

## **Without Peace, no Sustainable and Mutually Beneficial Economy**

*The Declaration of Tilburg (2008, [www.economischegroei.net](http://www.economischegroei.net)) strives for a transition to a sustainable and mutually beneficial economy. Up until now global distribution of resources and the environment have been the main issues. However, steps in the direction of peace and disarmament belong here as well, because of the many connections between the economy and preparations for violence. Including peace could also lead not only to a base in the environmental movement, but also the inclusion of the wider peace movement (among others, People Building Peace, the PBP), giving a broader and stronger base for the whole movement.*

### **A. The Relationship between the economy, war and armed conflicts.**

#### **1. The relationship between economic inequality and war and armed conflicts.**

Large-scale economic inequality is a fruitful source of conflicts. Extreme poverty beside extreme wealth creates alienation and enmity and can stand in the way of peaceful solutions to conflicts. In such situations peace is an illusion as long as no economic reformation has taken place.

In reality the relationship between inequality and war/peace are very complex. Inequality, such as unequal access to diamonds and others mineral resources in Africa, and, also, the behavior of Western oil companies in Nigeria, has played a role in conflicts. Inequality can also heighten existing conflicts and can also be used to legitimize the use of violence by third parties, as we have seen in some forms of terrorism. Also scarcity and the disruption of nature, for example, desertification, lead to desperate situations and conflict over the right to exist. Recent studies have shown how the hopelessness of a young generation of boys increases the chance of rebellion, armed conflicts and plundering.

Economic inequality leads, also, to migration, which is the source of conflict in many countries. In wealthy countries migration is more and more connected with safety risks (see, for example, the European Security Strategy).

The struggle for raw materials and water, within countries and, also, internationally, has become visibly stronger in recent years. Wealthy countries are accustomed to their high consumption level and see a threat to the supply of resources and energy as a threat to their national security. The US considers a threat to the oil supply as a cause for going to war. Countries, which up to now have been poorer, such as China and India, are making an increasing claim to raw materials. A situation has been created that is comparable to the Cold War. Countries are striving to bring their suppliers under their influence, for good or bad. Relationships between them are growing tenser, with an increasing possibility that they will take each other hostage (for example, threatening to close the gas lines when there is unwelcome criticism), and there is a constant threat of escalation.

On the other side wars and armed conflicts are a threat to the very existence of peoples. They threaten or destroy economic connections, lead to migrations and cause damage to the environment. All of these stand in the way not only of short term, but also of long term, economic development. See also point 3.

*Positively stated this means:*

*\*That a just and sustainable economic order serves peace in various ways. When poverty drops people are less easily mobilized for conflicts. Inequality no longer divides people, and conflict will bring economic achievements into danger.*

*\*That by working on peace (through, among others, international arbitration and non-violent conflict solutions) the possibility is created for promoting a mutually beneficial and sustainable economy. Only under peaceful conditions is it possible to build stronger institutions whereby the opportunities for democracy and economic order will increase worldwide.*

## 2. Neo-liberal ideology and violence.

The neo-liberal economic theory and practices of wealthier countries promotes conflicts. The coup of Pinochet in 1973 introduced the “Chicago” economy in Chile. In 1976 the same thing happened in Argentina. Another example is China in 1989 and Russia in 1993. Naomi Klein, in her book “The Shock Doctrine”, gives various examples of the relationship between neo-liberal economic ideology and violence. The neo-liberal economic thought and practice has also increased the influence of companies who have an interest in war and of government policy. Many the tasks of carrying out war have been privatized. (For more information see point 4)

In many countries the “free market economy” only exists thanks to the enormous efforts of army and security services. In Russia 15% of the working male population is involved in this. The cost is 8% of the BNP. (Facts from the “Financieele Dagblad”, 29 December 2006.)

At the cost of wealthier nations the IMF and the World Bank have forced developing countries to restructure their economies in line with neo-economic thinking. For example, privatization, liberalization, and cost cuts in government spending. In many cases this causes a massive lost of production capacity and employment opportunities in, among others, the agricultural sector, and leads to large-scale poverty. A market is created for foreign investors and, often corrupt, members of their own political elite. In many countries all this leads to destabilization, internal tension and, even, armed conflicts.

