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Markets and Peace

Common Visions, Common Bridges

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Abstract

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The first three ships to sail from Europe to the Americas were sent by the Spanish government; following those three were innumerable others that weren't. The conquest of the new world, and all the gains and catastrophes that went with it, was not driven by government—it was driven by private industry. The first vehicles in space were government-delivered. Starting at zero in 1994, US private industry now makes more than triple the number of space launches that its government does.

It is a historical pattern that the most far-reaching adventures will be begun by government, then refined and expanded by private industry. Peacebuilding is showing itself to be no different, and the relationship between it and private industry is only deepening with time. However, while there is more to praise than is generally realized, there is much work to be done—and much to be undone.

1 From *NASA: Commerce and the International Space Station—The Trend Toward Commercial Space*, http://commercial.hq.nasa.gov/files/comniss_pdfs/04-trend.pdf

Markets and Peace

Common Visions, Common Bridges

By

David G. Alpher

Eileen R. Borris, Ph.D.

What is the current state of the connection?

Today's world is an exciting one for international business—it is also acutely risky. According to the World Bank, eighty percent of the world's poorest countries have suffered a civil war in the past fifteen years. International Alert estimates that as of 2000, there are at least 72 countries in the world today rated as medium, high or extreme security risk, and that multinational corporations invest over US\$150 billion annually in nations rated as fairly to very corrupt¹. That number is increasing, not decreasing.

There is growing evidence that as market economies become more widespread and as business becomes a more central actor in societies around the world, the importance of business' role is increasing. Every year, more, and more diversified elements of economies become globalized. Every

year it becomes increasingly difficult to run a business of any real size within the borders of a single country. While governments change, policies shift and even at the best of times reach only from the top down to a certain level of the population, business presence is more pervasive, reaching every quarter and every level of society.

As new business frontiers open, the competition within various areas of countries and within companies for new concessions and territory is increasing.

There is a great and fast-moving state of political and socio-economic transition worldwide, driven by changes in information technology, globalization and a range of socio-political shifts. The ramifications of the end of colonialism are still being acutely felt, let alone the ramifications of the end of the Cold War. This state of flux creates high potential for instability and violent conflict. The existence of valuable resources in largely unstable areas, which draws many companies into these challenging markets in the first place, is a further factor contributing to many conflicts.

The “deconstructed” nature of post-modern conflict makes it often difficult to tell combatant from noncombatant, innocent from guilty. Gone are the days when combatants could be easily identified by rank and uniform; modern warfighters are most often members of communities from which business cannot remove itself. There are no declarations of war, no front lines—these are wars of imploded states, civil wars, ethnic wars, and the combat all too often takes place within communities, not removed to some distant battlefield.

There are many cases in which people are company employees by day, and combatants at night. Today, 90% of armed conflicts take place within rather than between nations². According to the World Bank, of the 101 conflicts that occurred between 1989 and 1996, 95 of them were internal and most were in developing or transition countries. None of those ninety-five conflicts fit the “traditional” Clausewitzian model upon which the vast majority of official analysis is based.

There is a dynamic and inextricable relationship between the changing nature of war and the fact that the underlying causes of conflict have shifted from being primarily about geo-strategic interests and ideological differences, to conflicts based on access to resources, issues of identity and “state failure.” While all of these problems have been a part of human existence for ages, they have only recently come to the awareness of governmental mechanisms designed to deal with conflicts—one of the results of this situation is that governments are often poorly prepared to deal with modern conflicts.

Civilians, who accounted for between five and ten percent of war casualties during the first and second world wars now comprise 85-95% of all victims³. Most are women and children. We would rewrite this as: Between casualties, combatants and those involved because of proximity is a huge potential workforce and market for international business, both present and future; within some countries, these two groups may make up the balance of a population.

Further adding to the problem, security and the mechanisms of violence are increasingly privatized. No longer is a national army the only carrier of weapons—unauthorized militias, private armies maintained by warlords, paramilitary organizations and, of course, terrorists, now fill the civilian landscape with traps and pitfalls.

Given the inexorable increase in world population, we can only expect the number of people involved in conflict of one form or another to increase.

