

Although it is true that economic development is a key ingredient to enhancing human security, it does not follow that economic engagement *in itself* reduces civil conflict in risky states. Recent reports – investigating in detail the diamond industry in Sierra Leone and the oil industries in Angola and Nigeria – have demonstrated conclusively that foreign investment in risky states can prolong conflict and exacerbate human security.<sup>8</sup>

Moreover, to criticize economic sanctions as a whole is inappropriate here. Some sanctions work better than others. In particular, research indicates that investment sanctions are far more sustainable and far more likely to be effective than are trade sanctions. It should also be borne in mind that the target of sanctions contemplated by human rights activists are Canadian firms that are complicit in human rights abuses, not states as a whole.

The ‘sanctions vs. constructive engagement’ debate misses the point because it focuses on state-to-state relations rather than the activities of individual firms. In contrast, this report focuses on how the Canadian Government can respond to concerns over individual projects and particular business practices. There are good projects in ‘bad’ states, as well as bad projects in ‘good’ states. The term ‘risky state’ was chosen advisedly. Firms operating in these states are most at risk of finding themselves complicit in gross violations of human rights. It is not necessarily the case that the very presence of the firm in that country is itself an act of complicity. What is important is how the Canadian government can best encourage corporations to manage their international partnerships ethically and to put a stop to business practices that do damage to Canada’s reputation at home and abroad.

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<sup>8</sup> See Ian Smillie, Lansana Gberie, and Ralph Hazleton, *The Heart of the Matter: Sierra Leone, Diamonds & Human Security* (Ottawa: Partnership Africa Canada, 2000); Global Witness, *A Crude Awakening: The Role of the Oil and Banking Industries in Angola’s Civil War and the Plunder of State Assets* (London: Global Witness, 2000); Bronwen Manby, *The Price of Oil: Corporate Responsibility and Human Rights Violations in Nigeria’s Oil Producing Communities* (New York: Human Rights Watch, 1999).