THE FOUNDATION FOR
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The Cost of Peace

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The problem in the current debate about peacebuilding—the topic of this paper—is not a lack of thinking and analysis, nor of recognition of the problems, or even identification of solutions. It is, as we so often witness, a lack of political will to act in a preventative fashion and an absence of serious funding for proactive peacebuilding. This paper examines the paucity of funding for preventative measures and the tenacity of traditional concepts of security. It argues that these undermine efforts to introduce more cost-effective forms of conflict resolution aimed at addressing the *causes* of violence rather than its *consequences*. Finally it will appeal to participants in this conference to muster their knowledge into arguments which will turn the truism that prevention is better than cure into a call for action.

That peace is essential to sustainable development has been axiomatic for the last fifty years. It was on the assumption that poverty caused conflict that the donor community rallied after the Second World War to provide assistance to the developing world, thereby maintaining world stability. In the past ten years, however, this axiom has been turned on its head in many places where civil strife has plunged millions into worse poverty than they had experienced for decades. The nature of these conflicts—usually fought within states, mainly with small arms, and with civilians as the overwhelming majority of its victims—are entirely different from the proxy fights of the Cold War. They are rooted in economic disparities, social injustice and internal battles for power. Occurring as they do in the poorest countries of the world, they have become the focus primarily of development agencies, that is until they threaten the interests of wealthier nations, or become so horrific that they make it onto the TV news.

While there is no doubt that these conflicts are very much part of the development agenda, it is also obvious that is well beyond the capacity of aid agencies to resolve them or to address the underlying causes of poverty. The Development Assistance Committee of the OECD puts overall aid flows at around $US50 billion per annum. This is the amount the donor community contributes each year to assisting the poor, estimated at some 3.5 billion people. Were this aid distributed evenly that would mean $US14 per person per year. In fact the distribution is not even, meaning that aid flows vary greatly. Some figures in the World Development Report show the discrepancies: in 1998, for example, India received foreign aid of $US2 a head, the Philippines $US8, Vietnam $US15, Bangladesh $US22, Cambodia $US29, and Papua New Guinea $US78.[1]

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[1] *World Development Report, 2000*, World Bank, Washington DC, 2000. Thanks also to Dr Peter McCawley.

These funds have to be stretched to cover a very ambitious development agenda. They are supposed to promote sustainable economic growth, participatory social development and good governance. They are spent on a wide range of programs including: building basic and social infrastructure, creating the conditions for a sound private sector, promoting free and fair trade, combating diseases such as malaria and HIV/AIDs, encouraging the role of women, fighting environmental problems, strengthening the rule of law, combating money laundering and drug trafficking. The list goes on an on. Clearly, aid can't do the job alone.

Moreover, in recent years, the money intended for these programs has been diverted to respond to the emergencies that have plagued the nineties, both the civil conflicts and environmental disasters. For example, AusAID's annual budget allocation for the Humanitarian and Emergencies program has grown by over thirty per cent in the past five years and now comprises nearly seven per cent ($107 million) of the Australian Government overseas aid program[2]—which has been on the decline for most of the same period. Much of the money it channels to UN and NGO programs is also goes on emergency and relief operations. Globally, the money spent on international relief is said to have increased fivefold during the nineties, again to the detriment of developmental programs. It also needs to be remembered that the emergencies wipe out the benefits of billions of dollars and years of development efforts.

This rise in emergency needs and decline in aid flows has prompted serious discussion within the donor community, as well as with diplomats and security experts, about the changing nature of conflict and its effect on development. In the United Kingdom, Canada, the Netherlands; at the OECD in Paris and any number of think tanks in North America and Europe the talk has been of the need for new approaches to peacekeeping and preventative diplomacy. Aid must do no harm, relief and rehabilitation must also lead to peacebuilding, the root causes of conflict—more often than not the dislocation of poverty and inequitable distribution of resources—must be addressed.

We all know that prevention is better than cure. And that it's cheaper: the Carnegie Commission estimated in 1999 that if effective preventative measures had been taken in nine countries affected by conflict in the 1990s, OECD countries alone could have saved more than $US160 billion. This is apart from the incalculable human costs to those countries in conflict.[3]

Yet, the conflicts keep raging and the refugees keep coming. Prevention remains a slogan not a deed. Reaction is still preferred to preemption. Take the Tampa crisis as an example.

