

# THE STRATEGY: ENDING GLOBALIZATION DISORDERS

Yunus Lubega Butanaziba\*

International Security, Senior Command and Army Staff College,  
Kimaka & Nkumba University  
Entebbe, Uganda

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## ABSTRACT

Scientifically, globalization is a pure-form or model that refers to a condition whereby a dominant state unilaterally or multilaterally maintains a balance of power to fail member states in the international system it dominates. Globalization can be implemented exclusively or inclusively under blocs (regional) or International Governmental Organizations (IGOs) as means of the balance of power for the failure of states. This is the theme that this article pursues to objectively examine the current globalization regime as the function of two arms of the balance of power applied to fail states in the international system. One arm of the current globalization regime applies interest-lending of the Bretton Woods institutions namely, International Bank for Reconstruction (IBRD)/World Bank and International Monetary Fund (IMF). The other arm uses the strategy of resource wars. The problem is that interest charges of the World Bank and IMF have failed to cause real domestic growth in 185 states since the initial Ten/Five-year Development Plans, 1946/51-56. This is seen in the domestic and foreign debt burdens arising out of loan interests of the IBRD/World Bank and IMF. There have been more than 136 resource wars that have caused over 250 million deaths (market value loss of over USD 500 trillion) in the period 1946 to date. The unit of analysis of the paper is that the previous and current strategies of globalization have been illegitimate, severely violated fundamental human right, contravened business ethics and caused the failure states. Thus, the Bretton Woods system has not, and will not as it stands, benefit USA and her allied member states and the Third World inclusive.

Legally and morally, Latin American states who signed the Bretton Woods Agreements in 1944 were not in-due-form: African, Asian and Eastern European states were not represented; and given the most compelling fact that others from Europe (e.g. Germany) and Japan agreed in the unique historical moment, the logical conclusion is that the liberty and fundamental freedoms and rights of member states have since been violated by the IBRD/World Bank and IMF interest-lending. (i) The paper recommends among others a new formula for the re-creation a humanistic international monetary authority that will benefit all stakeholders without interfering in the balance of power. To say the least, interest lending of the Bretton Woods systems was appropriated from the 1545 Act ("An Acte Agaynst Usurie", 37 H.viii 9), which must be replaced with the humanistic monetary formula that maintains the balance of power to the lender, and also agreeable with international business ethics and human rights. (ii) This will multiply earnings of the world bank group to over 150 %. (iii) Over 3 billion out of the 6,8 billion people who had abandoned or feared interest-lending of commercial banks will join the industry – hence pulling over 150 % earnings. (iv) Employment will increase to more than 60 %. (v) Inflation will fall to 3 %. (vi) Local and investor confidence will rise, hence enlarging the financial market. (vii) There is urgent need for creating new geographies of the peace by closing Western driven ethnic battle frontlines that emerged with Huntington's new pattern of conflict (1990s to date).

## KEY WORDS

globalisation, Africa, Bretton Woods system, international organisations

## CLASSIFICATION

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\*Corresponding author, η: [lubegay@hotmail.com](mailto:lubegay@hotmail.com); +256 772 54 38 49, +256 712 580 774;  
International Security, Senior Command and Army Staff College – Kimaka & Nkumba University,  
P. O. Box 237, Entebbe, Uganda

## INTRODUCTION

### GLOBALIZATION: THE REALISTIC CONCEPTION

The concept globalization refers to a condition whereby a dominant state unilaterally or multilaterally maintains a balance of power to fail member states in the international system it dominates (see Figure 1). A balance of power is a collection of tools used by a globalization regime to inflict physical and non physical damage to fail member states from challenging its status quo. In implementing the failure of states, a globalization regime builds collective security, as a means of the balance of power, by forming exclusive or inclusive political-economic blocs (regions). This constitutes two types of exclusive and inclusive globalization under regional or International Governmental Organizations (IGOs) as means of the balance of power for the failure of member states.

A long historical chain of exclusive and inclusive globalization regimes indicates that IGOs are instruments for resource wars and failure states. These include: (i) Treaty of Mecca and Medina which enabled the strategic/war construction of the defunct Islamic empire in form of “Dar al Salaam” (areas of peace) against “Dar al Harab” (area of war), (ii) Treaty of Westphalia 1648, (iii) Congress of Europe 1824, (iv) Berlin Conference (v) League of Nations 1919, (vi) United Nations 1945, IBRD/World Bank and IMF, North Atlantic Treaty Organization (NATO) against War Saw, East African Community (EAC), European Union (EU), Association of South East Asian Nations (ASEAN), etc.

It follows that international political-economic disorders (failure of states and resource wars) is the single thread that joins the historical sequence of globalization regimes and their instruments of the balance of power (i.e., IGOs). Another problem associated with the current and previous globalization regimes is that they emerged out of war and one may argue that they were guided by emotions rather than positive thought (their founders and signatories were not in due form). Therefore, man has not had peaceful times to scientifically plan what a harmonious and humanistic globalization regime (world order) out to be. Now, a moment has come for this.

### EXCLUSIVE GLOBALIZATION/REGIONALISM

Regional groupings exclude competing states from accessing resources of member states in international trade. For example, Britain used the gold standard to prevent France, Germany and others from accessing resources in the Sterling Areas<sup>1</sup> [1]. The gold standard and its

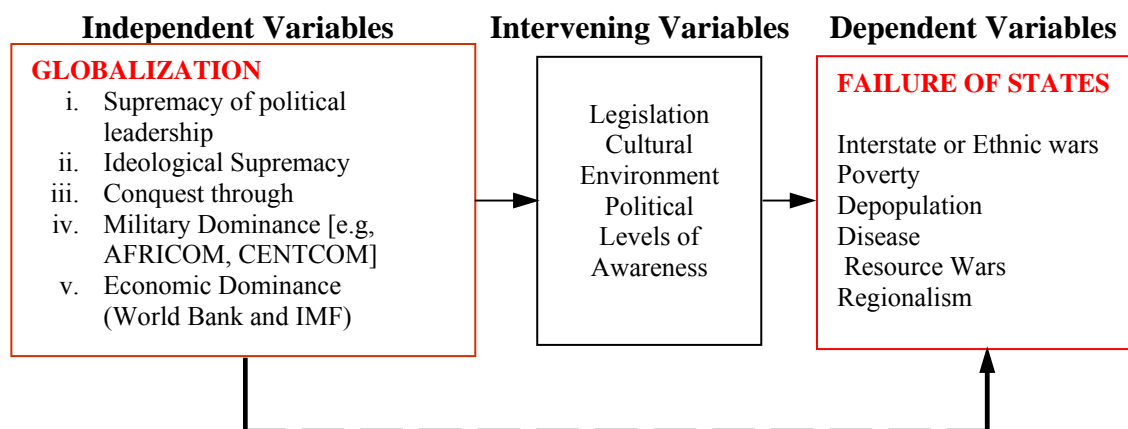


Figure 1. Globalization Conceptual Framework.

attending colonial controls of international markets and resource areas caused international financial disorders that triggered World War I & II. During the colonial era (1896-1945) Britain constructed the British East Africa (composed of Tanganyika, Uganda and Kenya), British West Africa, etc as exclusive regions against others. Such exclusive regions were constructed upon the principle of the balance of power, which means that small and medium states were prevented from becoming powerful to challenge then status quo of Britain.

Throughout the Cold War period (1947-1989), USA constructed exclusive regional security and political organizations and prevented the former USSR from accessing resources of member capitalist states. These included among others Organization of African Unity (OAU), North Atlantic Treaty Organization (NATO), European Economic Community (EEC). This arrangement is the foundation of the international economic disorders during and after the cold war period 1946/89 to date.

### **INCLUSIVE GLOBALIZATION**

Inclusive globalization refers to the process by a globalization regime reintegrates former enemy states into a wider common security and political-economic regional international governmental organization for easy access and control of their national resources. In reference to specific period and circumstances, inclusive globalization emerged in the period immediately after the cold war (1989-date). In here, former socialist/communist states were integrated into the Western capitalist economic and security blocs, for example, Tanzania, Burundi, Rwanda joined the East African Community under the auspices of USA. In reference to Claude [2], exclusive globalization refers to the process by which western imperial states integrate medium and small states into a common security and political regional international governmental organization for three reasons namely:

- a. to form a balance of power against enemy state and among themselves,
- b. to have easy access and control of their national resources,
- c. to fail member states of the group or bloc from becoming powerful lest they challenge the dominant state [2, p.495].

