

Peace Economics for Economic Peace and Co-operation

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Abstract:

Humanity is now facing unprecedented challenges. Some of the most urgent of these are climate change, decreasing biodiversity, increasing migration and over-population. Due to conflict, war and disturbed economic relations among the nations, there is a slowdown of economic growth and development of the globe, which ultimately resulted into great loss of socio-economic welfare of the human race. All of these issues are global in nature. These issues need for international cooperation on a scale unparalleled in history. Furthermore, the sources of these challenges are multidimensional and increasingly complex. For these reasons, finding solutions requires fundamentally new ways of thinking. Peace is an essential prerequisite to resolve these challenges, because without peace it will not be possible to achieve the levels of trust, cooperation, or inclusiveness necessary to solve these challenges, let alone empower the international institutions and organisations required to help address them. World has experienced two world wars, many civil wars, regional wars, terrorism and many more violence. All these disturbed the economies and further destroyed economic resources and finally the fundamental global economic problems get sidetracked. It's time to introduce peace economics for economic peace and cooperation.

Keywords: peace economics, economic peace and cooperation, violence, human race, violence

Introduction:

Before 1870 European countries were specialized in their products and self substantial, as well as people were adjusted to this state of affairs. After 1870 for next fifty years European economy became unstable and peculiar due to industrial revolution and large scale of production. With the growth of population in Europe, increasing scale of proportion in industry and agriculture, new labour force, development of transportation to make access of food and raw material to Europe from distance sources. This extraordinary episode of economic progress of man came to end in August 1914. Greed for economic power resulted into world war. A War or violence is always harmful to human race and resources. To bring peace in all sphere of life it is important to have global economic peace. Improving global cooperation for welfare of the humanity economic peace and cooperation plays vital role.

Peace economics is a specialized branch of economics. Peace economics focuses on the design of the sociosphere's political, economic, and cultural institutions and their interacting policies and actions with the goal of preventing, mitigating, or resolving violent conflict within and between societies. This violent conflict could be of any type and could involve either latent or actual violence. Presuming knowledge of the cost of violence, it focuses on the benefits of (re)constructing societies with a view toward achieving irreversible, stable peace. Together with approaches drawn from disciplines such as anthropology, sociology, psychology and cognitive science, geography and

regional science, and political science and international relations, peace economics forms part of peace science, an evolving part of peace and conflict studies. A key difference between peace economics and these related fields is that peace economics emphasizes a study of the presence of peace, as distinct from studying the absence or presence of conflict, violence, war, or insecurity. Peace economics is helpful to bring economic peace and cooperation, to achieve economic stability, growth and development with sustainability and welfare of the man.

Objectives:

1. To study the concept of peace economics.
2. To get acquainted with world economic peace and cooperation.
3. To verify the role of peace economics to bring economic peace and cooperation at world large.

Peace economics:

Walter Isard defines peace economics as “generally concerned with: (1) resolution, management or reduction of conflict in the economic sphere, or among behaving units in their economic activity; (2) the use of economic measures and policy to cope with and control conflicts whether economic or not; and (3) the impact of conflict on the economic behaviour and welfare of firms, consumers organizations, government and society.” Peace economics has also been defined as “the use of economics to understand the causes and effects of violent conflict in the international system and the ways that conflict can be avoided, managed, or resolved.” Economics Nobelist Jan Tinbergen defines peace economics as “economic science used for [a purpose that] prohibits [war] as an instrument of settling conflicts between nations and [to organize] the world in a way that warfare is punished.” Violence is addressed only at the level of sovereigns, not dealing with civil war or debilitating organized or individual-level criminal violence. In related work, Tinbergen writes about a world order that would inhibit violence and permit peace between and among states. In his view, this requires a “world government,” a sentiment not now commonly agreed among economists. These definitions of peace economics all share Johan Galtung’s characterization of negative peace (the absence of violent conflict) as opposed to positive peace (the presence of peace-enabling structures).

