

Development and Peace: A Virtuous Circle? Exploring the Power and Limits of the Relationship

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Abstract

Militarization and war create impediments to development. Militarization burdens the economy by diverting economic resources to unproductive uses. War directly damages and destroys productive economic resources and the critical economic infrastructure that supports both consumption and the investments crucial to development. Militarization also interferes with development by constraining both political and economic freedom. War creates insecurity and a degree of chaos in areas near the “battlefield” that can make it difficult or impossible to carry out production efficiently. Demilitarization and peace remove these impediments. Development can also remove obstacles to demilitarization and peace. Properly structured economic relationships between nations (or groups within nations) create positive incentives to resolve conflicts short of war by binding the parties together in a web of mutual benefit. It is easier to create this kind of mutually beneficial relationship among parties at higher levels of development. Development can also be an effective tool for countering terrorist violence by addressing grievances that lead to support for terrorism among those who have been economically marginalized and politically humiliated.

But there are limits to all of this. Demilitarization and peace may facilitate development, but do not guarantee its success. Nor does successful development guarantee demilitarization and peace. By increasing economic capabilities, successful development could allow a nation to expand military forces and become more militaristic and aggressive. This paper explores both the power and the limitations of the relationship between development and peace, and consider the possibilities for creating conditions that can make them both mutually reinforcing.

Key words: *demilitarization, development, militarization, peace*

1. Introduction

Development and peace have been two of the major concerns of national and international political economy for more than fifty years. Yet there is considerable disagreement as to the nature of the relationship between these two economic and political phenomena. Some (such as the “liberals/neoliberals”) argue that development encourages peace. People in better economic condition are less likely to initiate violent conflict both because they are more content and because they have more to lose from the physical danger and economic disruption that war brings. Others say that development discourages peace, either because the continued development of some depends on their forceful suppression or control of others (as the “dependency” theorists argue) or because development increases the capacity to build and mobilize military power (as the “neorealists” argue). Still others (such as the old-line “realists”) argue that development and peace have no significant connection to each other.

In order to better understand the power and limits of the relationship between development and peace --- and in particular to explore whether development and peace naturally do, or can be made to, reinforce each other --- it is useful to begin by setting the terms of reference. What do we mean by “development”? What do we mean by “peace”? What do we mean by “militarization”? And what do we mean by “war”?

1.1. Development

For many economists, development has been synonymous with economic growth, seen as the secular expansion in the level of aggregate economic income or output, typically measured by GNP or GDP. But I think it is important to distinguish between this kind of growth, which says nothing in particular about whether the material wellbeing of the broad mass of the population is increasing, and development, with its connotations of improvement in the quality of life. As Amartya Sen has argued,

“Development can be seen... as a process of expanding the real freedoms that people enjoy. Focusing on human freedoms contrasts with narrower views of development, such as identifying development with the growth of gross national product, or with rise in personal incomes.... Growth of GNP or individual incomes can, of course, be very important as *means* to expanding the freedoms enjoyed by the members of the society. But freedoms depend also on other determinants, such as social and economic arrangements... as well as political and civil rights....”¹

While I completely agree with the breadth and spirit of Sen's definition, I think it is more useful for the present purpose to distinguish between two major subcomponents of this very broad concept of development: economic development and political development. By economic development, I mean a process that raises the material standard of living of the vast majority of the population. This includes increasing the quantity and quality of their housing, food, clothing, transportation, medical care, and the like. By political development, I mean a process that provides the members of the society with civil liberties such as freedom of speech, freedom of organization, freedom of the press, and respects their individual human rights. But I also mean access to full participation in the political process, to choosing those who will govern them, to having their voices heard and their grievances and opinions taken seriously.

1.2. Peace

The narrowest definition of peace is that it is simply the absence of war. But real peace is more than that. A person who is not able to go about the ordinary business of life without the constant threat of murderous violence, whether from uniformed soldiers, ragged rebel forces, terrorists, or ordinary criminals cannot be said to be living in a state of peace.