The current *inclusive globalization* under the leadership of USA is constructed upon the Clinton strategy: “Enlargement and Engagement” [3]. It seems that in the one arm, USA applies the tool of interest-lending of IBRD/World Bank and IMF; and in the other arm uses resource wars. Specifically, this explains the foundation of international political economic disorders and failure of states in the Bretton Woods system. It was observed that Western empires (from the Greeks, Romans, Christian Reformation to the present day USA) owe much to the model of the African Pharaoh dynasties, and illustrates a distinctive trend of aggression and plunder that causes the failure of states. The West has not known a universal hegemony since the Roman Empire nor a general moral authority since the [Christian] reformation; its history is [that] of war, the continual competition and intermittent strife of free and sovereign polities. Consciously or unconsciously, we take such a world for granted; we find this international disorder the natural way of civilized existence.

Again from this, is derived the principle of resource wars and failure of states under the dominance of a functional globalization regime. This strategy of destructive balance of power is further illustrated by Thucydides [4, pp.401-402] who argues that type of justice that exists between the powerful and small states is to force them (small states) accept conditions for their own destruction: “The standard of justice depends upon the equality of power to compel, and that in fact, the strong do what they have the power to do; the weak accept what they have to accept”.

This means that exclusive or inclusive globalization is put forward as an alternative to colonialism, which is a superior substitute for the principle of universality in which emphasis is placed upon the bigness and heterogeneity of the wide world in pursuit for the conquest of resource areas [2]. W. Churchill [5, p.207] confirmed this by stating that for “For four hundred years the foreign policy of England has been to oppose the strongest, most aggressive, most dominating Power on the Continent, and particularly to prevent the Low Countries falling into the hands of such a Power”.

Nowadays, two levers are applied to keep 185 states within the umbrella of the United Nations, one of interest-lending of the IBRD/World Bank and IMF; and the other of resource wars.

### **CONCEPTUAL FRAMEWORK & CHARACTERISTICS**

The conceptual framework in Figure 1 illustrates features of globalization, which distinguishes it as a tool used by a functional globalization regime to conquer world resource areas and markets by failing member states of the international community. The features include:

1. supremacy of imperial leadership (e.g., Pharaoh, Emperor, Osiris, Islam, Church, Bretton Woods Institutions, etc),
2. supremacy of Ideology (e.g., Islam, Christianity, Liberalism, Communism, Capitalism),
3. collective Security and Military Dominance for the Balance of Power,
4. conquest of local resource areas,
5. economic Dominance,
6. construction of IGOs for the Balance of Power and Failure of States,
7. imperial driven local and interstate conflicts/violence.

### **THE MISCONCEPTION: WHAT GLOBALIZATION IS NOT**

F. Fukuyama considered the present inclusive process of globalization under the leadership of USA as the agent of peace and coexistence among nations and individuals in which he assumes that only USA is fit enough to organize the world under its order of democracy and state-led capitalism. S.P. Huntington [6] was on the forefront of spreading the wrong idea that USA is the only state in the world with all the values that other nations or individuals should achieve, e.g., they claim to have superior language, political economic structures, ideas and practices such as democracy, human faces, etc. Hence, Huntington [6] concludes that the rest of the world must abandon what they have and adopt the model of USA as the universal harmonious figure of humans. These scholars have never examined the process of globalization as the function of resource wars and failure of states. Most western scholars emerging out of the cold war have since grossly misconceived the process of globalization.

### **RESOURCE WARS**

Resource wars refers to the application of violence caused by an agent either of the state, organization or individual in order to weaken the owner or user of the resource-area (and or market) so that it is directly or indirectly given up to the conqueror. Resources are raw materials such as land and the minerals therein, labour (entrepreneurship), capital and non physical values such as freedom, culture, heritage, etc. Specifically, resource wars are caused with the object of acquiring productive resources such as raw materials or markets. Normally, resource wars are defined along fault lines existing in a given society such as ethnic differences between Sudanese Arabs and Africans, Islamic fundamentalism in Iraq and the New Right of Western Liberalism and Democratization, etc. One can argue about the line of

observation that S.P. Huntington adopted if to obscure globalization as the function of resources wars and failure of states.

### THE FIVE STAGES OF FAILURE OF STATES

State failure as a tool of globalization is the breakdown or slowness in the progress of the civilization of a nation-state. There are five identifiable stages of state failure involving the external factor of destruction of African, Asian and Latin American civilizations, namely: Ancient Invasions; Slave Trade; Colonial Rule; Neo-Colonialism; Re-colonization. The single thread that unites all these stages of state failure in Africa is the design by a given globalization regime to conquer, dominate and destroy civilizations.

The attitude toward the failure of states as tool for the balance of power for the European globalization regime in Africa was not to encourage any existing industry and potential whenever and wherever it was found.

### THE GLOBAL STRATEGY: FIRST ARM OF STATE FAILURE

Methodically, the global strategy for the conquest of world resource areas by Western imperial states was articulated by Mackinder [7], Spykman [8] and Huntington [6]. The global strategy is a framework that unfolds itself in Western resource wars during direct colonialism (1555-1945), Cold War (1947-1989) and Post Cold War (1989-date). It brings a violent methodical application of the balance of power of a globalization regime to targeting world resource areas for wars and their subsequent failure (Figs 2, 3).

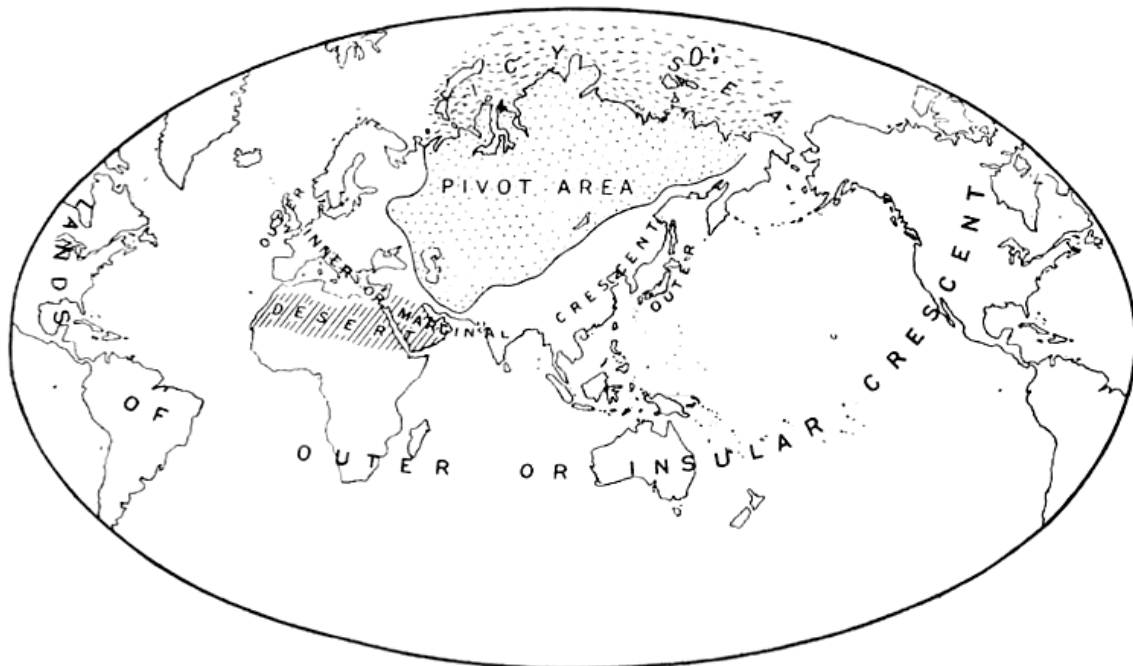


Figure 2. The Plan to Conquer World Resource Areas (Mackinder, 1939).

### HALFORD MACKINDER'S STRATEGY

Mackinder's theory can be analyzed as a model of globalization whereby a dominant state unilaterally or multilaterally maintains a *balance of power* through commercial wars to fail member states in the international system it dominates. In understanding Mackinder's theory, it should be re-emphasized that globalization is always implemented *exclusively or inclusively* under blocs (regional) under International Governmental Organizations (IGOs) as

tool of the balance of power for the failure of states. In implementing the failure of states, a globalization regime builds collective security as a means of the balance of power by forming exclusive or inclusive political-economic blocs or regions for commercial wars and state failure. Hence, this line of observation is brought out by quoting Mackinder [7]: “The actual balance of political power at any given time is ... the product, on the one hand, of geographical conditions, both economic and strategic, and, on the other hand, of the relative number, virility, equipment and organization of the competing peoples.”

Mackinder systematically identified various resources areas on the earth’s surface and categorized them into four main divisions for their strategic conquest and control by Britain. Mackinder singled Africa as one of the richest in resources as compared to the rest of the world:

1. “world-Island, comprised of interlinked continents of Europe, Asia, and Africa, and being the largest, most populous, and richest of all possible land combinations,
2. offshore islands, made up of the British Isles and the islands of Japan,
3. outlying islands, including the continents of North America, South America, and Australia [7].