The costs of conflict are “internal” costs to the country, region or locality in which a violent conflict is occurring and “external” costs to the international community, both of which have an indirect impact on business. They can be quickly summed up as the destruction or undermining of human, social, economic, environmental and political capital. To the extent that all of these types of capital are critical for the success of most private sector investments, it follows that their destruction will have a negative impact on current investment—both domestic and foreign—and will put off new investments.

A multi-track approach creates opportunities for companies to play a more proactive role in peacebuilding. The cost of not being proactive can be high, including conflict escalation, negative media attention and consumer boycotts. Witness the case of Coca-Cola in Apartheid-era South Africa, where consumer boycotts outside of that country caused such damage to profits that the entire country branch was nearly shut down.

The costs of conflict run wide and deep. Employees are threatened, sometimes assaulted or killed; markets are slashed, infrastructure is damaged and company assets are seized or destroyed. The government with whom one made a given deal may not be the same one in power six months later. Insurance costs are astronomical, and investors are skittish and panicky. In the long term, the way in which conflict undermines social and economic progress will seriously impact a company's own prospects for successful investment and economic progress. These are costs that directly hit any individual company's bottom line and/or reputation. They are often linked to the broader societal costs of conflict, but have a more direct impact on a company's immediate business operations or investment strategies.

The direct corporate costs of conflict will obviously vary depending on factors such as the type of industry in which a company is involved, proximity of the conflict to the company's assets and other factors—but since workforce and market are within the fabric of both culture and conflict and thus are both inevitably directly hit, there is no way to erase the negative effect of conflict on a company's interests. Companies inevitably, even definitionally become part of the contexts in which they operate, further tying together the fortunes of company and populace.

Economies being what they are these days, international companies are under greater competitive pressure than ever to create shareholder value, societal value and at the very minimum to comply with international laws and standards to “do no harm.”

The spotlight of international attention shines most brightly on companies with major brand names, and those operating in politically and environmentally sensitive regions. Indeed, many companies have adopted codes of humanitarian conduct as a way of insulating their particular brand name from that of competitors. As mentioned above, the number of areas included under the rubric of “politically and/or environmentally sensitive” is high and growing.

Pervasive media presence, coupled with the ever-increasing presence of NGOs and other types of not-for-profit organizations mean that scrutiny is tight and sharp. Add to this the increase in information and information-sharing technology, because of which even the remotest of societies are now linked to education and empowered with access previously undreamed of.

Human-centered development, which places human security at its core, is increasingly accepted as a necessary condition for peaceful and progressive societies. Private enterprises have a potentially vital role to play in supporting such development and, in so doing, their own interests. It is they who create economic wealth and livelihood opportunities, and support the social development activities needed to meet basic human needs. In so doing, they can help to counter some of the key causes of modern conflict. Failure to play a proactive role in this process positions business as part of the problem rather than part of the solution.

That there is in fact a connection between business and peacebuilding is in little doubt.

The indirect costs that a country faces as a result of conflict include the destruction or undermining of human, social, economic, environmental and political capital. To the extent that all of these types of capital are critical for the success of most private sector investments, it follows that their destruction will have a negative impact on current investment—both domestic and foreign—and will deter new investment. Although issues relating to peace and security have traditionally been seen as the provenance of political actors and not of the private sector, the disruption that violent conflict creates undermines its ability to operate, and poses serious challenges to both local and multinational ventures. Conflict creates increased costs for security, operations, new capital, personnel and material. Companies cannot provide services, produce goods or generate profits if there is disruption to transport networks, markets, supplies of labour and equipment...Business actors clearly have an interest in preventing these costs where possible.⁴

Whether that connection is recognized or not is highly dependent on the specific business being considered, and even on the temporal context. Increasingly, there are real-world examples of business taking an active role in peacebuilding; this is an especially important factor because it mitigates the financial risk a company takes on by being the first or only entity in a field—the first steps have already been taken.