In late 1999 when ethnic Hazaras from Afghanistan began to arrive in Australia by boat and without visas the Minister for Immigration warned that this heralded a 'national emergency'.[4] By this time most donors had pretty much withdrawn from Afghanistan, in protest over the Taliban's human rights abuses and its harbouring of Osama bin Laden.

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[2] *Humanitarian Program Strategy, 2001-2003,* AusAID, 2001, p. 7
[3] Quoted in *Helping Prevent Violent Conflict: Orientations for External Partners. Supplement to the DAC Guidelines on Conflict, Peace and Development Co-operation on the Threshold of the 21st Century*, OECD DAC, Paris 2001, p. 6
[4] Maley,W., 'Ethnic Conflict and Nationalism' in *International Relations in the New Century: An Australian Perspective*, (eds.) Marianne Hanson and William T. Tow, OUP, Melbourne, 2001, p. 67

The new rules of conditionality precluded Afghanistan from receiving development assistance.

The money for the refugees outside Afghanistan had also diminished. As UNHCR's Representative in Pakistan commented recently, Afghan refugees have fallen out of favour with the international community. Their part of the world is no longer the nexus of superpower rivalry. The problem did not, however, go away. While 4.4 million of the more than six million who fled the original Soviet invasion have been repatriated, Pakistan and Iran still host around 2.6 million Afghans and there are up to 800,000 civilians internally displaced.

According to a recent UNHCR survey of 4,025 returnee household heads, 24 percent did not have regular jobs, 41 percent found their houses completely destroyed when they got home, 11 percent had to deal with land mines on the their land, 45 percent did not have access to any kind of health services and 79 percent could not send their children to school.[5] It is no wonder Afghanis are desperate to find a better life. It is also salutary to remember that many of those fleeing also have profound religious and moral objections to the Taliban regime.

Australia's aid to Afghanistan, never large, declined from $5 .4 million in 1997–78 to around $1.3 million in 1999–2000 and $1.4 million in 2000–2001.[6] Afghani refugees no doubt received some aid through Australia's international and NGO programs, but despite the threat of a national emergency no aid funds were committed to averting the problem, only to treating it in the most tokenistic way. It is no easy task to give aid to Afghanistan and overall clearly a low priority for a government having to deal with the East Timor crisis, an unstable Indonesia, constant troubles in PNG and the Solomons and then another coup in Fiji. The plight of Afghanis, far from Australian shores, was left to others to deal with, even though their illegal arrival here was considered a grave matter.

Suddenly, however, in the last week of August 2001, there were extraordinary resources to spend on the problem. The Tampa crisis is said to have cost $3 million a day, with overall projections of $110 million and rising. (On 10 September the Minister for Defence, Mr Reith announced that Nauru would receive $20 million to cover expenses for handling asylum seekers as well as additional aid for electricity, medical and other critical development needs. Before the Tampa crisis, the allocation to Nauru in the 2001–02 aid budget was $3.4 million.) Only a miniscule amount of this money will be spent on the Afghans fleeing a regime so despicable that the world treats it as a pariah. Most will go on the Australian military intervention deemed necessary to protect our borders.

This is typical of the expenditure over the last decade on so-called humanitarian emergencies. For example, the US government spent $US1.5 billion on its military response to the humanitarian crisis in Somalia. During that same period, it spent $US311 million on humanitarian assistance.[7]

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[5] See *Refugees*, Volume 4 , No 121, UNHCR, Geneva, 2000

[6] The last figure is an estimate taken from *Australia's Overseas Aid Program, 2001-02*, Statement by the Hon. Alexander Downer, Minister for Foreign Affairs, 22 May 2001.

[7] *Civilian and military means of providing and supporting humanitarian assistance during conflict -- comparative advantages and costs*, Conflict, peace and development co-operation

So why is there such reluctance to address the root causes of these problems of instability and violence? In those countries where the conflicts are breaking out there is simply not the capacity to do so, either because of insufficient resources to foster economic well-being and political harmony and/or insufficient incentive to put development ahead of the retention of power.