Mackinder identified a rare importance of an area, which he referred to as the “Heartland” or centre of the world located between Volga, Yangtze, Himalayas and Arctic. The importance that Mackinder attaches to the Heartland does not necessarily correspond to its natural resources as he does to the rest of the world. Mackinder constructed the importance of the Heartland in relationship to its military capacity and organization to take charge of the rest of the world rich resource areas. It appears that Mackinder wanted Britain to conquer that area as its gate way to Asia and Africa. To this end, Mackinder attaches the imperial strategic importance of Eastern Europe, hence postulating thus:

1. who rules East Europe commands the Heartland,
2. who rules the Heartland commands the World-Island,
3. who rules the World-Island controls the world [7].

This means that Mackinder designed the commercial war strategy to aid Britain conquer and dominate the entire world resource areas (Fig 1). Drawing from specific circumstances of Mackinder’s time, there was the urgent need for Britain to resources in Africa and the rest of the World to satisfy her increased demands caused by her population growth. For over 30 years since the French revolution of 1789-1822, there was a period of a relative peace in Britain that brought about increased population and demands that necessitated the need for the conquest world resource areas. Britain had to defeat competing European colonial states such as Russia, Germany and France to access world resource areas in Africa, Asia and the Americas.

The Cold War commercial wars (1947-1989) were conducted along competing capitalist versus socialist/communist agendas to access resources areas within and outside Europe. The former USSR wanted to maintain her traditional balance of power that she had enjoyed in the period before World War Two., and she particularly wanted to control oil-rich resources in the Middle East. In response, USA and Western European states wanted to contain Russia’s conquest of strategic world resource areas. Never the less, Mackinder recommended that Britain ought to have strengthened her political-economic power by conquering strategic rich resource areas through building military capacity of superior arms and numbers.

### **SPYKMAN’S GLOBAL STRATEGY FOR USA**

N.J. Spykman (1893-1943) is another strategist who conceived of globalization as model and process whereby a dominant state unilaterally or multilaterally maintains a *balance of power* to fail member states in the international system it dominates. Thus, Spykman states: “[A]

political equilibrium is neither a gift of the gods nor an inherently stable condition. It results from the active intervention of man, from the operation of political forces. States cannot afford to wait passively for the happy time when a miraculously achieved balance of power will bring peace and security. If they wish to survive, they must be willing to go to war to preserve a balance against the growing hegemonic power of the period.”

Spykman published a book entitled, “The Geography of the Peace” to achieve the improved commercial war strategy of Mackinder in favour of USA. Hence, Spykman adopts Mackinder’s divisions of the world resources while renaming some: (i) Heartland, (ii) Rimland (analogous to Mackinder’s “inner or marginal crescent) and (iii) Offshore Islands & Continents (Mackinder’s “outer or insular crescent”, Fig. 1). Unlike Mackinder who argued in favour of constructing the empire of Britain, Spykman wanted USA to acquire the global balance of power by conquering Eurasia. He states thus: “There are not many instances in history which show great and powerful states creating alliances and organizations to limit their own strength. States are always engaged in curbing the force of some other state. The truth of the matter is that states are interested only in a balance which is in their favor. Not an equilibrium, but a generous margin is their objective. There is no real security in being just as strong as a potential enemy; there is security only in being a little stronger. There is no possibility of action if one's strength is fully checked; there is a chance for a positive foreign policy only if there is a margin of force which can be freely used. Whatever the theory and rationalization, the practical objective is the constant improvement of the state's own relative power position. The balance desired is the one which neutralizes other states, leaving the home state free to be the deciding force and the deciding voice.”

This statement not only confirms that Spykman improved Mackinder’s strategy, but also wanted USA to implement the policy of commercial wars in world resource areas by very routes that Britain had passed through the period preceding World War Two. This came to guide the foreign policy of USA in the period of the cold war, 1947-1989. In real terms of implementing commercial wars during the cold war period, USA developed strong infantry, naval and air forces to contain Russian from accessing world resource areas as had been with Britain in the period preceding World War Two. The development air, naval and infantry forces by USA during the cold war was not a new science for the conquest of world resource areas, it was rather an improved strategy of Mackinder to out compete European particularly Russia in controlling strategic world resource areas.

## **HUNTINGTON’S GLOBAL STRATEGY, FROM 1993 TO DATE**

S.P. Huntington was the Eaton Professor of the Science of Government and Director of the John M. Olin Institute for Strategic Studies at Harvard University. He authored “The Clash of Civilizations and the Remarking of the New World Order”. A thorough analysis of this article clearly indicate his main objective is to guide USA follow a new pattern of re-colonization process in the period after the Cold War and beyond, while maintaining the model of globalization model of globalization whereby a dominant state unilaterally or multilaterally maintains a *balance of power* through commercial wars to fail member states in the international system it dominates.

Huntington work is a well thought out strategic planning for the American imperial order to conquer world world resource areas similar to other geo-security arrangements [7, 8]. The uniqueness of Huntington’s work is that it camouflages the globalization process as the function of commercial wars and state failure with the clash of civilizations outside Western nations. Another rare feature of Huntington’s “Clash of Civilizations” is lack of recommendations or alternatives to the problem it addresses in none Western states.

In the “Next Pattern of Conflict,” Huntington [6] guides to the use of fault lines of culture and ideologies between the peoples of non Western states in Africa, Asia, Latin America and Eastern Europe to intensify conflicts. USA has since 1992 used this strategy to access strategic resource areas such as Iraq, Kuwait, Uganda, Congo, Southern Sudan, Darfur, Somalia and many others. In doing so, USA and her allied member states claim the role of peace keeping or restoration of law and order in a failing or failed state. The commercial idea behind this strategy is to return 19th Century social political conflicts (disorders) in non Western states for easier conquest by USA. Hence, Huntington states that: “World politics is entering a new phase, and intellectuals have not hesitated to proliferate visions of what it will be – the end of history, the return of traditional rivalries between nation states, and the decline of the nation state from the conflicting pulls of tribalism and globalism, among others. Each of these visions catches aspects of the emerging reality. Yet they all miss a crucial, indeed a central, aspect of what global politics is likely to be in the coming years” [6].

However, Huntington conceals the commercial objectives of USA in fueling civil conflicts and state failure behind the so-called clashes of civilizations. In any case, he draws a clear racist map of conquest for USA to capture world resources through cultural clashes (civil wars). This is derived from his argument that the fundamental source of conflict in this new world will not be primarily ideological or primarily economic. Hence, he states: “The great divisions among humankind and the dominating source of conflict will be cultural. Nation states will remain the most powerful actors in world affairs, but the principal conflicts of global politics will occur between nations and groups of different civilizations. The clash of civilizations will be the battle lines of the future” [6].

This implies a return to the 19<sup>th</sup> Century cultural conflicts which European colonialist used to conquer African, Asian, Latin American and East European states. This is the security and commercial war logic behind Huntington’s argument that conflicts between civilizations will be the latest phase of the evolution of conflict in the modern world. He adds that conflicts between princes, nation states and ideologies were primarily conflicts within Western civilization, “Western civil wars” [6]. That this was as true of the Cold War as it was of the world wars and the earlier wars of the seventeenth, eighteenth and nineteenth centuries. At the end of the Cold War, Huntington foresees African, Asian, Latin American and possibly some states from Eastern Europe emerging as significant economic actors in international political economy. Like Mackinder and Spykman, Huntington moves out quickly and accurately to stop these states before they come out. The best way is to attack them by engineering state failure through cultural conflicts. Hence Spykman states: “With the end of the Cold War, international politics moves out of its Western phase, and its center-piece becomes the interaction between the West and non-Western civilizations and among non-Western civilizations. In the politics of civilizations, the people and governments of non-Western civilizations no longer remain the objects of history as targets of Western colonialism but join the West as movers and shapers of history” [9, p.18].

A clear indication that Huntington’s work is an improvement of Mackinder and Spykman’s geoeconomic and security programme for the Western imperial order in the guise the Clash of civilization, is his analysis the geographical importance of the Middle East [10], South East Asia and East Africa. He accurately saw that the best way of failing them from challenging the political economic status quo of the USA after the demise of the rival USSR is to drag the into the 19th Century conflicts and other forms of sabotage such the 1998 financial crisis of the Asian Tigers. Hence, Huntington [6] quotes Weidenbaum: “Despite the current Japanese dominance of the region, the Chinese-based economy of Asia is rapidly emerging as a new epicenter for industry, commerce and finance. This strategic area contains substantial amounts of technology and manufacturing capability (Taiwan), outstanding



entrepreneurial, marketing and services acumen (Hong Kong), a fine communications network (Singapore), a tremendous pool of financial capital (all three), and very large endowments of land, resources and labor (mainland China). From Guangzhou to Singapore, from Kuala Lumpur to Manila, this influential network – often based on extensions of the traditional clans – has been described as the backbone of the East Asian economy” [6].