Johan Galtung referred to the absence of war as "negative peace". But Galtung argued that there was a richer, more complex meaning of peace, "positive peace". For it is not bullets and bombs alone that kill and maim people. There is also such a thing as "structural violence", violence that is built into the structure of political, social and economic systems. People who die of malnutrition in a world with more than enough food; who are blinded, crippled or killed by preventable diseases; who are subject to torture and abuse; who become the targets of vicious crimes committed by desperate, marginalized people --- these are not the victims of war. They are the victims of structural violence. Yet they are just as damaged, just as dead as those we count as war casualties. Positive peace is more than just the absence of war. It is the presence of decency.

1.3. Militarization

Militarization is a process by which military values are exalted and military institutions become dominant in a society. Military values emphasize obedience to authority, loyalty, forceful and aggressive behavior, and the threat and use of violence as a means of settling disputes and achieving objectives. Military institutions can become dominant by directly seizing and wielding political power. Even the credible threat of taking such action is sometimes enough to keep civilian authorities under de-facto military control.

Militaries may also become dominant more slowly by convincing political leaders and the public over time that the nation is in grave and imminent danger from some external force. Whether or not any real danger exists, playing on such fears can help militaries to gain ever-greater political influence and therefore to exert command over an increasing share of the nation's economic resources. A similar strategy can even be used to lead a reluctant public to support a war that political leaders have decided to pursue, with or without real justification. As stated succinctly in this chilling quote, purportedly attributed to Nazi Reich-Marshall Hermann Goering (at the Nuremburg war crimes trials),

“Naturally, the common people don't want war, but after all it is the leaders of a country who determine the policy, and it is always a simple matter to drag people along whether it is a democracy, or a fascist dictatorship or a parliament, or a communist dictatorship. Voice or no voice, the people can always be brought to the bidding of the leaders. This is easy. All you have to do is tell them they are being attacked, and denounce the pacifists for lack of patriotism and exposing the country to danger. It works the same in every country.”

Of course, there are many degrees of militarization. But it is important to emphasize that the mere possession of a military, even a large and well-funded military, does not by itself establish that a society is militarized. The degree of militarization of a society is positively related to the degree to which military values are emphasized in the culture, and negatively related to the extent to which civilian political authorities are not only formally, but also actively and effectively in control of military commanders and forces.

1.4 War

Finally, war is not just a rhetorical term for a determined struggle against something, as in Lyndon B. Johnson's "war on poverty", George W. Bush's "war on terrorism", or the infamous and ongoing "war on drugs". War is a brutal and deadly manifestation of mass organized violence.

According to Michael Brzoska, "All major definitions of war... have three common core elements: there needs to be fighting; such fighting is conducted by organized groups; and at least one of the parties has to be the government."² By such a definition, there were more than 110 million people killed in more than 250 wars during the twentieth century alone.³ It is almost a measure of the modernity of war how large a fraction of war-related deaths are made up of civilians. In World War I, only about five percent of those killed were civilians; in World War II, it was close to fifty percent. In wars fought in the 1960s, it is estimated that civilians accounted for

more than sixty percent of war dead; in those fought in the 1980s, the estimate is nearly seventy-five percent.⁴

Although there is mounting evidence that the number of people dying in combat has declined to an historical low in recent years⁵, this good news must be tempered by the recognition that many more people die as a result of modern wars than those who are directly killed by gunfire and bombs. Modern wars target vital economic infrastructure and deliberately disrupt economic activity. This was certainly the case in the 1991 Persian Gulf War, for example, especially during the six weeks of air attacks that preceded the ground war.⁶ So much of the Iraqi infrastructure (particularly the electric power system) was destroyed that more than three years after the successful U.S.-led invasion and less successful occupation of Iraq in 2003, electric supply is still spotty and unreliable even in Baghdad, despite tens of billions of dollars spent on reconstruction.⁷ While precise numbers are not available, it is clear that many more Iraqi civilians have died as the result of the deprivations caused by the damage done by both wars (and twelve years of economic sanctions in between) than were killed by munitions during the wars.