And for most of the time, wealthy nations do not perceive distant civil wars as serious threats to their own security. It is usually considered enough to make a small contribution through aid budgets or the UN system and to shelter behind traditional views of sovereignty which preclude intervention in the political processes of another nation. That is until a crisis appears on our television screens, or we actually face a perceived physical threat. In Australia, it is to be hoped that the Tampa affair has shown that in today's world to protect our borders cannot just be a matter of physical patrols but also demands a serious commitment to enhancing human security across the globe.

There are many reasons why this commitment has yet to be undertaken:

The nature of the political process

For most politicians—even Ministers for Defence, Foreign Affairs, and Immigration who are informed about the problems abroad and their possible consequences—the lack of commitment to long-term development solutions is hardly surprising. Their agendas are determined by news headlines and crisis management techniques. As someone who should know, the former Foreign Minister, Gareth Evans, put it:

> in the offices and corridors where decisions are made, the urgent does nearly always drive out the important: it is hard to get senior people to focus on problems that are not right now exploding round their ears. And it is hard to get most practising politicians excited about a form of activity that, by its nature, is never going to be noticed if you are successful.[8]

In an earlier speech on preventative diplomacy—one of Evans's causes—he explained the lack of appeal of prevention for today's breed of politician:

> … it is an iron law of politics—national or international—that everyone likes to be seen to be doing something: the notion of taking action behind the scenes that might be inherently worth doing, or worth doing as an insurance premium to avoid a larger pay-out later, tends to be foreign to the political psyche. But we must get more people to see the point of that splendid observation attributed to Jean-Mare Lehn, who won the Nobel Prize for Chemistry in 1987: 'Only those who can see the invisible can do the impossible'.[9]

Report no. I, OECD DAC, 1998, p. 16

[8] Gareth Evans, 'Peace Meal' review of William Shawcross, *Deliver Us From Evil,* Australian Review of Books, 2000

[9] Gareth Evans, *Lawyers and peace building*, Second Annual Murdoch Student Law Society Address, Perth, 16 August 1995, p. 4

The absence of policy coherence

Over the past decade, the OECD-DAC has placed increasing emphasis on the need for coherence in the way aid is delivered. By this it means ensuring that a trade or security approach does not undermine the work being done in the development area. This applies both to donor and recipient countries. In the area of peace, the best examples of such policy coherence are military expenditures.

Economists agree that military expenditure can retard growth in poor countries. Yet many still spend significant proportions of their GDP on the military rather than in the area of economic or social development. They do so in order to maintain power and meet threats, with development remaining a lower priority. The OECD estimates that roughly $US850 billion is spent annually on military forces around the world and while that figure has been going down in the last decade, it is still high in places which can least afford it. For example, in 1997 Cambodia spent 4.1% of its GDP on the military, a reduction from 4.9% in 1992, but still double the international average.

By focusing attention on excessive military expenditure, the OECD is attempting to ensure that adequate resources are spent on economic and social development, which in turn can foster security. It is not, however, denying that security is also an essential prerequisite for development, nor that countries have a legitimate right to manage their own defence, nor that the military and other security forces can also make a positive contribution to development.

The OECD has also shone the policy coherence light on donors, pointing out when trade or other policies run counter to attempts to encourage sustainable development. More recently it, as well as the United Nations, the ICRC and others, have been concentrating on the issue of the illegal small arms trade, whose proliferation is both a symptom and a cause of much of the violence the world is now confronting. Given that most of these arms are manufactured in Europe and North America, striving to control their flow is an urgent task for the developed world, government and manufacturers alike, but so far has attracted more words than action.