In analysis, Huntington carefully follows Mackinder and Spykman’s geoenomic security framework of the Heartland, Rimland and Periphery to strengthen America’s re-colonization process in the period since the collapse of USSR. For this reason, Huntington draws an international security map consisting of three areas to be conquered by USA through state failure triggered by the so-called cultural conflicts. In Huntington’s classification of world resource areas for conquest, the West constitutes European states, USA and Canada where commercial wars and state failure will not be implemented by USA (This is the “area of peace” or “Dar al Salaam”). Africa, Eastern Europe including Russia falls in the “area of war” or “Dar al Harab” will be conquered by USA through commercial wars and state failure. The rest of the World with exception of Australia, New Zealand, Israel and possibly South Africa are areas of war (Dar al Harab). The “areas of war” will be conquered through commercial wars and state failure because of their endowment in natural resources. They are in reality the pivotal states upon which world economy and security progresses (compare Fig. 3).

### **THE CASE OF AREAS OF RESPONSIBILITY (AOR)**

Huntington combines Mackinder and Spykman’s Global Strategies in his work, “The Clash of Civilizations and the Remaking of the New World Order.” This has since guided USA to construct a global strategy of conquest of world resource areas known as Areas of Responsibility (AOR, see Fig. 3). It is constituted of five regions of the American Post Cold War time, namely: (i) CENTCOM and (ii) AFRICOM, (iii) EUROCOM, (iv) PACOM and (v) SOUTHCOM [11]. These are expressions of the processes of conducting resource wars and state failure, which can be observed in the historical five stages of Western invasion of world resource areas. In Figure 3 the wider implementation of the US military Global Strategy under the centralized US combatant commands in main resource areas of importance is illustrated:

1. Central Command (CENTCOM),
2. Africa Command (AFRICOM),
3. European Command (EUCOM),
4. Southern Command (SOUTH COM),
5. Pacific Command (PACOM).

For example, because of Uganda’s resource importance, it belongs to two Areas of Responsibility (AOR) of control by USA known as the US Central Command (CENTCOM) and Africa Command (AFRICOM). This categorization of world resources for imperial control or conquest follows Mackinder, Spykman and Huntington’s ideas of the Heartland, Rim land and World Islands (continents).

### **US-AFRICA COMMAND (AFRICOM)**

USA established a centralized military command known as CENTCOM, which since October 2008 has come to involve a subdivision of Africa Command (AFRICOM) to achieve efficient ways of organizing military operations of accessing resources in Africa. AFRICOM is a core part of the US AOR or empire or colony out of the four US combatant commands including European Command (EUCOM), Central Command (CENTCOM), and Pacific Command (PACOM). The creation of a single combatant command of USA for Africa is primarily an American strategy that was meant to achieve efficient ways of organizing military operations

for resource control in Africa (see Fig. 3). Mills et al. [11] argue that this strategy is an expression of the process of militarization of US foreign policy towards Africa. It indicates that a serious programme of control of regional resources through a superior force of arms was undertaken [11].

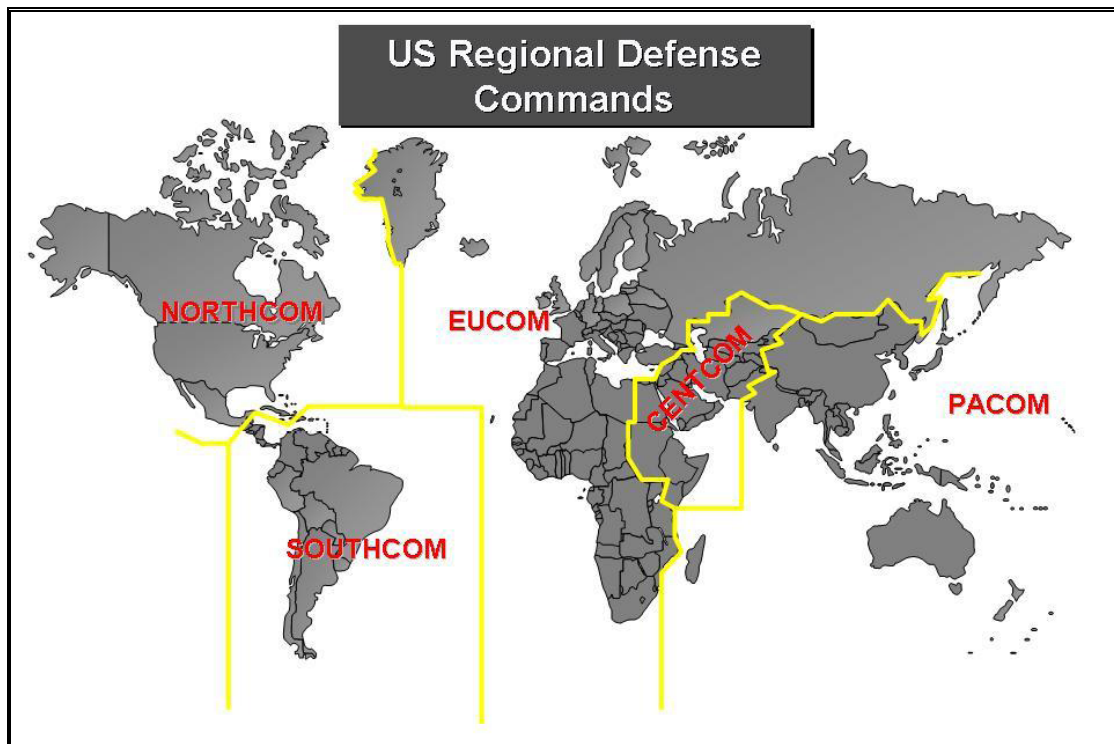


Figure 3. US Global Strategy for Resource Wars from 1993 to date.

USA is using AFRICOM as a test-run for new forms of conquest or re-colonization of the region in collaboration with other US government agencies. Indeed, for the first time in a US unified command, a State Department official came to occupy a senior leadership position as the deputy to the commander for civil military activities [11]. Officials from USAID and other agencies work in collaboration to execute the AFRICOM's mission of better access to Africa's natural resources. In other words, AFRICOM is another exhibit which indicates that USA is seeking military avenues of re-asserting her imperial control of the continent's resources. In justifying this observation, Mills [11] quotes V. Tilley at South Africa's Human Sciences Research Council [12, 13]: "The [American] agenda offers little but mounting expense and new dangers for African security. The urgent question for South Africa is not how to join that war, but how to help protect Africa from it." Or as Charles Cobb argues, "in the thinking of Pentagon and White House officials, the world today is too dangerous a place not to be policed by Washington. The establishment of AFRICOM ... is being driven by two main strategic concerns: first, the growing demand for African oil and gas [...]" [11, p.1].

Mills et al. suggest that Washington's excessive focus on "security tends to erode, if not crush, civil liberties, and those governments on the continent that already shown little inclination to support democratic freedoms will almost certainly use security as an excuse clamp down on things they do not like. In analysis, this brings forward the process by which resource wars conducted by USA result into state failure in Africa.

AFRICOM has the illegitimate force of law in intervening in African security internal affairs because African states have agreed upon it. This was designed to mask the already perceived dangers the US military presence and operations in the Congo, Darfur, etc. Hence, USA presented AFRICOM's rhetoric, focus, and resources robustly and publicly to African

concerns. As such Mills et al. [10] observe that Africa's principal security challenge is to mobilize sufficient resources to provide a secure, stable, and well-governed environment in which civil liberties are enhanced and business can thrive. Africa faces capacity deficit in its institutions of state, where the state is too often a predator rather than a facilitator. In short, this indicates state failure in Uganda, Congo, Somalia, Sudan where the military is the most extreme indicator of rapacious behaviour<sup>2</sup>.

In the period since October 2008, USA has been conducting over 20 military programmes and financial loans to buttress her re-colonization programme of African states. These include among others: "Training, Mentoring, and Education –through exchanges at US institutions implanting expertise in both military and civilian units; African Contingency Operational Training and Assistance (ACOTA): This \$40-50 million annual peacekeeping training programme replaced the African Crisis Response Initiative (ACRI) which was established in 1997; International Military Education and Training (IMET): This \$10 million scheme brings Africans to American military institutions, schools, staff and war colleges, etc.