In Northern Ireland, for example, the Good Friday Agreement of 1994 (also known as the Belfast Agreement) was powerfully pushed by the Northern Ireland Confederation of British Industry (CBI), which had that year written and published what quickly became known as the “peace dividend” paper. Aside from contributing a new term to the English vernacular, the paper specifically connected slow-to-stagnant economic growth with the protracted conflict dominating the society of Northern Ireland. Among other arguments, it was pointed out that “if violence ceased, money currently spent on law, order and protective services (some 927 million pounds in 1994) could be reinvested into other sectors⁵.” CBI, along with the Hotel Federation, the Institute of Directors, the Northern Ireland Chamber of Commerce Industry, the Northern Ireland Growth Challenge, the Northern Ireland Economic Council and the Northern Ireland Committee of the Irish Congress of Trade Unions, formed the “Group of Seven” and continued to actively lobby and pressure the involved governments to pursue a course of dialogue and peaceful interaction that would hold the cease-fire in place. “During this period of non-violence [following the implementation of the Good Friday Agreement], tourism rose 20% within a year and unemployment dropped to 11.5%, its lowest level in 14 years. In the period of the following six months, 48 million [pounds UK] in new investment ventures were announced⁶.”

Progress such as this, linked directly to a reduction in conflict, is hardly limited to Northern Ireland. In South Africa, “part of the re-vitalization of the... [South African] economy has been achieved with the growth of the black business sector in the post-Apartheid era. Released from the wide-

ranging restrictions on economic activity under the Apartheid regime, black business leaders have begun to thrive in South Africa⁷." A further element of the resolution of protracted social conflict in that country was "a small group of senior business leaders [that] decided to take action and form organisations to interact with the different political parties in the hope of assisting a peaceful and negotiated settlement⁸." It takes no leap of the imagination to infer from such statements the degree to which markets improved because of the new consumers who could take part, and whose improved access to better jobs and salaries gave power to their participation.

In both Northern Ireland and South Africa, business interests have played a significant and ongoing role in the alleviation of protracted conflicts⁹. In both of the cases illustrated in the quotations above, there is an observable connection between the alleviation of conflict and an increase in productivity and profits in the private sector.

Looking at the other side of the coin, private industry has in the past and continues to exacerbate conflicts or social injustices either through neglect, ignorance or, in rare instances, deliberate plan. The 2002 Miss World competition in Nigeria, for example, sparked riots resulting in over 100 deaths, and violence that threatened to spread across the country. Severe cultural clashes with the nature of the competition and the strongly Muslim population had been neither recognized nor addressed. In 2003, also in Nigeria, 2,000 women occupied offices of the Shell and Chevron oil companies in a protest against working conditions, neglect and exploitation that cost the companies an estimated \$450 million US. United Fruit Company, which will be examined further

below, is infamous for manipulating whole governments in order to further its own interests. It took the Central American fruit industry years to recover from the boycotts that were levied against it because of those manipulations.

Business occupies a unique and growing position on the world stage: while government may rule a country, private industry is the economic lifeblood that determines the day-to-day living conditions, hardships and luxuries within the population itself. While government has selective contact with the population at large, private industry, as stated above, has a much deeper and broader reach.

The problem thus far...

First off, International Alert, an NGO based in the UK, points out that the concept of Corporate Social Responsibility (CSR) has become mainstream in Western Europe¹⁰; however, that has not reached far into the trans-national realm or taken much root in other regions, especially within the United States. CSR is widely defined as something a company should have above and beyond its normal operations, as in “the governance process that earn a firm legitimacy are a critical part of a firm’s overall approach to fulfilling its corporate social responsibility¹¹.” While this may be existentially true, it doesn’t tend to sit well with corporate executives. It would be useful to turn this phrase around: “an overall approach to corporate social responsibility is a critical part of a firm’s overall approach towards legitimacy.”

Herein lies the key: corporate social responsibility is not an end—it is a means by which legitimacy is gained and markets are built and protected.

Business, by its nature, is interested in its own survival and expansion. This is neither good nor evil, it simply is. The implication that good business models are useful only as a vehicle towards better fulfilling a quota of CSR will likely be badly received. Given the power that business has to be either an ally in conflict resolution or a hindrance, arguments must be rephrased consistently, ridding themselves of this implication. CSR is an essential component of sustainable business and a way to ensure and expand sustainable markets, thus increasing the “bottom line.” Simply put, corporate social responsibility is a means—not an end. This has the virtue of being demonstrably true, as illustrated in the above example from Northern Ireland.

