on-line, as well as summit, contributions.

References

Sigh, Naresh and Titi, Vangalie (Eds.) 1995 Empowerment towards sustainable development. Zed Books, Canada.

World Bank

<http://www.worldbank.org>

United Nations Development Program

<http://www.undp.org>

World Trade Organisation

<http://www.wto.org>

**Petition of Young Professionals to World Leaders on
Harnessing Young People's Contributions to Aid and Trade.**

International and national public and private leaders who sign below agree to:

- Use aid as a tool for bettering society by design, and trade as a tool for bettering society by default and when well managed, monitored and controlled, would set grounds for trade replacing aid with regard to the worlds resource needs
- Consider that in the processes of measuring the effects of aid and trade, whilst as intentions may not be measured by a moral or altruistic standard it is the impact or outcome of the packages that will determine their value to society
- Be cognisant of the role that the hierarchy of every institution plays in generating a vision, strategising its outworking and enjoying the outcome of such vision, and that that hierarchy is represented by the leaders of Business, Government, N.G.O. and Civil society in general, as leaders of the world

We as the International Young Professionals Summit Aid and Trade Action Area participants implore the Leaders of the world to heed our calls.

The IYPS 2001 aid and trade delegates reject the view that corporate profits must be protected to the detriment of the developing countries or their interest. The IYPS 2001 aid and trade delegates therefore

- * support fair working conditions and the right of all workers to join a collective.
- * call on governments and corporations to support the production of low cost versions of patented drugs in the developing world.
- * call for the repeal of trade barriers in the First World.

The IYPS 2001 aid and trade delegates support the view that social, economic and environmental sustainability are inseparably linked. The IYPS 2001 aid and trade delegates therefore

- * call upon aid organisations to consider the effects of their programs in the broadest possible context, including the effects on surrounding communities, future generations and the planet.
- * believe that international development demands a multi-disciplinary approach to problem solving, involving both technologists and social scientists, in order to ensure that the broadest possible range of perspectives is considered.
- * believe that successful development programs must compliment the technological and cultural aptitudes of the indigenous communities that are most directly affected by those programs.
- * call upon all the world governments to ratify the Kyoto protocol.

The IYPS 2001 aid and trade delegates believe that the proliferation of armaments throughout the underdeveloped world is a major impediment to development. The IYPS 2001 aid and trade delegates therefore

* call on those countries that have not yet done so to ratify the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on their Destruction.

* call on governments to take immediate steps to end the international trade in armaments and the instruments of war, and in particular, to cease the production, transfer and dissemination of military hardware to the underdeveloped countries of the world.

* call upon those countries that have been major exporters of armaments in the past to contribute to the cost of the re-acquisition and destruction of those armaments and to contribute to the rehabilitation of the environments in which they have been used.

The IYPS 2001 aid and trade delegates support the development of civil society and local democracy in the Majority World. The IYPS 2001 aid and trade delegates therefore

* call on aid agencies to consider the impact of development programs on civil society in its relation to governance and reject programs that, directly or indirectly, have the effect of reinforcing inequitable power relationships both within a recipient country and outside it.

* call upon aid organisations to undertake no activity that may have the effect, either directly or indirectly, of endorsing or supporting the activities of corrupt and oppressive regimes.

* call upon aid organisations to initiate targeted programs designed to encourage and empower people in the development of civil society and the fight against corruption.

* defend the right of nations to choose their own systems of governance within the scope of civil society.

* call upon governments and organisations to forswear payment of bribes, commissions or other kickbacks to contractors and government officials, and to adequately monitor the work of these groups on an ongoing basis.

The IYPS 2001 aid and trade delegates believe that international aid must affirm human dignity, equality, self-determination and the civil society. The IYPS 2001 aid and trade delegates therefore

* believe that the needs of people must be central to all decisions in international development.

* believe that the rights of people should come before the rights of corporations.

* call upon aid providers to fund and support the development of programs that empower and activate people at the grass roots.

* affirm the value of women's knowledge and women's contribution to the community.

* acknowledge the invaluable contribution that unpaid work makes to our communities.

* support the right of distinct racial or cultural groups to self-determination, including where practical their own homeland.

The IYPS 2001 aid and trade delegates acknowledge that misguided international aid programs and organisations have exacerbated developing countries underdevelopment. The IYPS 2001 aid and trade delegates therefore

* support and endorses the work of the Jubilee 2000 campaign and specifically calls upon world governments to waive all inter-governmental debts outstanding to the world's poorest nations.

* support the reduction in the dominance of the World Trade Organisation, the World Bank and the IMF in international aid provision process and calls for their reform, particularly so as to ensure greater representation by representatives of underdeveloped nations in their decision making structures.