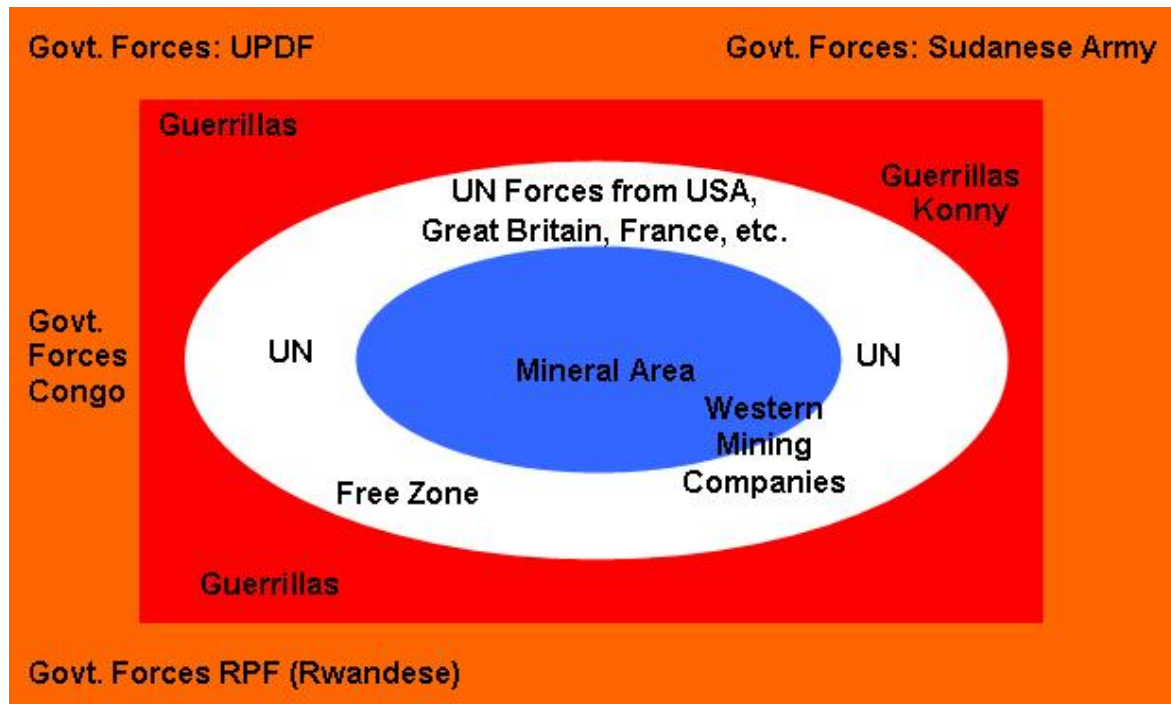
These activities indicate that AFRICOM has enabled USA streamlining and institutionalizing the process of re-colonization in all social, scientific and political structures of African states. Such security engagement comes from its institutional expression of a long-term plan of the re-colonization of Africa that is joined to and, critically, framed by an inter-agency approach. It is meant to decisively engage Africa for the worst scenarios.

## **Guerrillas**

Two unique aspects were observed with the method of installing guerrillas in a resource area: Guerrillas were formed in such a manner that they originate from the immediate neighbouring country and planted near mineral rich areas along national borders. This happened around mineral resources areas in western and northern Uganda, the military objective of which caused anxiety and insecurity to prompt government deployment of forces to defend state's territorial integrity and sovereignty against perceived guerrillas. This was confirmed by the Report of the Judicial Commission of Inquiry May 2001-November 2004 on the Plundering of Resources in western Uganda and Eastern Congo: "Reference to the transcript of evidence will quite clearly indicate, that so far as Uganda was concerned, while the AFDL, together at least with the Rwandan Army, if not the Angolan Army, swept across the country, and finally attacked and took Kinshasa, the UPDF was concerned with dealing with incursions into Uganda at Uganda's north-western most point, and pursued West Bank Nile Front rebels successfully' [15, p.26].

As the result, United Nations Peace Keeping forces were deployed with professed aims of preventing neighbouring states from violating the peace of one another's state. The UN Forces created a Buffer Zone exactly around the mineral area, and left it accessible to multilateral international corporations for mining. Subsequently, the Buffer Zone (Free Area) was declared a **disaster area** – in a legal and commercial sense this implies that whatever is extracted from this area is free. It follows that the real aim of the UN forces was to oversee the process of extracting such minerals by multilateral companies of western dominant nations from the resource area (war zone). This is the involvement of the external factor into state failure. This is illustrated in Figure 4.

A serious implication of this method and tactic of commercial wars in the area is that western dominant multilateral international corporations precede their parent states in capturing



**Figure 4.** Resource War Tactics [16].

resources. Such foreign actors were involved in commercial wars involving border conflicts in the region to pave the way for their access to resources. Another implication is that western companies are taking advantage of the inexperience of Uganda in oil prospecting and trading to control the area and the business through tactics of violence.

### **Oil and other mineral exploration in western Uganda**

D. Johnson produced a report and linked the problem of insecurity in western and northern Uganda to global oil industry [17, p.5]. The controlling observation of the findings in Dominic's research is the question: "Why look for oil in The Great Lakes [Uganda]?" The report answered this question, and indicated that Africa is becoming increasingly interesting for the global oil industry. World oil consumption was projected to rise from around 70 barrels million per day-today to 120 million by 2030, i.e., arise of 55 %. While two thirds of known global oil reserves are in the Middle East, production there would have to be doubled to satisfy the rise in demand, and this would increase global dependence on that part of the world. Thus, the major international companies are currently engaged in finding new sources of oil. Here, Africa is on the forefront: "Oil Explorers have found huge reserves of oil lie in a belt stretching from Niger through the South of Chad and Central Africa Republic into Southern Sudan, North-eastern Congo to Uganda. It makes economic sense to acquire production licenses in such regions before real production begins [17, p.6].

As such companies acquire exploration licenses and concessions in Uganda on advantageous terms and sell them later at huge profit if they strike oil while global demands continue to rise. In the 2002 the Canadian-British Heritage Oil Company under the leadership of Tony Buckingham commenced exploration in Western Uganda. The event attracted international attention and concern because of what Heritage Oil itself called risk or mercenary profile. It was called mercenary profile/history because the company began a new phase of resource wars in Uganda with much higher stakes than previous resource wars due to the financial commitments involved (i.e., the company is listed on Toronto Stock as Heritage Oil & Gas HOC.A It holds oil assets in Congo and Uganda, as well as 10 % stakes in Oman).

As the result, violence has since emerged due to the perceived expansion of Heritage Oil Company in Uganda. According to its interim report for 3<sup>rd</sup> quarter 2002, average daily production of oil was at 583 barrels. The report of Jefferies Consultant identified elements of violence in the Oil exploration activities in Uganda. Hence he observed: “Tony Buckingham has had a wide experience of business in Africa [Uganda] and the Middle East which included providing advice to governments on military security [of oil resources from possible local and western competitors ... emphasised author] [18, p.9].

Heritage Oil Company is linked to many military operations in western and northern Uganda particularly the South African Mercenary Executive Outcomes. The Washington based Centre for Public Integrity described the company’s violent military operations in Uganda as ‘Marketing New Dogs of War’. The link between Heritage Oil Company with economic interests of USA, Britain and Australia is exhibited in the following evidences:

British Defence Intelligence Staff Report (DIS), identified Canadian Ranger Oil Company which it gave Tony Buckingham and Mann a \$30 million contract to set up a defence force. Then Buckingham registered Mercenary Executives Outcomes as a U.K Company to run the joint venture with the South African Executive Outcomes. It was also successful in Angola and Sierra Leone.

## **INTEREST-LENDING: SECOND ARM OF STATE FAILURE**

### **ECONOMIC & MONETARY DISORDERS OF INTEREST-LENDING (USURY)**

International economic and monetary disorders began when crafty men misled the English government to charge interests on lent money under the 1545 Act (“An Acte Agaynst Usurie,” 37 H.viii 9) of Henry VIII of England. An interest rate (Usury) is a fraudulent price that a lender charges a borrower for the use of money borrowed from a lender. It is normally charged as a percentage rate over the period of one year. Or, it can be deceitfully calculated for one day, weekly or monthly. Interest-lending is one of the most heartless sources of global economic and monetary disorders that has since caused economic failures to recipient states of IMF and IBRD/World Bank loans. It has eroded domestic investments, investor confidence, heightened inflation and unemployment the world over. It must be outlawed in the immediate future and be replaced with the humanistic monetary formula that maintains the balance of power to the lender, and also agreeable with international business ethics and human rights.

In the period 1941-1943, Dexter White and John Maynard Keynes were guided by interest-lending of the 15 century to recommend the establishment of the IMF, IBRD/World Bank to trade in loan-interests without reflection to business ethics and human rights, which is a key concern of the UN. F. Block makes the best summary statement about the foundation of the IBRD/World on the premises of interest rates: “The Bank [IBRD/World Bank] was ... designed chiefly to supply the huge volume of capital to USA and associated nations. It was specifically empowered to buy and sell gold and securities of participating governments, to discount and rediscount bills and acceptances, to issue notes, and make long-term loans at rate interest” [19, p.100].