Another problem thus far is that the concepts involved in the discussion as it is currently phrased, especially from the standpoint of the conflict resolution field, are incomplete. For example, although there are now a range of terms available to describe various different kinds of violence and conflict, the vast majority of literature produced by the academic conflict resolution community field seems to be intended for others within the academic conflict resolution community. Materials produced by either conflict resolution centers or the NGO community for private sector audiences either ignores current and helpful variations of language, or uses but does not adequately explain them. In addition, as will be seen in ex-

amples below, the ill-explained arguments are open to very undesirable interpretations and dire miscommunication.

It is usual to read violence only as “direct violence,” meaning actual physical damage being done to people and property—wars, rebellions, insurrections, riots, terrorism, shots fired and fists flying. Terms such as “structural violence” and “cultural violence” are not often addressed, although they are essential to the creation of a positive peace. Speaking of positive peace, it is usual to read “conflict” only in terms of open conflict, and not including concepts such as “negative peace”—a term which is only recently finding its way into limited use outside the conflict resolution and diplomatic community, although it is increasing. An article in the International Herald Tribune about refugees returning to Angola reports “‘What we have in Angola now is negative peace,’ said Raphael Marques, a 31-year-old journalist and dissident who is the director of the Open Society Institute’s Angolan office. ‘It is the absence of conflict, yes. But it is peace without justice, peace without opportunity, peace without democracy¹².’” This is a useful definition of negative peace, and the conceptual leap to dividing the two terms is crucial. Simply put, “positive peace” is a state of peace built around social justice. “Negative peace” implies that while there is no actual fighting currently happening, the situation is not characterized by social justice or by an absence of pain and suffering.

The concept of structural violence, coined by Johan Galtung in 1981, defines social, political and economic structures and systems that either directly or indirectly serve to hobble the potential of a person or group. Regional and local, let alone national power imbalances that serve to control and

subdue elements of a population by denying them access to water, food, education and security are elements of social violence, and in the long run, potentially no less damaging than direct violence. A hundred years ago, someone who died of Typhus was an unavoidable loss. Today, if someone dies of Typhus, there is a reason—medicines were unavailable or prohibitively expensive, the person was denied access to a hospital or treatment. This is structural violence.

“Cultural violence,” also coined by Galtung, is defined as the means by which a person or group turns a blind eye to structural or direct violence, ignoring it or rationalizing it as justifiable. Multi-national corporations have a long history of such violence, considering themselves to be removed from the local structures and therefore not responsible for them or their alleviation. This again is a misunderstanding made all the more possible if direct violence is the only type considered.

“Conflict prevention” is the most common way of describing what should be done about conflict, as opposed to “conflict resolution,” or “conflict transformation.” The Institute for Multi-Track Diplomacy is an exception to the rule, stating “The business community is wealthy in money, access and knowledge. It has the potential to become a major player in the realm of peacebuilding and conflict resolution around the world¹³.” International Alert, one of the leading sources of material on the role of the private sector in peacebuilding, uses “conflict transformation” in a few instances in several of its papers, but goes on to use “conflict prevention” almost exclusively throughout the same texts¹⁴.

The term “CSR” is not as monolithic as one might think. “Company representatives see CSR as distinctly different from peace-building in that CSR is related to their core operations and peace-building is not¹⁵.” The International Peace Academy points out that “while some progress has been made in the promotion of corporate social responsibility, voluntary self-regulation of this sort has been complicated by the proliferation of competing codes and the absence of a widely accepted standard. Furthermore, such self-regulation lacks effective monitoring and review processes and often amounts to little more than an exercise in public relations¹⁶.” Once again we are confronted with a breakdown in communication, as there is no standardized definition of CSR that has been communicated or agreed upon between the relevant parties.

It is also extremely important to note, as stated by CDA above, that “companies... think corporate involvement in peace-building means establishing peace in countries that are at war¹⁷.” Because this seems like such a monumental and absolute task, most companies are turned away from even attempting a task that has baffled the most powerful governments in history. The purpose of peace-building activities by the private sector is not to “Solve The Problem,” but to use its influence to help create and fertilize some of the groundwork mechanisms that will help the given population and in so doing, help themselves. In the final analysis, the first dictum within the Hippocratic Oath must apply: “above all, do no harm.” Attempting to remove oneself to a position of neutrality while providing some of the money and resources that

contribute to a conflict violates this dictum and harms both profits and population.