2. Militarization and War as Impediments to Development

2.1. Destruction and Disruption

Wars interfere directly with economic development by destroying productive economic resources, both capital and labor, especially within the territory of the nations where they are fought. Wars can also make it difficult to carry on ordinary economic activity in areas that are part of the war zone. Part of the reason for famine in conflict-plagued areas, such as the Horn of Africa, is the disruption of agricultural activities that results when farmers are literally afraid to go out into the fields because of the possibility that they will be injured or killed, intentionally or by accident, by one or another of the armed combatants.

2.2. Resource Diversion

In the midst of war, production or acquisition of the supplies needed to sustain the war effort, whether they are specialized to military use (such as weapons and ammunition) or more generally useful (such as food and fuel), is usually given higher priority than provision of ordinary goods and services for the civilian population. In less developed countries, where the quantity and quality of consumer goods and services and the capital needed to produce them are less than abundant, this pre-emption of provisions is particularly problematic. Often enough, it is not just the government that takes these provisions through ordinary means, but also rebel forces and other armed gangs that forcefully expropriate what they want or need. Under these conditions, development inevitably suffers.

In militarized societies, even in the absence of war, valuable productive resources and their outputs are channeled with priority to what I have elsewhere called “economically noncontributive activity” in the military sector. Taking the central purpose of the economy to be providing material wellbeing, all activities that use resources to produce goods and services can be divided into one of two categories --- those that contribute to that purpose and those that do not. Since consumer goods and services raise the present material standard of living, while producer goods and services raise the future standard of living by increasing the economy’s capacity to produce, the activities involved in providing both are “economically contributive”. On the other hand, whatever else may be said for battle tanks, fighter planes, missiles, artillery, and the services soldiers provide, they do not add to present material wellbeing as consumer goods do, or to the economy's capacity to produce standard-of-living goods and services in the future, as producer goods do. Military goods and services are produced in the belief that they enhance physical security. Though the purposes for which they are produced may be important, and these goods and services may be very useful for the purposes they serve, they do not directly contribute to increasing material wellbeing, the central purpose of the economy. It is logical, then, to classify them as “economically non-contributive”. Military-oriented activity is only one of many forms of non-contributive activity, but today, closing in on two decades after the end of the Cold War, it is still one of the largest and most important in the world.⁸

The concept of economically contributive and noncontributive activities transforms the conventional two-way tradeoff in the use of a nation’s productive resources between consumption and investment into a three-way tradeoff among consumption, investment and economically non-contributive activity. From a purely economic point of view, non-contributive activity is a resource sink, absorbing valuable economic resources while creating nothing of economic value in return. The real economic cost of non-contributive activity is thus its opportunity cost, measured by the economic value that could have been created by using the same labor and capital for consumption, investment or some combination of both.

The opportunity cost of economically noncontributive military activity can be painful enough for countries at relatively high levels of development. As I have argued elsewhere, the burden it imposed was in no small measure responsible for the economic decline (and ultimate collapse) of the Soviet Union, as well as being a potent force in the de-industrialization of the United States.⁹ In developing countries trying to build an industrial base and improve the productivity of primary production, what is needed is substantial investment in both human and physical capital: increased education of the labor force, improved health care, an expanded transportation and communication system, and more and better production capital.¹⁰ Present living standards have to be improved. Future capability to produce has to be strengthened to give these nations a chance to make development a self-reinforcing and self-sustaining process. It is difficult enough to accomplish these things using all available resources for contributive activity, but the large-scale diversion of resources

to noncontributive activity makes it virtually impossible. It is hard to imagine how economic development can succeed in the face of high levels of military spending considering the enormous economic resource waste that such expenditures imply.

The tax base is generally much smaller and the difficulties of actually collecting taxes much greater in developing countries than in the more developed world. Access to development-oriented foreign capital --- whether in the form of grants, loans or foreign direct investment --- is also more limited, especially in countries that are conflict-ridden or politically unstable. The diversion of public funds, including limited hard currency reserves, to military spending further reduces the government's ability to finance capital investments vital to development.