Legally and morally, Latin American states who signed the Bretton Woods Agreements were not in-due-form; African, Asian and Eastern European states never consented neither were they represented; and given the most compelling fact that others from Europe (e.g. German) and Japan agreed under terror, the only logical conclusion left is that the liberty and fundamental freedoms and rights of member states have since been violated by the IBRD/World Bank and IMF interest-lending. This is a serious source of international

economic and monetary violence that we must re-develop to a humanistic institution(s) with a new monetary formula that will maintain the balance of power in the hands of the lender, and respect business ethics and human rights. These problems provide us with noble work for a human global order that will be far different from the previous barbaric tools of the balance of power which range from biological, chemical, nuclear, electronic, hopeless psychology to interest-lending and resource wars.

## **THE BRETTON WOODS INSTITUTIONS**

In the period 1-22 July 1944, USA and Britain convened an international conference at Bretton Woods, Hampshire. USA invited 42 Latin American nations who were not in-due-form because they did not know the background proceedings of 1941-1943 of the Draft Proposals for the formation of interest-lending IBRD/World Bank and IMF. African, Asian and most European states were not represented at the conference whose terms of agreement have since come to bind them on receiving interest loans. The central aim of the Bretton Woods Agreements on the IBRD/World Bank and the IMF was represented by Dean Acheson in 1944 to the Special Committee on the Post-war Economic Planning of the House of Representatives thus: “The important things are markets. We have got to see that what USA produces is used and is sold abroad under [interest-lending] financial arrangements, which make its production possible. You must look to foreign markets” [19, p.100].

## **PROVISIONS OF THE BRETTON WOODS AGREEMENTS 1944/45-TO DATE**

The provisions of the Bretton Woods Agreements provide evidence of the foundation of violence by interest financing to recipient states through the IMF and BRD/World Bank. The Bretton Woods Agreements required European colonial governments to enforce the provisions of the agreements in their former colonies. For example, the British Military Administration enforced the Bretton Woods Agreements under Ordinances and Rules, 1945-1964, which came to be adopted in present national constitutions of commonwealth nations. The following provisions of the Bretton Woods Terms of Agreements exhibit that they have since had the force of law in member states:

1. **Part 1 Proclamations and Notices under Proclamations: Proclamation Number 29:** Bretton Woods Agreements, Provisions of Agreements Which are to have Force of Law;
2. **Bretton Woods Agreements: Proclamation Number 32:** A Proclamation to Provide for the Control and Regulation of Currency and Exchange;”
3. **“Ordinance No. 75 of 1957: The Bretton Woods Agreements Ordinance, 1957:** An Ordinance to enable [states, e.g., Uganda, Malaysia, etc] to become member of the International Monetary Fund [IMF] and the International Bank for Reconstruction and Development [IBRD] by acceptance of the International Agreements for the establishment of and operation of the Fund and the Bank;”
4. **Provision 97: Bretton Woods Agreements:** A Proclamation to Give Effect to Certain Provisions of the Bretton Woods Agreements [in Africa, Asia, and Latin America]: “Whereas at the United Nations Monetary and Financial Conference held at Bretton Woods in Hampshire in the United States of America in July, nineteen and forty-four [July 1-22, 1944] Articles of the following Agreements were drawn up, that is to say: an agreement for the establishment and operation of an International body to be called the International Monetary Fund [... and] International Bank for Reconstruction and Development [World Bank]” [20].

The Bretton Woods Agreements also provided that in order to demonstrate freedom and independence of any state from colonial control, the Bank and the Fund had to start operating

by interest-financing of development plans (budgets) for ‘New States’ in Asia, Africa and Latin America emerging out of colonialism within one year from 1944. Uganda, like any other former European colony was unknowingly trapped into the agreement and Britain successfully signed away her self-determination of national political economy. This proves that another phase of making failing states had come in under the hegemony of USA through the IBRD/World Bank and IMF.

Under the Bretton Woods Agreements, Britain accepted to assist USA through the World Bank and IMF to set and implement a Ten-year Development Plan, 1946-1956, in all her former colonies as a symbol of the end of colonial control of territories in the Third World Nations [1]. USA granted a sum of £120 million to all former British colonies through the World Bank, IMF, and Britain through her Colonial Development Corporation (CDC) to implement the ten-year Development Plan, 1946-56: “The United Kingdom and the Welfare Act provides a sum of £120 million for Schemes of Development in Dependent Territories [Africa] and set a ten-year period up to March 31<sup>st</sup> 1956, for assistance from the funds available under the act” (CO 1022/337, Progress Report, 1953, cited in [20]).

Malaysia and Uganda received a loan interest of £ 5000 000 each for the Ten/five-year Development Plan, 1946/51-1956. This programme created a new multilateral economic structure that paved the way for United States of America to take on the new role, for example, in Malaysia and Uganda as a new colonizer. The so-called “New States” had been founded under this arrangement [1].

One such common policy trapped member states to agree upon permanent dependence on loan-interest from the World Bank and IMF for their national budgets. The loans created illusive ‘New States’ under the United Nations, the identity of which were seen in Liberation Wars for Asian and African Independence and Modernization in 1950s-1970s. This form of violence was initiated by USA in conjunction with the then resigning European colonial governments. Africans and Asians were tricked to fight the wars of independence because they were ignorant of the Bretton Woods Agreements as instruments of the balance for the new re-colonization process of USA that that emerged in 1944.

The Liberation Wars were followed by unworkable programs as alleviation packages for African failing state system: these included Green Revolution, 1950s-70s, Decentralization, Democratisation, and Agricultural Modernization – the Structural Adjustments from 1980s to the present. These programs also create state failure. Reflecting on the involvement of the multilateral international institutions, Butanaziba correlated the failure of poverty alleviation schemes to the anti-poor policies and funding of the World Bank and IMF [1].

This explains the reason for continuation of wars and poverty in Asia and Africa in the presence of the UN, which was professedly initiated to promote peace and development. Arthur Sweetser, (former official of the UN) indicated the violent founding intentions of the UN in 1953, hence he stated to United Nations staff while resigning from office: “You were born out of the labour and travail of these older days of the League of Nations; you are the successors of those who tried to build before you, got swept temporarily away, but still left foundations to which you could anchor. You have built prodigiously upon them; I would not, in those first days of 1920, have dared dream you would get so far so fast. Do not underestimate this progress. The great lesson of all this effort and suffering, even frequent disappointment, is that you are right, in the fight you are making. You have got hold of big things of life; you are on the road to the future; you are working for all the ends that make life worthwhile [for America] on this planet – for peace, for eradication of war, for human advancement, for human rights and decencies, for better living standards, better education, better health, better food, better homes, better labour conditions, better travel and

communications, in short, for the world as it ought to be. This is the highest secular cause on earth. You deserve to be immensely proud of what you are doing, especially that you are privileged to be part of the permanent staff. During your low and grim moments, lift your eyes, I beg you, to these vaster horizons beyond; rise up out of the irritations and anxieties of the moment and realize that you have opportunities permitted to very few indeed” [2].

## **SOUTHEAST ASIA: DEBT BURDENS, RESOURCE WARS & THE LOSS OF SINGAPORE FROM MALAYSIA**

Empirical evidences from newly released historical records (Series 1022 and Series 940) on the interplay between Malaysian Development Plans, 1946-2010 and loan, interests of the IBRD/World Bank and IMF, clearly indicate the failure of state not only to financially and administratively determine its own affairs in terms of external debts, inflation; but Western triggered resources wars have since gross insecurities, deaths and such loss of her territories namely: Singapore. Time or history has accumulated records on the legal and formal mechanisms by which the IBRD/World Bank and IMF and resources wars have damaged the Malaysian political economy and violated human rights and business ethics.

The failure of the state in Malaysia has always been hidden by pro-Bretton Woods institutions-literature and government line of presentation. Once a time, Martin Rudner used to be the seemingly foremost authority on Malaysian political economy (Development Plans) at the international setting. He spent over 35 years writing on Malaysian economic development under the funding of institutions of the Bretton Woods origins. His main contribution to the progress of Malaysian Development Plans, 1946-to date has since provoked more research about the truth and facts of political economic damages of the interest-lending of the IBRD/World Bank and IMF.

Be that as it may, a recent M.A research carried out under the funding of the Department of the Prime Minister of Malaysia entitled, “*The Making of Malaysian Development Plans: The International Hand*” [20] disproves Martin Rudner’s single-line argument that Malaysia’s economy is an exhibit of a success story of the Bretton Woods institutions in Southeast Asia. The thesis empirically indicates the Bretton Woods IBRD/World Bank and IMF are the real designers of Malaysia’s state system and not the government of the day as Martin Rudner and others insinuate. Such designs are found in the four phases of Malaysia’s administrative regimes since 1946 to date: (i) British Military Administration of Malaya, 1945-1946, (ii) Civilian Government of the Malayan Union, 1948-1948, (iii) Federation of Malaya 1948-1963 (iv) the Independent Federal Government of Malaysia, 1963-to date.