A central tenet of conflict resolution theory is that suppression or prevention of conflict in the presence of legitimate reasons for conflict only worsens a situation down the line, and forms a negative peace in the present. Consider the following quote, for example, regarding the protracted conflict in Azerbaijan:

The Azerbaijan multi-stakeholder dialogue was conceived in the belief that the companies investing in Azerbaijan could be engaged, not only in the socially responsible management of their own operations, but also in tackling some of the underlying, structural causes of conflict in the region. The rationale for engagement from the companies' perspective is that reputations and profits suffer when violent conflict breaks out, regardless of the causes. Preventing conflict, therefore, becomes a business interest and necessitates involvement in issues that may lie outside the company's core operations.¹⁸

Unless full analysis and explanation of conflict resolution processes are included when such theory is promulgated, "conflict prevention" can be taken to include not only repressive and oppressive tactics, but repressive and oppressive strategy as well.

While mention is made of concepts such as "socially responsible management," that mention is in the context of "preventing conflict."

On the subject of language, it is extremely important to remember that *the language of business negotiation is not the language of political or conflict negotiation*. Concepts such as “compromise,” for example, so benignly and commonly applied in business, tend to have ominous overtones of “selling out” in the political and conflict realms. There is a major problem with international negotiations, which is that there is no equivalent term to “negotiating in good faith” as the term is used in labor and business mediations. This contributes to the fear in international and political circles that someone willing to negotiate is about to betray his/her own side. The history of international negotiations are rife with disaster—Quisling, the name of the Norwegian leader who negotiated surrender to the Nazis, is immortalized as a synonym for “traitor.” A sharp problem is thus defined; business, in its interaction with local communities and governments, must take into account that the language of negotiation does not necessarily translate.

More than once, the use of businessmen as political negotiators has run into snags because of a lack of understanding that the two sets of terminology might not be compatible¹⁹. NGOs and the conflict resolution community must help to be translators in this regard.

Finally, while the connection between business, conflict and conflict’s alleviation or exacerbation is fairly plain, the orientation of the argument in addition to the language used to express it needs work. Currently there is a strong tendency to define the connection between business and peacebuilding

only in terms of the negative, i.e. “reputations and profits suffer when violent conflict breaks out.” This tendency encourages a defensive posture in business more than it does a visionary one. It also encourages the private sector to look only as far as a non-violent status quo, using a very narrow definition of violence and peace, and using whatever means to achieve them that are deemed most expedient.

Imagine a continuum, at one end of which is open, direct violence and at the opposite end of which is positive peace. The zero point identifies a state of negative peace. It is necessary for the NGO and conflict resolution communities to work towards a phrasing that suggests not only that “conflict *hurts* profits,” but that “positive peace *improves* profits,” since the negative orientation is potentially only enough to bring a situation to an undesirable (zero point) status. As the primary creators and users of terminology to accurately and richly describe states of peace and warfare, the responsibility for doing so falls squarely on the shoulders of the academic and NGO conflict resolution community. This is the path to reframing the issue towards a more visionary stance.

The Nobel prize-winning economist Amartya Sen points out eloquently that the presence of a positive peace is in fact the most fertile ground in which to build a market; and that conditions of negative peace tend to quell or limit markets. He goes on to argue that there is a dynamic relationship between markets and human freedoms—that even the freest marketplace is within only limited reach at best of an oppressed and suffering people, and that a free marketplace both creates and is created by free and non-suffering people.

Instances where the phrasing seems to have more of a positive orientation often do not in actuality. Relating to the Israeli/Palestinian conflict, for example, “Everything we can learn from the experience of the past 55 years teaches us that when Israelis feel secure, Israel prospers economically and socially. Conversely, when Israelis feel threatened, the country’s primary economic indicators decline. Security means confidence—investor and consumer confidence, whether domestic or foreign²⁰.” The reader should note that although the orientation of this statement seems positive and not negative, it does not define *how* security is to be achieved, leaving the door open for any number of undesirable interpretations, including the arrests, sanctions and curfews that we have seen over the past few years. Further, the use of the word “security” implies that there remains an enemy to be secure from and does not necessarily indicate that a positive peace has been reached.