* call on aid organisations throughout the world to support the principles of openness and accountability by immediately and completely opening their books for public scrutiny.

* affirm that most problems in international development are political, and therefore require political solutions through universal suffrage and continued empowered individual participation.

The IYPS 2001 aid and trade delegates acknowledge and reject the destructive influence of Western political interference in the affairs of underdeveloped nations. The IYPS 2001 aid and trade delegates therefore

* call upon governments to cease attempts to manipulate the political affairs of other governments.

* call upon governments to cease the use of aid as tool for buying favours.

* call upon governments to cease all development activity which may have the effect, either directly or indirectly, of endorsing or supporting the activities of corrupt and oppressive regimes

The IYPS 2001 aid and trade delegates acknowledge the value of indigenous knowledge, cultures and ways of statement. The IYPS 2001 aid and trade delegates therefore

* celebrate the extensive contribution that developing countries have made to the international community.

* call upon aid organisations to ensure that local communities are given the ability to direct the co-ordination and management of aid programs in their region.

* call on governments to ensure that the contribution of indigenous knowledge to corporate intellectual property is acknowledged and fairly compensated.

*acknowledge the right of governments to protect indigenous media from excessive international competition .

*call on professionals in spheres development to exercise a civic responsibility in utilising knowledge, skills and expertise in the up-building of indigenous social capital and the sustainability of the environment.

* call upon professionals to challenge the privilege of knowledge and expertise and its walling off from "others" transferring our skills where needed, with communities, cognisant of abilities they possess.

**Declaration on Young Professional's Contributions to Reducing Poverty as a Source for Progress
made by Young People gathering at IYPS, Australia, October 2001**

Young professionals, young adults, and youth between 14 and 35 years of age from all nations, ethnic and cultural groups, socio-economic status, sectors, and gender signing below agree to:

1. Defend the right of nations to choose their own systems of governance within the scope of civil society in order to diminish the need for aid and to increase the equity in income from trade.
2. Believes that the needs of people must be central to all decisions in international development.
3. Believes that the rights of people should come before the rights of corporations.
4. Believes that international development demands a multi-disciplinary approach to problem solving, involving both technologists and social scientists, in order to ensure that the broadest possible range of perspectives are considered.
5. Believes that successful development programs must compliment the technological and cultural aptitudes of the indigenous communities that are most directly affected by those programs.
6. Affirms the value of women's knowledge and women's contribution to the community.
7. Affirms the rights of individuals to freedom of religion, including the right to freedom from harassment or discrimination as a result of one's religious beliefs.
8. Encourage the development of value adding processes to primary and extractive industries that are predominantly geared towards export markets.
9. Supports aid projects that have the effect, either directly or indirectly, of redistributing the concentration of power or wealth in communities to greater numbers of people.
10. Supports the use of indigenous knowledge, consultants and project workers when available over the use of those which are imported, as a measure of localised sustainability.
11. Supports and encourages the growth of supply of indigenous products and technologies to compete with westernised products and technologies in developing countries.
12. Acknowledges the invaluable contribution that unpaid work makes to our communities.

In the light of the foregoing and drawing from the principles out lined, we do resolve to join together under the auspices of the International Young Professionals Summit – in the Action Area of Aid and Trade, in instituting these values as our contribution to society, we do resolve:

Specifically to engage in issues touching upon Aid by:

Promoting a project in which young professionals shall join together to monitor, sensitise and lobby government, enterprise and communities on the negative social, environmental and economic impacts of inappropriate aid packages. By this we shall endeavour to support AidWatch in view of its already institutionalised ethic with regard to our values.

Specifically to engage in issues touching upon trade by:

Promoting a project to infuse entrepreneurship into the societies of developing countries through awareness and training promotions in appropriate areas of environmentally and socially beneficial contexts.

Specifically to engage in

- a. The dissemination of our values and the practical outworking of our values through our projects, to the related entities in our home countries/ regions as documented here at the summit with a particular emphasis on the media, the government departments, the private sector, civil society,
- b. The formation of chapters of the Summit at localised levels to implement the activities that IYPS at that level engage in. This we envision will also serve to encompass the empowerment of the fraternity of young professionals that are yet to join us so that through the common front of numbers various entities in society will here our voice.
- c. Monitoring and evaluating all IYPS outputs with the objective of incorporating the value system embodied in the resolves of the Aid and Trade Action Area Agenda Document in order to give balance to the needs of the environment and society in a sustained and balanced context of development through aid and trade.

¹ Majority Countries refers to those that are considered to be less developed or developing countries. "Majority countries" has been chosen in recognition of the fact that there are more of these than developed countries.

² Source: United Nations Development Program World Development Report, World Bank and World Trade Organisation. See web sites in reference section.