The secret and codified files (**Series 1022 and Series 940**) link USA and Britain to the **Bretton Woods/IBRD/World Bank and IMF**, the **Colombo Plan 1955** and the interest loans that enforce the making of Malaysia Development Plans since 1946 to date. For example, on November 1, 1945, the British Military Administration (1945-1946) enforced the Bretton Woods Agreements for the operation of the IBRD/World Bank and IMF in Malaya: “**Proclamations and Notices under Proclamations: Proclamation Number 29: and Proclamation Number 32** have since provided for the control and regulation of currency by the IBRD/World Bank in Malaysia. These proclamations were subsequently enforced as **Ordinance and Rules and Acts of Parliament of Malaysia, 1963/65 – to date**. Malaysian were not aware of the loan-interest lending of the Bretton Woods institutions neither did they consent to the enforcement of the Bretton legislations by the British Military Administration of Malaya. This has since constituted violation of the rights to self determination of the peoples of Malaysia.



The legislation for the Bretton Woods institutions in Malaysia constitutes the IBRD/World Bank loan -interest funds in the name of the **Consolidated Loan Account of the Consolidated Fund of the Federal Budget**. It is from the IBRD/World Bank consolidated loan account that the government of Malaysia has been drawing moneys on loan interests to fund the National Development Plans (budget). Hence, it requires the government: “To charge on the consolidated fund in accordance with provisions of article 14 of the Bank (IBRD) Agreement payable in Gold or US dollars.”

### **MALAYSIAN DEBT BURDEN**

By running the economy on loan interest of the IBRD/World Bank and IMF, the debt burden of Malaysia is \$48,26 billion, as compared to her revenue of \$44,6 billion. On April 20, 2010 the World Bank projected that Malaysia’s economy will degenerate by as much as 5,7 % in the year 2010: “A stalling of the reform momentum would however cause an incremental loss in competitiveness, translating into slower growth of 4,2 % in the medium term and adding upward pressure on the government debt-to-GDP ratio”, the bank said. Although Malaysia’s ability to finance its public sector deficit is not in doubt due to the country’s strong domestic bond market, the bank warned that government debt would continue to rise.

The World Bank’s baseline forecast shows that government debt will rise to close to 60 percent of gross domestic product, but warned that it could go higher without strong economic growth and the implementation of reforms such as cuts to subsidies and a new goods and services tax. Hence, “Malaysia’s competitive position in the global market place is expected to slip and growth could fall to levels averaging at 4,2 % over the projection horizon. As a result, the debt level would accelerate to close to 70 percent of GDP in 2015,” the bank said.

### **RESOURCE WARS IN MALAYSIA AND THE LOSS OF SINGAPORE**

In the period 1945-1948, Britain ruled territories on the Malay Peninsula and formed the Federation of Malaya, which became independent in 1957. Malaysia was formed in 1963 when the former British colonies of Singapore and the East Malaysian states of Sabah and Sarawak on the northern coast of Borneo joined the Federation. Malaysia lost Singapore, as the result of the Cold War struggle to control resource areas between the former Union of Soviet Socialist Republics (USSR) and USA.

### **THE BANK OF UGANDA: A COMPARISON**

The central bank of Uganda is the executing agency of the IBRD/World Bank and IMF and has failed due to illegitimate interest-lending. An analysis of this East African central bank indicates gross financial (monetary) violence, which is a key indicator of the deepening failure of the political economy (compare Table 1). In Uganda, the central bank discount rate is 20 %, rediscount rate is 7,10 % and commercial bank prime lending rate is 22 % – 24 %, while inflation or loss of value of a currency is 70 % at consumer prices (2006-2010). A central bank

**Table 1.** Stock of Money in Uganda 2008-2010.

<b>Country</b>	<b>Stock of Money, billion US\$</b>	<b>Inflation rate (consumer prices), %</b>	<b>Central bank discount rate, %</b>	<b>Commercial bank prime lending rate, %</b>
Uganda	1,488	70	19,50-20	22-25
Rwanda	0,234	14,2	11,25	16,5
Tanzania	2,464	12	15,99	16,3
Kenya		20,1	14,3	15
Burundi	0,262	14	10,1	16,6

discount rate is the annualized interest rate that a central bank charges commercial and depository banks for loans to meet temporary shortages of funds. In other words, it determines the commercial bank prime lending interest rate, which is now 22 % – 24 % in Uganda. Rediscount rate, which is 7,1 % at the Bank of Uganda, is different from the discount rate. A rediscount rate is an act of discounting a short-term negotiable debt instrument for a second time. Normally, central banks rediscount short-term debt securities to assist the movement of a market that has a high demand for loans, which is not the case in Uganda due to extreme commercial bank prime lending rates. Re-discount rates apply where there is low liquidity in the market, and then a bank can generate cash by rediscounting short-term securities. But, discount rates are computed annually. A central bank's discount facility is often called a discount window. This further indicates that the central bank in Uganda has failed to justify its role of supervision, if it interchangeably defines a Central Bank Discount rate (19 %) to refer to a Rediscount Rate (7,1 %). If this were the case how does it add-up to 22 % – 24 % at commercial banks?

In comparison, the average Central Bank discount rates of East African states is 13,5 % with the exception of Uganda (20 %), where government taxes are loosely supervised and thus unjustifiably derived as compared to Burundi (10 %), Rwanda (12,2 %), Tanzania (15 %), Kenya (14 %), Figure 5.

In Uganda, there are only 23 commercial banks with prime lending rates at 23 % – 24 % (Table 2). Out of 36 million people in Uganda, there are only 5 million bank accounts in 23 commercial banks with an average share market only 4,3 %. Out of which only 12,4 million people have borrowed in the last five years. But, for every 10 persons who borrowed, 3 of them lost their property to the bank because they failed to raise interest charges. The rest will never borrow again. This is the origins of the Bretton Woods international financial disorders (state failure) that is manifest in Uganda's failing economy.

## **FAILURE OF MICRO-FINANCING STRATEGY**

The micro-financing strategy will not succeed to cause development where commercial banks have failed in the last 60 years. This indicates that the Central Bank has not widened its market for monetary business since 1946 and also failed to fund the financial sector.

## **INFLATION**

With unattended fuel prices at \$1,5 per liter of petroleum and listed discount rates of the Central Bank, Uganda's economy will degenerate to negative -50 % from its current level of -40 % in term of percentage change for the financial year 2010/2011 (Table 3). The implementation of the Customs Union will worsen or destroy the economy which will not support any local and foreign capital investment due to ridiculous government taxes and interest-lending. The best definition for inflation is the loss of real value of a currency, that is to say, loss of value in the internal medium of exchange and unit of account in the economy. A chief measure of price inflation is the inflation rate, the annualized percentage change is a general price index (normally the Consumer Price Index) over time. Hence, for the last four-years (2006-2010), the Ugandan Shilling has lost value 70 %. For example, the cost of petroleum was 1700 USH per liter in 2006, this means that the currency has become worthless 70 % in terms of its purchasing power as the cost of petroleum is 2900-3200 USH in the period since March 2010.

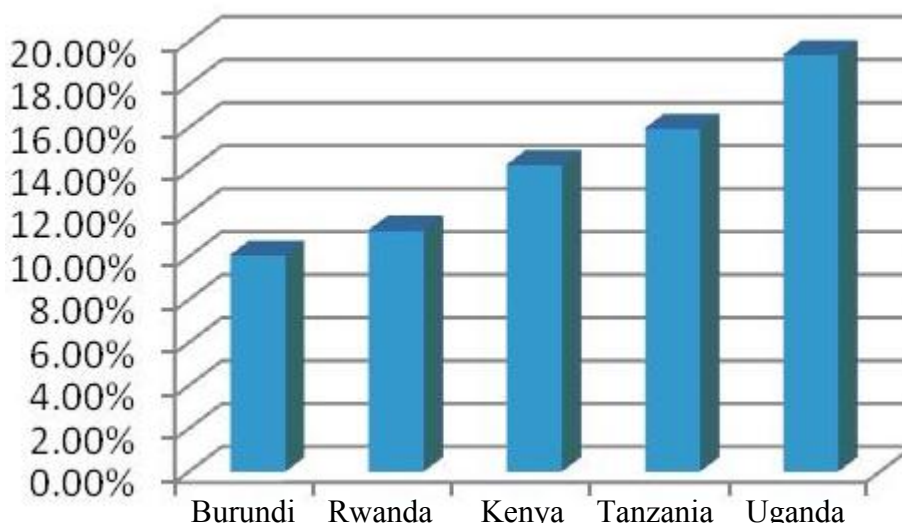


Figure 5. Regional Central Banks' discount rates.

Table 2. Licensed Commercial Banks in Uganda, 1958-2010.