*Positively stated this means that the substitution of the neo-liberal paradigm by an economic paradigm in which care, consultation, information and education, cooperation and honest distribution are central, the creation of a sustainable and mutually beneficial economy will be encouraged.*

## 3. Weapon production, preparations for war and conflict are disastrous for the economy.

Preparations for war and waging war use up resources. The military sector absorbs, on an astonishing scale, the ingenuity, the energy, the money, and the raw materials that are necessary to make a livable world. This cannot be found in traditional economic figures. In these figures military production delivers a positive contribution to economic growth. Sometimes these calculations paint a rosy picture because of the fact that in all free trade agreements (WTO treaty, EU treaty) there is an exception made for the weapons industry in that governments may subsidize them. Throughout history “Military Keynesianism” (the stimulation of the economy by high military costs) has often been utilized, with the US as the most recent example. This is often combined with a refusal to raise taxes, and, sometimes, even lowering them. This leads to enormous foreign debts and a delay in investments in the civilian sector, to excessive wealth for an elite and poverty for the larger part of the population.

In order to reduce the high costs of research and development of their own weapons, Western nations have to see to it that their defense industry sells more. In this way their investment can be returned. Therefore marketing tools, such as financing instruments like export credit insurance, are used to find new markets for expensive military technology. This leads to even further spread of weapons and to an increase of defense budgets at the cost of social expenditures in non-Western countries.

Armed conflicts and wars lead everywhere to waste and destruction of people, nature and the environment, of raw materials, energy, knowledge, capital, and companies. (For the figures for the American situation see the text of Kevin Seeze, mentioned in the literature list.)

After conflicts there are innumerable traumatized people. There are women and children who have been abused; people who have been wounded, and former child soldiers who can barely function. Also, a culture of war has a terrible effect on the value system of a society. The result

of all of this is that, even when the warring parties have concluded peace, economic development is very slow in getting re-started.

After a war one sees ground destroyed with leftover mines, bombs and weapons, which hampers development and, once again, is the cause of war. A corrected BNP and a “war footprint” is necessary to make it clear how much weapon production, preparations for war and waging war and other armed conflicts are damaging for a sustainable and mutually beneficial economy.

*Positively seen this means that working on peace supports a reduction of debts and of a reconstruction of a sustainable and mutually beneficial economy, also in fragile states.*

#### 4. Companies with interests in war and local conflicts.

The weapon industry is a capital-intensive economic sector, which is driven by constant renewal and by interest in having the weapons, which have been produced, used and replaced. The growth and renewal drive, which can also be found in the civilian economy, works here in an extreme form.

However, there are more sectors that have an interest in conflicts, as became clear in the war in Iraq. There are security companies, companies which service the army, construction companies which work on reconstruction, and companies which profit from the rising prices caused by destabilization (like the oil sector). Partly this concerns the tasks which, until recently, belong to the “monopoly of violence” of the state and which are now outsourced. The war in Iraq also demonstrated how great the influence of these companies is on government policy (lobbying, arguments of employment, personal relationships between companies and politicians). See what Naomi Klein wrote in her book “The Shock Doctrine” (pg. 23) about the “disaster capitalism complex”, that is, war and reconstruction have become a lucrative market.

These interests prolong war and strengthen violence. Although, for example, there is officially a 3D strategy in Afghanistan (defense, diplomacy and development), the Americans spend 90% of their money in Afghanistan on “defense” (the Netherlands even more). Trusting violence because of the fact that money can be made on it, limits the possibilities of a violence-free conflict solution.

The question is to what lengths governments will go to strengthen their economies in the current economic crisis. Because of the close and powerful ties between states, research, science and the economy, the current market economy and militarization strengthen each other. The Military-Industrial-Media-Academic Complex (MIMAC) still threatens the chances of the continuation of humanity (wrote TFF Zweden on 1 October 2008).