The arms trade is big business. Kofi Annan, the UN Secretary General, has said that there are at least 500 million small arms and light weapons in the world, enough for one of every 12 people on earth. Reliable estimates of the legal trade in small arms and light weapons put the annual figure between $US7 billion and $US10 billion. A large but unknown quantity of small arms—worth perhaps $US2 billion to $US3 billion a year—is traded on the black market, where they are often cheap. An AK-47 assault rifle, nicknamed a widow-maker, for example, can be bought for as little as $US15, or even for a bag of grain. These weapons are easy to use: with minimal training, even a child can wield one—and they do. They cause big losses: the Inter-American Development Bank has estimated the direct and indirect costs of small arms violence at $US140 to $US170 billion per year in Latin America alone. Most of all, they are deadly. Small arms are implicated in well over 1,000 deaths every single day, the vast majority of them

women and children. They are often the only weapons used in the conflicts the world has witnessed in the last ten years.[10]

In July the UN held a conference on the illicit arms trade. It made only modest first steps towards the identifying and tracing weapons and destroying those confiscated. It was not, however, able to agree on vital issues concerning controls over private ownership of small arms and the transfer of such weapons to non-State actors.

It proved much easier to forge a consensus on the horrors of landmines and to move towards a global ban on their production. But when it comes to guns, there are many more entrenched interests and many more users. Any effective crackdown on the illicit arms trade will require much more than an international conference; it needs a new culture of peace, which does not focus primarily on sovereign nations and their governments or the United Nations as brokers of peace and security, but on individuals in both the Western and developing worlds.

In the meantime, it is necessary to improve analysis of who profits from these conflicts and why and how these merchants of war can be diverted to more productive endeavours. Efforts to disarm and demobilise ex-combatants and to find them new jobs are already underway and must continue. The World Bank and the IMF have become involved in this sector, but as is so often the case, overall this sort of disarmament process does not attract anything like the billions of dollars spent on intervening to impose a cease-fire and keep a temporary peace. Until policy makers can take a comprehensive approach to security matters, much good work will be undermined by contradictory policies or negated by more powerful, narrowly-focussed interests.

I would now like to turn more specifically to Australia's response to issues of conflict and development:

Foreign and defence policy

The Tampa crisis demonstrated the short-term view the Government takes to many issues facing it. The prospect of the arrival of more refugees has been on the table for some years. The Government has taken steps to deter their arrival, engaging in bilateral discussions in the Middle East and with Indonesia to stop the people smuggling. It has also sought to paint Australia as a dangerous place for the illegal entrant—they might have to contend with creeks filled with crocodiles if they manage to dodge the surveillance craft. If they get past these obstacles there is detention to look forward to, in remote facilities for months if not years. The bilateral discussions failed, so did the threats, and detention has become an expensive, inhumane solution. As for Australia's reputation as a civilised, generous nation and responsible international citizen. That has gone.

Bilateralism is not the way to deal with these complex humanitarian problems. Inevitably they have regional repercussions, most obviously because of refugee flows, but also in terms of illegal trade in arms, drugs, the spread of disease and—as we have so recently

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[10] Kofi Annan, 'Small arms, big problems', *International Herald Tribune*, 10 July 2001. See also Jeffrey Boutwell and Michael T. Klare 'A Scourge of Small Arms', *Scientific American*, 282 No 6, June 2000.

witnessed—terrorism. They demand multilateral responses. Calls for greater diplomatic efforts, including an Asia-Pacific summit on people smuggling, are therefore to welcomed. But that is not enough. I will repeat the common refrain—the root causes of the problem must be tackled and these go back to poverty and inequality.

Furthermore, a re-examination of the meaning of security is required. It is unfortunate that this did not emerge during the process of drafting the 2000 White Paper on Defence. The policy gives top priority to the military's ability to defend Australia from armed attack. For that task, the defence budget is to be increased by $500 million this year and $1 billion in 2002-03 respectively. By the end of the decade, defence spending in cash terms will stand at approximately $16 billion per year in today's dollars, compared with $12.2 billion in 2000. In all, defence spending over the decade is expected to increase by a total of $23.5 billion.[11] For those used to dealing with aid allocations these are staggering amounts. But will they do the job?