Peace Economics and Economic Peace & Cooperation: Thoughts, Thinkers and Experiences

- After the end of World War I at the Paris Peace Conference in June 1919, John Maynard Keynes penned a small book. Published in 1920, *The Economic Consequences of the Peace* famously lays out his case for why the allies’ Terms of Peace to be imposed on Germany were physically and financially impossible to fulfil and how they would encourage Germany to rise up again. Predicting a coming World War II, Keynes wrote: “Nothing can then delay for very long that final civil war between the forces of Reaction and the despairing convulsions of Revolution, before which the horrors of the late German war will fade into nothing, and which will destroy, whoever is victor, the civilisation and the progress of our generation.” Although Keynes’ effort to change the treaty terms failed, it is a dramatic demonstration of what peace economics is about: the creation of a mutually reinforcing structure of political, economic, and cultural systems to achieve peace such that reversal to violence is unlikely.
- Creating sound economic policy and a stable macroeconomic framework is essential to societies recovering from violent conflict, yet few practitioners have the background needed to apply economic concepts effectively. To provide practitioners with a concise but broad overview of macroeconomic fundamentals as they touch on violence afflicted states, Brauer and Dunne have created Peace Economics. Filling a gap in the literature on peace design from an economic perspective, Peace Economics extends beyond economic principles into

the wider realm of social reconstitution, social contract, and social capital in the hopes of helping practitioners build a more stable peace.

- According to Dominique Strauss-Kahn, Managing Director, International Monetary Fund(2008) there is a relationship between economic stability and peace. It is his abiding belief that they are intimately entwined. If you lose one, you are likely to lose the other. Peace is a necessary precondition for trade, sustained economic growth, and prosperity. In turn, economic stability, and a rising prosperity that is broadly shared—both within and among countries—can foster peace. This is most likely to happen in an atmosphere of economic cooperation, of openness, of a multilateral approach to economic and political problems.
- Ultimately, peace and prosperity feed on each other. We all remember how the Great Depression created fertile ground for a devastating war. More recently, in many parts of the world, economic instability provoked political upheaval, social unrest, and conflict. A political economic perspective on preparing for peace emphasises these aspects: reallocation: shifting resources from military to peaceful purposes; redistribution: redressing the material economic inequalities that underpin so many social conflicts; and revival: harmonising economic, environmental and social goals to enable more fulfilling lives in a peaceful society.
- That matters of war and peace have an economic dimension is widely recognised. The political dimension of conflict is even more obvious. Indeed, where there are economic interests there is always politics. The connection between capitalism and democracy, commonly posited by ideologues of the political right, looks ever shakier. The formally egalitarian political principle of 'one person, one vote' becomes subordinated to the market economic principle of 'one dollar, one vote'. It also bodes ill for peace because, wherever powerful sectional interests dominate over broader public interests, social conflict and its manifestations, including violence, are endemic.
- The Institute for Economics and Peace, a think tank with offices in Sydney, New York, and Mexico City, is "developing metrics to analyse peace and to quantify its economic value. It does this by developing global and national indices, calculating the economic cost of violence, analysing country level risk and understanding positive peace."
- All ministries within the German government work together, to achieve the primary goals of its development policy, namely to prevent conflicts and create stable parameters for peaceful conflict resolution. To this end, German development policy is systematically coordinated with foreign, security, economic, financial, environmental, social, cultural, and equality policy. Good examples of successful cooperation on the ground are the German government's involvement in the Stability Pact for South Eastern Europe – which led to the setting-up of the Regional Cooperation Council (RCC) in 2008 – and in Afghanistan. German soldiers have been stationed in Afghanistan as part of the International Security Assistance Force (ISAF) since 2001. In October 2008, Germany's parliament, the Bundestag, extended their mandate. Up to 4,500 troops are to be stationed in Afghanistan to help improve the security situation in various regions. At the same time, civilian staff, deployed under the mandate of deployed under the mandate of the BMZ, are working with representatives of the Afghan Interim Government and civil society to reconstruct the country's economic, political and social structures.
- The constraints to the peace process can be understood in terms of the dialectic between the strategic political and military imperatives for peace on the one hand and the pressures for path dependence within the military establishment on the other. Trade and direct investment increase cross-border economic contact and raise a state's stake in maintaining linkages. Monetary coordination and interdependence demand that states strike deals. Through such interactions, states create a broad set of mutually beneficial economic linkages. While these linkages may deter very modest clashes, their main impact is as a substitute method for resolving conflict. Political shocks that threaten to damage or destroy economic linkages generate information, reducing uncertainty when leaders bargain. Threats from

interdependent states carry more weight than threats from autarchic states precisely because markets inform observers as to the veracity of political “cheap talk.” Multiple channels of economic interactions help states to credibly communicate, increasing the “vocabulary” available to states in attempting to assess relative resolve. A signalling interpretation of interdependence offers some promise both analytically and in terms of international events. If costly signalling through economic interdependence reduces states’ recourse to military violence, then increasing economic interdependence (globalization) implies the prospect of a more pacific global system. The magnitude of the pacific effect of interdependence is difficult to assess, however, since other factors, such as increasing polarization, may add to the motives for conflict. At the same time, the signalling argument implies that much of the variance in the propensity for conflict is unknowable. Finally, the effects of democracy on conflict appear to require additional assessment.