*Positively stated this means that striving for conversion can contribute to the creation of a sustainable and mutually beneficial economy, and what must be prevented is that extra investments made at this time to tackle the economic crisis benefit the defense industry. The movement for Socially Responsible Entrepreneurship can contribute here to raising the consciousness of companies to realize what they can do to promote peace.*

#### 5. Weapons trade undermines economic development in developing countries.

The UNDP proposes that the military expenditures of developing countries are an obstacle to achievement of the Millennium goals. See the recent Oxfam report and the call of Amnesty International, UNICEF, Oxfam Novib and IKV Pax Christi to the Second Chamber of Parliament. In spite of the fact that in the Netherlands there are criteria for obtaining permission for weapons trade, which have been in effect since 2007, and that there is a EU behavior code for weapons export, which includes a development test of eight criteria, the Netherlands still exports weapons to countries waging war, such as Morocco, and developing countries, even very poor countries like Bangladesh. Since the creation of the code in 1998, this test of eight criteria has only led to a denial of four export licenses in the Netherlands. These denials are very unclear because other

military suppliers to the same countries have been approved. Half of the corruption worldwide involves weapons trade. Because there is more to be gained, this trade is more attractive than trade in civilian products. We often see that illegal weapons trade, drugs trade and human trade are closely knit. Huge amounts of money are involved. From this underworld relationships are made in the regular world in order to white wash the money.

In this way wealthy countries, including the Netherlands, grant export credit guarantees for the delivery of weapons to third parties. Export credits and export credit guarantees are a form of promotion of exports and support to one's own companies. Many transactions would not take place without export credit and guarantees, which are made by the government. 20 to 30% of the export credits in the Netherlands cover trade in weapons. This is an extremely high percentage, since weapon production in the Netherlands provides 0.5% of all exports. In other words, without this support to companies, many of these transactions could not have taken place. In 2007 worldwide the Netherlands was the fifth exporter of weapons (SIPRI). Whenever developing countries run up a debt via the export credits and they get a pardon from their debts, these costs are posted in the development cooperation budget. In this way the weapon trade of the Netherlands (and other wealthy countries) damages sustainable development in poor countries.

*Positively stated this means that following the behavior codes for weapons export more strictly, and effectively combating illegal weapons trade will make the achievement of a minimum of the Millennium Goals possible. This requires a higher priority in judging the appropriateness of allowing weapons export licenses for exporting to developing countries. Such a policy is only credible when wealthy countries take disarmament, development cooperation, fair trade and violence-free conflict solutions seriously.*

#### 6. The effect of the consumption level of wealthy countries and the wealthy in poor countries as a source of conflict.

The Western style of life overwhelms the potential of the earth and is in conflict with a fair division of the earth's resources. We find this lifestyle, too, in small groups of wealthy people in developing countries. They will do anything to keep this lifestyle and, as we have seen in many developing countries, do not hesitate to defend their privileges with violence.

Western societies are, even outside their own territories, prepared to fight for their level of consumption, which we discuss in point 1. The quiet social rest, which has pervaded the Western countries after the war, was mainly thanks to the fact that everyone began to get a bit wealthier. Whenever that has been lessened, solidarity is lost. This can be seen in hatred of migrants, calls to lower the budget for development cooperation and to take protectionist measures. Therefore governments consider continuing growth a necessity.

Many economists and ecologists have assured us that the consumption level of the West need not sink in order for justice and sustainability to be achieved. Although the total state of well being does not need to suffer with a reduction or change in the consumption level, a number of matters, which require overuse of resources and the environment, will inevitably have to be curtailed. With this issue we touch the sensitive spots of particular groups of people, and, so, it is a source of potential conflict.