The definitions within concepts such as security and peace are especially relevant to business since any business school will teach its students that a business which does nothing but defend a given marketshare will not survive in the long run—longevity depends on the evolution and building of markets.

The point was made above that businesses tend to become part of the context in which they operate. Because of shortcomings in argument and language as illustrated here, business has also tended to view conflict resolution and peace building initiatives as political, and thus outside of their rubric as private sector. In some cases, business takes the role of a neutral outsider.

What can be changed in order to address that?

(A window of opportunity in a history of antagonism)

Terminology is of further importance because of the historically adversarial relations between business and the NGO community. Business is long used to being painted as mercenary pirates willing to devastate regions and populations in the quest for a bigger buck—and having become used to hearing this position, is often unwilling to hear more of an argument. There are in fact cases where this has been true—United Fruit Company is an infamous example of private industry run amok. The company was found to have bribed the Honduran government with millions of dollars in exchange for concessions, and accusations leveled at the company run the gamut from price fixing to orchestrating a military coup in Guatemala²¹. While extremes such as United Fruit Company are rare, the rest of the private sector has often been painted with the same brush.

NGOs have in turn been labeled by business as touchy-feely tree huggers with heads in the clouds and little understanding of reality. Both groups have a long history of producing negative images of the other. Neither group has been disposed to listen well, each assuming that the language spoken by the other is alien, and that the interaction will be adversarial from the start. Because of this, the peacebuilding-business relationship is most often seen as zero-sum.

These perceptions must be changed, and *can* be changed because the conflict between the two communities is based on misperceptions—not on anything inherent in the relationship

or the problem. Business is not inherently evil, it is inherently neutral and since it exists for the purpose of making money, it will do so in whatever seems the least costly fashion. Given that business will act this way, it behooves the NGO and peacebuilding community to deal with business in language it best understands, in the same way that any other cross-cultural discussion would have to be conducted.

A Canadian Prime Minister once said of being the United States' next-door neighbor, "It's like being in bed with an elephant... it doesn't matter if it only rolls over a little bit." The situation of business and peacebuilding is analogous. Exxon-Mobil's pipeline through Chad and Cameroon, for example, is expected to bring in \$25-30 billion US over the course of 25 years. Chad's GNP in 1999 was \$1.6 billion US²². It is estimated that \$500 million US will go to Cameroon, and approximately \$2 billion US will go to Chad, over the same period of time. The rest of the money will go to the corporations. Both of the involved governments are listed as among the most corrupt and unstable on earth. The NGO community considers the project highly questionable; CIEL, the Center for International Environmental Law, stated in one case, "The Chad/Cameroon Oil and Pipeline Project is one of the riskiest projects ever considered by the [World] Bank. If the Bank approves this project under the conditions as they currently exist, it will be promoting an assault on human rights and the environment. The project as currently designed has little chance of delivering the claimed development benefits while carrying major risks of irreparable environmental damage, social disruption, and corruption²³."

Illustrating the lack of communication between the two worlds, regarding that same project, CIEL states “Why is there pressure for this project to move forward? Because ExxonMobil has enormous economic clout and is interested in exploiting the oil fields in southern Chad despite the risks. Because [World] Bank staff are unwilling to acknowledge that there is significant, unmitigated, risk. And, finally, because Bank staff have not accorded proper respect to the voices and concerns of local affected communities²⁴.” Exxon-Mobil, in its news releases, states “The project represents an unprecedented effort in the areas of socioeconomic planning and public consultation. The consultation process, which began in 1993, has provided the opportunity for tens of thousands of citizens to have input into the planning. In addition, multiple levels of monitoring by external groups has verified the project’s compliance with its commitments under the Environmental and Socioeconomic Management Plans²⁵.” It is apparent that communication is either severely flawed and assumed to be antagonistic, or else it is a chimera imagined by both parties.