Among the limited resources diverted by militarization is political attention. We often fail to appreciate the importance of attention as a limited economic resource. But the fact is, in a complex world, people and the organizations they create and populate cannot pay attention to everything at once. Because we must allocate attention just like any other scarce resource, we are bound to make less than globally optimal choices from time-to-time because we have overlooked options that fall outside of the areas on which our attention is focused. Militarized societies have so much attention focused on reinforcing their military capabilities in the short term that they are unlikely to pay much political attention to the impact that their actions are having on their long-term economic progress.

Virtually by definition, militarized societies are also likely to slight or completely overlook nonmilitary options for dealing with what they perceive as threats to their internal or external security. Domestic unrest, disaffection and dissidence tend to be seen as threats best dealt with by force, rather than by negotiation or a serious attempt to try to understand and address the underlying causes. More often than not this eventually exacerbates the underlying problems, strengthens grievances and gives rise to political instability, terrorism or rebellion. Similarly, disagreements between militarized states are also seen as calling for a hard, forceful, even aggressive response that increases the probability of armed conflict. All of this creates conditions that are antithetical to development.

2.3. Inhibition of Political and Economic Freedom

Militarization also constrains political and economic development by interfering with political and economic freedom. For Amartya Sen, the relationship between freedom and development is straightforward: "Freedoms are not only the primary ends of development, they are also among its principal means."¹¹ Anything that interferes with political and economic freedom therefore interferes with development:

“Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states.... What people can positively achieve is influenced by economic opportunities, political liberties, social powers and the enabling conditions of good health, basic education, and the encouragement and cultivation of initiatives.”¹²

Militarization interferes with political freedom in a number of ways. The formal institutions of liberal democracy and informal traditions of democratic civil society have little room to operate within the authoritarian structure of military and paramilitary organizations. Freestanding, independent organizations of soldiers that might serve as alternative centers of power and influence cannot be tolerated. Debate about policies, strategies and tactics is severely circumscribed. While militaries encourage the positive values of courage, teamwork and dedication, their culture of obedience and discipline, their formal hierarchical command structure, and their tradition of rank and privilege are not conducive to either the open discourse or the freedom of action that is essential to civil democracy.

Furthermore, full democracy requires that people of widely differing political viewpoints not only be free to speak out, but also have access to whatever it takes to seek political office and make themselves heard by the electorate. There must be a sufficiently free flow of information in the society that those who want to go to the polls can be well enough informed about the issues to cast a considered vote. Neither military organizations themselves nor societies that exalt military values can or do permit this degree of freedom, either in speech or in the flow of information.

The concentration of political power is inconsistent with political freedom. Militarization provides both the physical means to promote the concentration of political power and the values that justify the use of those means. As political power becomes more concentrated within a nation, the number of channels available for the expression of alternative political viewpoints shrinks. With fewer and fewer acceptable outlets, the pressure from those who dissent builds, and those in power find it increasingly necessary to control them in order to remain in power. Military force is often the most ready means of repression available. The more militarized societies become, the more commonplace and routine is this reflexive reaction to political opposition.

Militarization also aids and abets the concentration of economic power, which is inconsistent with economic freedom. In societies with vastly unequal distributions of wealth and income, if the rich do not actually run the government, they certainly exert disproportionate influence on its policies and actions. They are ordinarily in a position to see to it that the instruments of control and repression at the disposal of the government -- including military force --- are used to protect and reinforce their own positions of economic privilege. This may be accomplished through the unapologetic use of brute

force, or through the simple enforcement of "rights" or laws structured to their advantage.

In militarized, authoritarian societies, it is not difficult for those who wield concentrated supply-side economic power to covertly encourage or directly arrange for the use of force to intimidate their workers or their smaller, less influential suppliers or rivals. Special tax breaks and government subsidies, all too easy to arrange even in liberal democracies, are that much easier to come by in societies whose inequalities and concentrations of power make the granting of further privilege to the rich and powerful almost a matter of course. All this greatly distorts markets, interferes with economic freedom, and impedes economic development.