An analysis of Operation Stabilise in East Timor, the largest military operation undertaken by the Australian Defence Forces (ADF) since the Vietnam War, may provide some answers. Australia's leadership of Interfet was a success. It was not, however, without difficulties. The region had to confront the new concept of security, articulated most starkly by the NATO intervention in Kosovo, which redefines the notion of sovereignty and its centrality in the international order. As one assessment of Interfet has said, while the operation consolidated international perceptions about the ADF as a force capable of contributing positively to regional security, it also showed

> that to provide for Australia's security in an unstable region, the ADF needs to improve its ability to engage in multinational operations. Effective and positive engagement with the region will only be enhanced by developing a more conscious 'whole-of government' approach to national security that recognises that Australian security cannot be guaranteed by a unilateral approach to the defence of the country's interests.[12]

The author concluded:

> In a complex security environment, the least likely contingency [for Australia] is the self-reliant defence of the Australian mainland against major attack. Australian and regional security can be best guaranteed by sound relationships with neighbours, contributions to maintain a secure, legitimate global system; and a commitment to helping enforce the international rule of law.[13]

Added to the list should be the fostering of the welfare and rights of citizens in all countries, first and foremost by their own governments but where necessary also by the international community, as part of its commitment to enhancing human security

[11] Defence 2000 - Our Future Defence Force, Department of Defence, 2000,

[12] Alan Ryan, *Primary Responsibilities and Primary Risks, Australian Defence Force Participation in the International Force East Timor*, Study Paper 304, Land Warfare Studies Centre, Australian Defence Force Academy, Canberra, November 2000, p.ix

[13] ibid., p. xiii

wherever it is threatened. That it is not there suggests there is still a long way to go before Australian thinking about security takes development issues seriously.

AusAID has sought to bring some policy coherence into its responses to complex humanitarian emergencies, both within the Agency[14] and in its dealings with other players, in particular the ADF. The rhetoric is right, and there are individuals who understand and embrace the concept, including in places like the War Centre at Williamtown which has done some very good work in bringing NGOs, bureaucrats and the military together to discuss the issues. But overall the mindsets have changed little.

AusAID has also been preparing a policy paper on peace and security, an exercise which has been underway for well over a year and has apparently put most innovation on hold until such time as the paper gets the agreement of the Executive.[15] The paper is still under wraps, guarded closely by its custodians, who seem to have been hijacked by the secrecy mentality common in DFAT and Defence corridors. This does not augur well for an approach which will restore the development angle to AusAID's consideration of peace issues. For while there was clearly a need for AusAID to make itself more relevant in the foreign policy and security debates, in so doing it has found it difficult to influence the attitudes of its colleagues. This was most evident during the PNG drought relief operation, where the ADF's involvement turned the operation into a military exercise rather than a humanitarian response.

As for DFAT, the Bougainville operation was a turning point in thinking about development and peacebuilding but a survey of the website suggests that this thinking has not permeated deep into the organisation. Security issues are still primarily presented in terms of high-level security dialogue, disarmament and international treaties. A search for the word 'peacebuilding' returned three hits—one referred to the Solomon Islands, two to 1995 discussions of the ASEAN Regional Forum.

Instead of encouraging new ways of thinking about security, it seems that the attempts at greater policy coherence within the Australian bureaucracy may have instead subsumed aid into the traditional security agenda.[16]

As we hear so often when discussing the new humanitarianism, embracing this agenda requires political will—the logic of cost saving alone is simply not persuasive. In Australia there must be real political leadership, rather than poll-driven policy. There is also a

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[14] Early in 2001 AusAID released a new strategy for its humanitarian and emergency programs. It advocates, in particular, a whole-of-agency approach which will encourage greater thinking and funding of peace-related projects within the Agency. This represents an absorption of the lessons about the relief to development continuum, and the 'do no harm' approach to development projects. It should also encourage thinking about longer-term projects which seek to prevent the outbreak of violence. Whether these will be able to attract adequate funding is questionable.

[15] This process—of writing a paper behind closed doors and delaying action, even when there are challenges to peace and security occurring in the region, while doing so—suggests a very bureaucratic mindset. Policy must be an iterative process, not something which hangs on one document and then adheres to the letter of that document. Moreover, policy must be implemented and that requires funds.

[16] Similar problems have arisen elsewhere. For a critical analysis of policy coherence, see Joanna Macrae and Nicholas Leader, *Shifting Sands: The search for 'coherence' between political and humanitarian responses to complex emergencies*, Humanitarian Policy Group, Report 8. Overseas Development Institute, London, August 2000.

need to inform and educate the taxpayer about the issues. For despite all the sensitivities about increased taxation, the electorate has been acquiescent about the increases in the defence budget and has applauded the squandering of tens of millions of dollars in futile deterrence of a few hundred boat people. And while there is majority support for the aid program, that support is superficial. Aid is seen as a moral obligation, not an effective tool to fight poverty, let alone to protect Australian interests.