Business is increasingly realizing that socio-political factors must be given their due attention. As the NGO community talks about validating human beings, giving them agency and making them feel recognized and heard, so it must do with the business community. Building from that initial relationship, NGOs must then go on to demonstrate that they understand that since business improves if humanitarian situations improve and political/ social institutions are based in principles of social justice, our goals are not in conflict and are best achieved in partnership.

What are the ways in which IMTD and the conflict resolution community as a whole can help?

Business and peace are already linked, whether business realizes (and likes) it or not. Increasingly, it is becoming obvious to business—especially multi-national business—that they cannot continue business as usual, and that as noted above, *it is a direct and tangible benefit not to continue business as usual*. As media reach becomes increasingly rich, business policies will come under ever-finer scrutiny. As fewer and fewer industries become viable without international cooperation (raw materials from one location, manufacturing in another, expertise and labor forces from still more...), that scrutiny will only deepen. Business is becoming increasingly aware that they must act, which works decidedly in favor of peacebuilders.

- Consulting agencies, be they “formal” consultants or NGOs in a consulting role, will likely be the major source of information and training. It is ironically cheaper, for example, to commute consultants back and forth to Chad several times a year, than it is to move one expat long-term. NGOs can make further inroads in this manner, contracting to apply their skills as trainers of indigenous persons who are expert in local matters, but not in negotiation or conflict resolution techniques; and in the analysis of protracted or nascent conflict, its origins, the causes of its continuance, and its possible transformation.
- The workings of conflict are complicated and often subtle: What will be affected by the influx of money? If communities are addressed directly by corporations—such as Exxon-

Mobil is planning in Chad—what power structures will be affected? Are there local power bosses who will or won't want to see the existing structure altered? Are there national power bosses who will or won't want to see structures altered? Are there international ramifications, such as tribes whose territory straddles official national boundaries? How will money and the presence of business interests change a community? Will the chosen representatives of the company be able to handle it?

- It is essential that those becoming the liaisons between business and community be well trained, and conflict resolution organizations can make inroads as trainers of local specialists. Those specialists will have to be trained in conflict resolution methodologies and theory, negotiation skills and other “tools of the trade” in order to work effectively between business and local populations and governments. The scope of work, given the size of investment by even modest multinational corporations, will place many local specialists out of their depth.
- The conflict resolution community can—indeed, must—help the business community develop, articulate and promulgate a set of “best practices” relating to conflict resolution and peacebuilding work, which will contain within it “official” definitions for CSR, variations of violence, peacebuilding, etc.
- NGOs can make inroads as impartial third parties serving the role of “auditors” in much the same fashion that business auditors operate today. “Accountability amounts to a firm enabling its behaviour to be measured against its

obligations, and to someone with legitimacy outside the firm making that assessment and ensuring that the firm takes responsibility for any shortfall²⁶.” In addition to providing external analysis of a company’s operations regarding peacebuilding, conflict resolution organizations can provide impartial third party services between private sector and government, since the private sector will have connections with the general populace that government typically does not. Governments come and go—the people remain.

- Especially as the identification of stakeholders can be difficult in conflict zones, impartial third parties can serve a vital role in creating an inclusive network that deals properly with local power balances and addresses the many minefields associated with large inflows of money to elites.
- NGOs can found businesses of their own. This can be done in two ways. 1) The Peace Corps, for example, has extensive experience in helping communities to create sustainable businesses of their own, increasing community independence and improving social conditions in the process. 2) NGOs can incorporate, using business as both an internal source of income and as an example of ideas in practice.

Conclusions

There is a vast number of new and unstable markets which can only be stabilized or opened through attention to conflict resolution theory and processes. It is not that profit must be moderated in order to give generously enough to alleviate

suffering—it is that the fullest profit can only be realized by “priming the well,” and helping to develop markets such that they can first sustain and then allow business to blossom.

The all-important shareholder value can be directly increased by a “demonstrable ability of portfolio of business units/operations to manage social impacts and risks, and communication of this competitive edge to financial analysts...reduced risks to marketing, sales and share price associated with perceived poor management of social impacts... [and] global competitive advantage from showing leadership in management of social issues.²⁷”

Over the longer term, positive peace provides an underlying foundation on which to build healthy market economies, which in turn provide the private sector with customers, qualified employees, local suppliers and investors. Peaceful and stable conditions are likely to lower key operating costs for companies, such as risk management, security and personnel expenditures.