*Positively stated this means that it is necessary to create a basis of support for changes in the level and nature of consumption. These changes have to serve a collective feeling of security and well being, including future generations as well. Only in this way is it possible to reduce the fear of migrants, of low-waged countries and of terrorists who threaten "our" economy.*

### **B. Negative recent developments in the areas of peace and security.**

#### 1. Developments within the EU

The creation of the European Union led to peace between the countries of the Union. In the Treaty of Lisbon the member states did, however, pledge to strengthen their military capacities and to cooperate in the weapons industry. A European Defense Agency was established in which the European defense ministers were to make an inventory of the "shortcomings" of Europe and try to overcome them. This EDA has as one of its tasks: "The strengthening of European defense in the technological and industrial areas and creating a competitive European market for defense equipment". With this the EDA has become a stimulus for weapon production, weapon export and weapon acquisition. EDA director Weis stated that 2008 should be called "the Year of Weapon Purchase", at the same time that proposals to give serious consideration to non-violence conflict solution by way of a European Peace Agency are being stalled. France, a major weapons producer, has been playing an active role in this. In the last years the defense industry has been consolidating itself and has, thereby, become very influential. This is particularly true in the cases of three very large companies: the British BAE Systems, the French Thales and the "European" EADS. Within the EU we see a growing militarization of space. (See the publication of Slijper in the literature list.)

## 2. Developments as a result of the credit crisis.

As a result of the credit crisis measures have to be taken in Europe and the U.S. to stimulate the economy, by, among other things, emphasizing investments that have already been planned. In Europe France is already pushing for more investment in the European defense companies. We need to prevent the thinking that, once again, the production of weapons is the engine for economic growth. A "Military Keynesianism" (a long-time practice in the U.S.) has to be prevented.

## 3. Undermining the role of the UN.

As well as for a fairer distribution of earthly resources, as for the environment, as for preventing and combating armed conflict, the UN is of the greatest importance. We are seeing a tendency towards an undermining of the role of the UN in the world by the unilateral action of powerful states, the US in particular. The influence of powerful Western states by the holding of key posts must be broken through. The discussions about the reformation of the UN, which have been fruitless up to now, have to lead quickly to results.

## **C. Possible Actions.**

A growing social movement can be seen among experts, politicians, some companies and the environmental movement, and there is potential support from citizens to work for a mutually beneficial and sustainable society. This support should include an explicit interest in the war industry, weapons trade and the worsening of conflicts. This support should lead to joining up with, among other possibilities, the Earth Charter, the Millennium Goals and the UN Decennium for a Culture of Peace and Non-Violence. In the declaration of Tilburg all the "points" can also be viewed from this point of view. The concrete knowledge within the peace movement and the potential, now hidden, of the peace movement to be heard can strengthen the base.

We will now discuss a series of concrete activities, which could be undertaken in the area of the relationship between the economy and war/peace. Because of the proposed relationship between "peace" and the "economy", we could also mention subjects that seem to lie only in the area of "peace" (like disarmament, which is a condition for the implementation of various points) or only in the area of the "economy". Because this would lead to an endless list of points, we are mentioning here mainly the subjects that only have a direct relationship to both themes.

1. The development of a BNP corrected for war and war-related matters and a war/peace footprint.

2. A ban on companies that use mercenaries, which rent out war materials and are the recipients of the outsourcing of other tasks of carrying out war, which, until very recently, have been a part of the violence monopoly of the state. For example, this relates to more than 50% of the American fighting units in Iraq.

### 3. Weapons Industry.

- Actions to discourage institutional investors, like pension funds and insurance companies, and also all sorts of civil organizations and individuals, from investing in companies that are involved in war. Colleagues in this work are the Association of Investors for Sustainable Development and alternative financial institutions such as ASN and Triodos Bank.
- The, for example fiscal, stimulation of a conversion from the weapons industry in the direction of sustainable projects, like the use of expert knowledge for cleaning up landmines and cluster bombs, and the development of environmental technology.
- Combatting the trade in “blood diamonds” and other raw materials whose profits are used for financing violence, by, among other things, supporting the Campaign “Publish What You Pay”, which “calls for transparency regarding the financial transactions of companies in the oil, gas and mine industry”. It has to be made impossible for corrupt regimes to hide money. The enormous amounts that developing countries receive for their natural resources are often directed towards waging war. Companies with good intentions need to be helped in their efforts for peace and stability. Companies with corrupt intentions need to be taken to task.