- South Asia in the twenty-first century has an opportunity to lead the world by addressing the challenges of poverty, peace, and environmental degradation through cooperation in a region where these challenges are manifest in their most intense form. Regional cooperation in South Asia could enable a new form of equitable and sustainable economic growth. This would involve new initiatives for restructuring the growth process to make it pro-poor and accelerating the process of peace and economic cooperation. Innovative initiatives are required to develop new institutions and technologies for use at the regional, national, and local levels in the fields of water resource management, energy production, heat resistant seed varieties, reduced soil depletion, and reduced greenhouse gas emissions. Equally important, this process of achieving sustainable development could be catalyzed by capitalizing on South Asians’ rich cultural tradition of seeking unity in diversity, human solidarity, and harmony with nature. Never before in history was the choice between life and comprehensive destruction as stark as it is today. The question is, can we grasp this moment and together devise a new path toward peace, freedom from hunger, sustainable development, and regional cooperation? There is an urgent need to move out of the mind-set that regards an adversarial relationship with a neighbouring country as the emblem of patriotism that views affluence of the few at the expense of the many as the hallmark of development, that sees nature as an exploitable resource, and that embraces individual greed as the basis of public action. We have arrived at the end of the epoch when we could hope to conduct our social, economic and political life on the basis of such a mind-set.

Role of peace economics to bring economic peace and cooperation:

- Economic peace is the prerequisite for human development and prosperity. Without a peaceful and stable international environment, economic and human development is quite impossible for any country.
- Development is the base for human progress. Enduring economic peace and stability throughout the world connects on coordinated, balanced and universal development.
- In order to promote economic growth worldwide, it is necessary for the international community to take effective measures to put in place an open and fair multilateral trading regime, and gradually improve it and it is not possible without peace economics.
- Peace economics promotes all the members of the international community to join hands in working toward a just and equitable international economic order that meets the need of growing economic globalization and serves the universal interests of all nations.
- Peace economics initiates cooperation in an effective way to cope with common challenges of the globe.
- Contemporary peace economics could play an important role in building governance and economic development through education system.
- Relevant programs and activities should be nested within an overarching theory of how strategically sequenced investments by all actors could ensure equitable economic progress, effective and accountable political institutions, and lasting peace.

Recommendations:

- It becomes crucial that all economics should be peace economics and all economists should promote peace in the world through peace economics.
- Concept of peace economics should be redefined and should be extend at global level.
- The non-state stakeholders, including nongovernmental organizations, local firms, and multinational corporations have to play very important role.
- Ensuring harmonization, arrangement, and sustainability should be prioritized to ensure lasting positive impact on economic and human development through peace economics. Peace economics could integrate these actors into a convincing theoretical framework.
- Each state has to change economic policy as per the peace economics.
- Peace Economics extends beyond economic principles into the wider dominion of social reconstitution, social contract, and social capital in the hopes of helping practitioners build a more stable peace.
- To achieve the goal of sustainable economic development all the stakeholders should promote and implement peace economics.

Conclusion:

Although it is possible to point to a long line of classical liberal thinkers in the last three centuries who argued that economic interdependence and growth can positively affect political relations between states, it is only in the last thirty years that research has attempted to test the claim and support it with firm theoretical and empirical underpinnings. Most of the research on the topic focuses on the issue of the alternative costs involved in the conflict, or in simpler words: what states and their citizens are liable to lose by taking violent steps. Proponents of commercial liberalism assume that economic cooperation between two states increases their absolute economic welfare, and therefore raises the alternative costs involved in political confrontations. The deeper the economic cooperation, the more the economic welfare of both sides grows, thus dampening their enthusiasm for taking steps that are liable to interfere with regular economic activity. An analysis of Netanyahu's statements reveals that the issue of alternative costs is a central component of his idea of economic peace. In the era of globalization economic peace and cooperation is must to achieve the welfare of the human society.

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