Australia remains an anxious nation, but one poorly informed about the perils—real or imagined—it faces. In 1900 when Federation was prompted by fears for the island's defence, the real threats were from disease and poverty not armed attack. That is still the case today. Before we can hope for a shift in resources from traditional security to peacebuilding, a much greater effort is needed to convince Australians that their safety can be assured through conflict prevention rather than defence preparedness, and that even a modest shifting of resources in that direction would put money into schools and hospitals and even the hip pocket. Similar persuasion is needed to convince developing countries to reduce their military expenditure and invest in peace.

The focus of this paper has been on government budgets. But as we know these represent only a small proportion of the money circulating around the globe. Private financial flows have been the fuel of economic growth (and instability); business a large beneficiary from progress in developing countries. The process of globalisation which accompanied the dissolution of a political order dominated by two nuclear superpowers has blurred the demarcation between public and private responsibilities. International business is playing a significant role in financing development. It is also coming to accept that it is in its interests to ensure that that development is equitable, sustainable and does not fuel violent conflict. For this reason, business is embracing principles of good international practice, for example: UN and G8 embargoes such as those on conflict diamonds; the Convention on Combating Bribery of Foreign Officials in International Business Transactions; OECD Principles of Corporate Governance; the OECD Guidelines for Multinational Enterprises; and the DAC Recommendations on Anti-Corruption Proposals for Aid-Funded Procurement.

Peacebuilding—usually after the war—is also becoming a business. This is evident in Dili where companies, mainly Australian ones, have rushed in to pick up contracts from the $800 million committed to the rebuilding of East Timor, a country of 850,000 people. Many will stay only as long as the UN does, going home or on to the next emergency with a healthy profit and leaving behind severe distortions in the local economy.[17]

There are now companies which are also making conflict resolution their business by extending techniques used in the business world as well as in the sphere of personal relationships (for example, mediation, counselling, human resource management,

[17] Private companies have become involved in peacekeeping operations as well as post-conflict restoration. For example, Executive Outcomes was employed in Sierra Leone from April 1995 to January 1997, during which time it managed to bring security, for the first time during the civil war, to those areas where it was based. Not only was this intervention successful it was also cheaper, costing $35 million for nineteen months, as opposed to $600 million being spent to maintain the current number of troops. (See David Shearer, 'Privatising Protection', *The World Today*, August-September 2001, pp29-31, International Institute for Strategic Studies, London) William Shawcross is one of those advocating such involvement in circumstances when the UN is unable to act. (See his speech to the Sydney Institute, *Sydney Papers*, Winter 2000). Such discussions lead on to reconsideration about the nature of sovereignty, a logical extension to the argument in this paper about the need for a new concept of security.

industrial dispute resolution) to the realm of complex emergencies and inter-ethnic or religious conflicts. It will be interesting to see whether their attempts at building peace remain profitable, even after the big donor funds available in conflict zones have evaporated. Let us hope they will be prepared to measure profitability in terms of lasting peace and stability as well as in dollars.

Preventative work is slow. It will take generations to instill the idea that violence is no solution and for the alternatives to take root, especially in countries where poverty exacerbates tensions. But some peacebuilding measures—the introduction of mediation techniques, human rights training for security forces, demobilisation of combatants, for example—can have more immediate results. We now have a good idea of what works, it is time to turn all the research and analysis into action.

That action involves changing attitudes about peace and security. For participants in this conference, it requires more work on gathering the data which will persuade people that their security can be enhanced by supporting preventative measures, however invisibly and far away these take place. We need the figures to back up the assertion that prevention is relatively cheap and effective; we need the arguments which will persuade governments, taxpayers and business that it is in their own interest to invest in peacebuilding. We must stop talking among ourselves and start preaching to the non-converted. At the heart of our message must be an appeal to self-interest, for that is what human security is all about.