State expenditure on conflict could be reallocated from military-related purposes to social and productive purposes which in turn further develop the market for business. In addition, money could be reallocated to support industrial and enterprise development, ranging from large-scale physical infrastructure to micro-credit.

Official development assistance could be reallocated from peacekeeping and humanitarian relief to other development purposes. Appropriately targeted development assistance could help make poorer countries more attractive to private

investors and more capable of sustaining diversified and effective market economies.

Companies must be aware of their real and potential socio-economic, political and environmental impacts and their ability to create or exacerbate violent conflict. Building on this awareness, it is in their best business interest to develop and implement policies and procedures to minimize any damage that may result from their own business operations or those of their business partners.

The issue of value creation in social interaction has been well addressed, but cannot be stressed too many times—CSR is a means, not an end. Companies can proactively create positive societal value by optimizing the external multipliers of their own business operations and engaging in innovative social investment, stakeholder consultation, policy dialogue, advocacy and civic institution building, including collective action with other companies. This action must be taken on and institutionalized at the CEO and board level. Policies and guidelines regarding human rights and conflict issues must be standardized, the same as any other core business practice.

Rigorous and ongoing analysis is central to a company's understanding of the contexts in which it is and will be operating, and the options it may have for engaging in conflict prevention or resolution in a manner that safeguards its business interests while contributing to wider societal interests. Risk analysis and impact assessment are critical.

It is essential that a company must invest in regular dialogue and consultation with its stakeholders, so that both understand what the goals are, as well as the practical and

strategic constraints faced. This is especially important for companies operating in conflict regions where the complexity, lack of reliable information, variety of conflicting interests and fast changing environment create numerous opportunities for misperceptions to occur. In such situations, companies need to be proactive in meeting with their colleagues in the business community and outreaching to a variety of stakeholders, on both a collective and individual basis.

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- 3 *Ibid.*, p. 18
- 4 International Alert, *The Private Sector as an Agent of Peace in Sri Lanka*, p.1
- 5 *Ibid.*, p.6
- 6 *Ibid.*, p.6
- 7 IMTD, *The Role of Business in Intractable Conflict: A Case Study of South Africa*, p.12
- 8 International Alert, *The Private Sector as an Agent of Peace in Sri Lanka*, p. 8
- 9 See case studies by IMTD, “*The Role of Business in Intractable Conflict*,” Northern Ireland and South Africa
- 10 *Ibid.*
- 11 Andrew Newton, The Royal Institute of International Affairs, *Legitimacy Risks and Peace-Building Opportunities: Scoping the Issues for Businesses in Post-War Iraq*, p.2
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- 15 Collaborative for Development Action, Inc., *Issue Paper: The Role of Business in Conflict Resolution and Peace Building*, p. 3
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- 18 Business Partners for Development, Case Study 4: Oil and Gas Development, Azerbaijan, p. 2
- 19 For a good example, see *Futile Diplomacy: Operation Alpha and the Failure of Anglo-American Coercive Diplomacy in the Arab-Israeli Conflict 1954-1956*, by Neil Caplan, regarding Robert Anderson's failed mission to mediate between Israelis and Palestinians. See also *Arab-Jewish Dialogue in the United States: Track II Tractability*, by Richard D. Schwartz
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The Institute for Multi-Track Diplomacy is a 501(c)3 non-profit organization incorporated in Washington, DC. Founded in 1992 by Ambassador John W. McDonald and Dr. Louise Diamond, the Institute is built on the premise that the power for peacemaking and peacebuilding resides in the many and not the few. IMTD is committed to the non-violent resolution of ethnic and regional conflict through training, education, and communication.

The Occasional Paper Series published by the Institute for Multi-Track Diplomacy provides a forum for the exploration, identification, and discussion of the issues in conflict resolution theory and practice being confronted in the work of IMTD. Often based on the direct experiences of professionals working on IMTD projects, these discussions document some of the pioneering work being done in the field of conflict resolution.