No.	Bank	Assets Market Share, %	Number of Branches
1	Stanbic Bank	23	67
2	Standard Chartered Bank	15	10
3	Barclays Bank	12	53
4	DFCU Bank	7	24
5	Centenary Bank	7	37
6	Crane Bank	6	15
7	Citibank	5	1
8	Bank of Baroda	5	10
9	Orient Bank	3	9
10	Tropical Bank	3	6
11	Bank of Africa	2	15
12	Housing Finance Bank	2	8
13	Equity Bank	2	43
14	Diamond Trust Bank	1,5	15
15	Kenya Commercial Bank	1	16
16	United Bank for Africa	1	9
17	Ecobank	1	8
18	Global Trust Bank	0,75	15
19	PostBank Uganda	0,75	38
20	Cairo International Bank	0,5	1
21	Fina Bank	0,5	6
22	National Bank of Commerce	0,5	2
23	ABC Bank	0,5	1
<b>Total</b>		<b>100</b>	<b>409</b>

**Table 3.** Uganda’s GDP Real Growth Rate, 2010 (source: CIA World Factbook, accessed February 19, 2010).

Year	GDP real growth rate, %	Change, %
2003	5.50	
2004	4.40	-20.00
2005	5.00	13.64
2006	4.00	-20.00
2007	5.30	32.50
2008	6.00	13.21
2009	6.90	15.00
2010	4.00	-42.03

## CONCLUSION

The article arrived at alternate theoretical and policy recommendations against the process of globalization as the function of resource wars and failure states. This has always been misconceived and overshadowed by dichotomies about politics, violence, force, and war. In other words, local conflicts occur on the exceptionally distorted distinctions between regular and irregular forces, between economics and politics, between public and private, and between organized crime and public authorities. Never the less, this article brings out the fact that local conflict dynamics are foreign driven resource wars, and they are not ethnically or ideologically created. The Bretton Woods IBRD/World Bank and IMF have been applying the wrong economic formula, which requires replacement to solve global economic and financial crises.

## RECOMMENDATIONS

1. there is serious need to “end the Third World” (failed states in Asia, Latin America, Africa and Eastern Europe) by introducing interest-free financial regimes in the Bretton Woods institutions,
2. there is a serious need to transform the Bretton Woods institutions by replacing interest lending with interest free financing, this will multiply earnings of the world bank group to over 150 %,
3. over 3 billion out of the 6,8 billion people who had abandoned or feared interest –lending of commercial banks will join the industry through micro-financing – hence pulling over 150 % earnings of the world bank; employment will increase to more than 60 %; inflation will fall to 3 %; local and investor confidence will rise, hence enlarging the financial market; (vii) there is urgent need for creating new geographies of the peace by closing Western driven ethnic battle frontlines that emerged with Huntingtons’ new pattern of conflict (1990s to date). This will reconstitute the new model of global security and multilateral cooperative enterprises for actors in international trade,
4. this is not an opposition of the hegemony of USA neither calling for a new power but to strengthen the US balance of power with a correct global mechanism of control of war and international resources. This is the proper economic line that will fulfil the economic possibilities of our times and posterities. African, Asian and Eastern European states neither consented nor competent scholar represented them during the proceedings (1941-1944) that came to constitute the interest-lending Bretton Woods institutions. Similarly, on April 14, 2010 there was no competent African or Asian scholar to represent most of the 185 states at Woodrow Wilson Institute of International Scholars that caused another faulty announcement by the World Bank Group to “End of the Third World”,

5. to provide international organizations (government and nongovernmental) with ample resources, and pay lip service to the sovereignty of the formal state. These organizations such as World Bank, IMF, UN AU are already participating in the international crime of resource wars and state failure,
6. dominant states particularly USA, Britain, Russia, Israel and their agencies constitute the external factor at the local level which generate forms of predatory behavior, corruption, and institutionalized weakness for resource wars and state failure. These must be constrained with a stronger force of international law,
7. International Business Ethics must be made an integral part of orientation and practice of actors in international trade,
8. the actors in resource wars and state failure should be part of ending the phase of violent globalization process to one of cooperative and participatory enterprise with substantive equity to the investor. The military option is no solution to state failure: it has bred continuing havoc in Sudan, left Somalia split along clan lines, and reduced Liberia to shambles. Failing and failed states require more principled and ethical international regime of public support for its many functional and viable states.

## REMARKS

<sup>1</sup>On the operational definition of exclusive and inclusive processes of globalization and its tools of the balance of power, see Lubega Butanaziba, Y.: *East African Community (EAC) as Regionalism: The Exclusive and Inclusive Processes of Conquest from the West as Globalization*. Agora-Journal of International Centre for Regional Studies, No. 3, 2006. Also compare: Williamson, M.: *The Change in the European Balance of Power*. 1984, and Spykman, N.J.: *America's Strategy in World Politics: The United States and the Balance of Power*. New York, Harcourt, Brace and Company, 1942.

<sup>2</sup>See in [14]: "Both Africans and the international community are confused and suspicious over why the United States decided to create a separate military unified command for Africa. All together, combining AFRICOM's labours with a national African government's and other international and regional organizations' efforts in a comprehensive manner along simultaneous lines of operation forms the structure of the roadmap. The advancement of a distressed American military image in the eyes of Africans is the primary thesis intertwined within this structure".

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## **STRATEGIJA: PREKIDANJE GLOBALIZACIJSKIH POREMEĆAJA**

Y. Lubega Butanaziba

Sveučilište Kimaka & Nkumba

Entebbe, Uganda

### **SAŽETAK**

Znanstveno, globalizacija je izvorna forma ili model koji se odnosi situaciju kad dominantna zemlja održava ravnotežu snaga kojom drži druge zemlje uključenima u međunarodni sustav kojim dominira. Globalizacija može biti uspostavljena unutar blokova (regionalno) ili unutar međunarodnih vladinih organizacija kao manifestacije snaga za uključivanje država. Taj aspekt tema je ovog članka. U njemu se objektivno ispituje sadašnji režim globalizacije kao funkcija dviju poluga za uključivanje država u međunarodni sustav. Jedna poluga temelji se na zajmovima i institucijama sustava Bretton Woods: Svjetska banka i Međunarodni monetarni fond (MMF). Druga koristi strategiju ratova za resurse. Problem je u tome što kamate zajmova međunarodnih organizacija umanjuju mogućnost stvarnog domaćeg razvoja u 185 država nakon početnih peto- i desetogodišnjih planova 1946/51-56. To je vidljivo u teretu duga proizašlog iz kamata na zajmove Svjetske banke i MMF-a. Od 1946. godine do danas vođeno je 136 ratova za resurse koji su uzrokovali preko 250 milijuna mrtvih (i tržišnu vrijednost šteta od oko 500 000 milijardi američkih dolara). Osnova analize ovog članka je to što su prethodne i sadašnja strategija globalizacije nelegitimne, znatno nauštrb ljudskih prava, protivne poslovnoj etici, a doprinose posrtanju država. Stoga sustav Bretton Woods nije pomogao, niti sluti kako će pomoći zajedno SAD, njihovim saveznicima i Trećem svijetu.

Zemlje Latinske Amerike koje su potpisale sporazum Bretton Woods 1944. godine nisu bile na dostatnoj razini. Afričke, azijske i istočnoeuropske zemlje nisu bile zastupljene dok su neke zemlje iz Europe (npr. Njemačka) kao i Japan sporazum prihvatile u posebnim povijesnim okolnostima, logično je raspravljati o tome da su sloboda i osnovna prava zemalja članica narušavana međunarodnim vladinim organizacijama proizašlim iz sporazuma. (i) Članak preporuča, između ostalog, novu formulu za stvaranje humanističkog međunarodnog monetarnog autoriteta koji će pogodovati svim učesnicima bez utjecanja na ravnotežu snaga. Naposljetku, kamate sustava Bretton Woods su izvedene iz Djela protiv lihvarstva proglašenog 1545. godine, što treba biti zamijenjeno humanističkom monetarnom formulom koja održava udio ravnoteže snaga zajmoprimca i koja je usklađena s međunarodnom poslovnom etikom i ljudskim pravima; (ii) to će umnogostručiti uštedevinu grupe svjetske banke preko 150 %; (iii) preko tri milijarde ljudi (od oko 6,8 milijardi ljudi na Zemlji) koji ne koriste ili se plaše zajmova komercijalnih banaka uključit će se u gospodarstvo i time doprinijeti porastu uštedevine preko 150 %; (iv) zaposlenost će porasti više od 60 %; (v) inflacija će pasti na 3 %; (vi) povjerenje će porasti i time doprinijeti povećanju financijskog tržišta. (vii) Hitno je potrebno stvoriti novu geografiju mira prekidanjem nakon 1990. godine pokrenutih etničkih ratova, koji slijede Huntingtonov novi obrazac sukoba.

### **KLJUČNE RIJEČI**

globalizacija, Afrika, sustav Bretton Woods, međunarodne organizacije