The inherently undemocratic and hierarchical structure and values of militarized societies also make them unlikely to support any policy that works to counter the concentration of wealth and economic power. Neither redistributive tax and income transfer policy nor aggressive antitrust policy is likely to find a sympathetic hearing. There is little or no incentive for those few who sit on top of the economic or political pyramid to encourage a wider distribution of either economic or political largesse, beyond the minimal point that might prove necessary to forestall riots in the streets.

Even if one does not fully accept Sen's view of development as freedom, it is not difficult to accept the proposition that the concentration of economic power is inconsistent with economic development. If development is intended to dramatically raise the material standard of living of the broad mass of the population, it is hard to imagine how that can be achieved without creating a relatively more equal distribution of the housing, clothing, food, medical care, transportation and other goods and services that make up the material standard of living. Without a more equal distribution of economic power, greater equality in the distribution of the goods and services depends not on the economic initiative and freedom of action of the population as a whole, but on the largesse of those in whom economic power is concentrated.¹³

Concentrations of political power clearly interfere with political freedom, and thus with political development. But do they not contribute to *economic* development by at least partially offsetting what many see as the inherent clumsiness and inefficiency of the deliberative democratic process? It is often argued that forms of government in which power is concentrated may not be equitable, but they are efficient. Both classic authoritarian governments and what Zakaria has called "illiberal" democracies (those whose freely elected leaders exert authoritarian power after taking office)¹⁴ are less likely to get involved in the kind of time-consuming debates and deal-making negotiations that are common in liberal democracies. They can therefore really get things done. And the ability to get things done is important to economic development

Authoritarian governments can certainly take action more quickly than liberal democracies. But their apparent efficiency is an illusion, because the actions they take so decisively are so often counterproductive. Concentrations of power give too much weight to the opinions, judgments, ideas and goals of one or a few leaders. They are not subjected to thoroughgoing independent scrutiny and the acid test of challenge from opposing points of view. There is thus a much greater probability that flaws in these strategies and goals --- and the tactics used to implement them --- will not be uncovered until a great deal of effort has been wasted and serious damage has been done. It is not liberal democracy, but forms of government in which power is overly concentrated that are inherently inefficient, especially in the long run.

If war and militarization create so many obstacles to development, it is logical that peace and demilitarization can help to remove them. Even negative peace avoids the destruction and disruption of war, making it possible for people to engage in the ordinary activities that support production and consumption without constant fear of getting caught in the cross-fire or seeing all that they worked long and hard to create reduced to rubble in a matter of minutes. Positive peace implies a more equitable distribution of political power and economic power, both of which are important in encouraging real political and economic development.

When there is peace and demilitarization, there is less compulsion to divert enormous amounts of productive economic resources to support the buildup and use of military force as a means of exerting power and influence in the world. Resources freed from this economically noncontributive use become available for the kinds of contributive production and investment that are crucial to economic development. The demilitarization of a society supports political freedom by reducing the availability of repressive force to those who might be tempted to use it to concentrate political power in their own hands, as well as by de-legitimizing the use of force for such purposes. It also supports economic freedom by replacing the ethos of power and dominance as a means to material success by the ethos of free and fair competition in a more level playing field. And as we have seen, political and economic freedoms are important facilitators of development.

3. Development as a Path to Demilitarization and Peace

Peace and demilitarization are important to establishing the conditions that encourage, support, or at least remove some of the obstacles that impede development. To what extent can progress in political and economic development also encourage, support or at least remove obstacles that impede demilitarization and peace?