In the norms of the Platform for Socially Responsible Business attention is continually paid to human rights. It has stated that there is to be no involvement in either direct or indirect contributions to the violations of human rights; that there is to be no contribution made nor benefit from war crimes and other crimes against humanity; that in conflict areas businesses must be extra alert to the observation of elementary human rights; to see to it that the security of property and personnel by security staff, whether or not responsible to national authorities, respect human rights.

4. The development and implementation of a widely applicable set of legally established rules for responsible banking, including the existing guidelines such as the Equator Principles and the Charter on Responsible Financing developed by Eurodad.

5. The strengthening of the role of the UN, for example, in monitoring, regulating and reducing weapons trade and military expenditures. (See Article 26 of the UN Charter, the UN Register for Conventional Arms and the UN Instrument for Reporting Military Expenditures.) Serious policy has to be developed to combat illegal weapon trade effectively, as the sometimes-related trade in drugs, diamonds and human beings.

6. The EU Code of Behavior for Weapons Trade has recently become legally binding. An independent commission will have to exercise strict oversight, since the interests of the weapon export business are so enormous and the pressure to evade the rules is very high. When issuing licenses for weapons export, Criterion 8, the environmental test, should be weighed more seriously, also in the Netherlands. The government of the Netherlands should stimulate the discussion and oversight here in the Netherlands, but also in the EU.

7. Export credits and export credit guarantees should not be issued in the cases of weapon and weapons-related exports and investments.

8. Investments in cleaning up land mines and cleaning water and ground at military bases and in post-conflict areas can be promoted. Thereby ground can be reclaimed for, for example, growing

food and crops for bio-energy. This can be included in international agreements regarding the prohibition of landmines and cluster mines and with the re-training and use of (ex) military personnel.

9. The Dutch government, as well as other European governments, should, following the example of Germany, give more recognition and financial support to civilian peace work. In conflict areas the efforts of international civilian peace teams can contribute to the prevention of violence or escalation of violence. Research and discussion about the development of strategies and the making of agreements for the implementation of the "Responsibility to Protect", including the contribution of civil instruments, can be promoted.

10. A wider and faster non-proliferation of nuclear weapons is desirable. A strengthening of environmental actions for the substitution of nuclear energy with sustainable energy and for a stricter oversight of uranium mines is desirable. An example is the Namibian action by WISE.

### **Some sources and literature**

\*Websites: [www.wilpf.org](http://www.wilpf.org); [www.eurodad.org](http://www.eurodad.org); [www.stopwapenhandel.org](http://www.stopwapenhandel.org); [www.decade-culture-of-peace.org](http://www.decade-culture-of-peace.org); [www.publishwhatyoupay.org](http://www.publishwhatyoupay.org); [www.tegenstroom.nl](http://www.tegenstroom.nl); [www.oxfamnovib.nl](http://www.oxfamnovib.nl).

\*de Vries, Wendel and Slijper, Frank, "Wapenexport en duurzame ontwikkeling", Fact sheet Campaign against Weapons Trade, September 2008.

\*Economists for Peace and Security [www.epseu.org](http://www.epseu.org) .

\*Custers, Dr. Peter, "2008 US Recession, Military Keynesianism and Two Wars in the Middle East". [www.countercurrents.org](http://www.countercurrents.org)

\*Zeese, Keven, "Now the Cost of War Really Matters", Counterpunch, US, 17 October 2008. [www.counterpunch.org/zeese10172008.html](http://www.counterpunch.org/zeese10172008.html)

\*Klein, Naomi, "De Shock Doctrine. De opkomst van het rampenkapitalisme", De Geus, Breda 2007.

\*WILPF Europe, "The Militarization of the EU and the European Arms Industry – A way to more security?" [www.wilpf.nl](http://www.wilpf.nl)

\*Slijper, Frank, "From Venus to Mars: the European Union's steps towards the militarization of space", TNI/Campagne tegen the Wapenhandel, 2008

\*\*"Shooting Down the MDG's (Millennium Development Goals)", Oxfam Briefing Paper, October 2008.

For further information: [info@wilpf.nl](mailto:info@wilpf.nl)

18 December 2008

Han Deggeler

Anke Kooke

Greetje Witte-Rang

Translation Roberta L. Law