The idea that political development has a direct, organic connection to peace is a main tenet of political liberalism, going back to the eighteenth century writings of Immanuel Kant (e.g. *Perpetual Peace*). It holds that republics in which individuals have fundamental civil rights are less likely to go to war than are autocratic forms of government. A more modern variant is the so-called “democratic peace” argument, as for example espoused by Bruce Russett:

“There are powerful norms against the use of lethal force both within democratic States and between them. Within them is of course the basic norm...that disputes can be resolved without force through democratic political processes.... Because other people living in other democratic States are presumed to share... norms of live and let live, they can be presumed to share... moderate behavior in international affairs as well.... Within a transnational democratic culture, as within a democratic nation, others are seen as possessing rights.... Acknowledgement of those rights both prevents us from wishing to dominate them and allows us to mitigate our fear that they will try to dominate us.”¹⁵

It is important to emphasize that modern version of this argument does not contend that democratic nations are inherently peaceful and never go to war. That is certainly not true, as the Vietnam Wars (fought by France, then by the U.S.), the Falklands War (fought by Britain), the Persian Gulf Wars (fought mainly by the U.S. and Britain) and all too many other wars make perfectly clear. “Democratic peace” argues only that --- because of shared norms of peaceful dispute resolution and the unquestionable political legitimacy of governments freely chosen by their own people --- liberal democracies do not go to war *with each other*. Empirically, this does seem to be true. Liberal democracies rarely do fight each other. Even if that does not mean that they have entirely backed away from war, it is still an important indication that political development has a meaningful effect in building international, as well as domestic peace.

Economic development can also help to build peace within and among nations. The poverty and frustration of so many of the world's people is a fertile breeding ground for violent conflict. There have been well more than 120 wars since the end of World War II, taking more than twenty million human lives. Nearly all of them have been fought in developing countries.

People who find themselves in desperate economic straits are more likely to reach for extreme solutions. Demagogues can more easily manipulate them. Violent disruption is much less threatening to people in poor economic condition, especially if carries with it the hope of a better day. In material terms, they have less at risk, and the possibility that they may be able to break the cycle of poverty and marginalization in which they are trapped is more likely to make the risk seem worthwhile. Inclusive and widespread economic development gives more people a greater present stake in avoiding violent

disruption; at the same time, it offers them credible hope of a better future for themselves and their children. That is clearly important to inhibiting disaffection within countries that can lead to intrastate war.

Fully understanding the extent of the contribution that economic development is capable of making to preventing interstate war, as well as intrastate war, requires exploring the nature of the more basic connection between economic relationships and peace. In the formal literature of international relations and political economy, the role of economic relationships has been an important area of disagreement about the causes of war between the realist-neorealist school and the liberal-neoliberals.¹⁶ In general, realists believe that the nation state is the principle actor in an international arena characterized by anarchy. In such a world, dominance is good, and power is therefore primary. Because of the inherently conflictual nature of state behavior in an anarchic world, realists believe that trade will weaken the position (and thus the security) of those states that gain relatively less, even if it produces absolute benefits for all trading partners. In contrast, liberals focus more on the individual than the state, and see greater possibilities for and likelihood of ongoing stable cooperation among the people and governments of different nations. Although they recognize that the gains from international trade are often unequally distributed, they believe that the existence of absolute gains will still be a binding force in the international system, as long as those gains are substantial. Put simply, realists-neorealists believe that international economic relationships are likely to provoke war because they create dependencies on other countries that are a source of insecurity, while liberals-neoliberals believe that because international economic relationships create dependencies, they bind nations together in ways that increase security and tend to prevent war.

The liberal claim that higher levels of international economic activity help to keep the peace, and the realist claim that they create conflict and war seem utterly contradictory. But they are both right --- higher levels of international economic activity can make war either more or less likely. Which they actually do depends crucially on the nature of the activity, not just its magnitude. Unbalanced, exploitative relationships tend to increase the number and severity of conflicts, while balanced mutually beneficial relationships tend to reduce the likelihood and intensity of conflict.

Relationships in which the flow of benefit is overwhelmingly in one direction tend to provoke hostility and conflict. Such exploitative relationships are inherently unfair. Even if those being exploited gain something from the relationship, the fact that the vast majority of the benefit flows in the other direction is bound to create or aggravate antagonisms. That is even truer if those being exploited are suffering a net loss. It is not necessary to look any farther than the revolution that gave birth to the United States for an example of the power of economic exploitation (or even the perception of such exploitation) to provoke antagonisms that can lead to war.

Exploitative relationships create incentives for disruption by those being exploited, who would like to find a way to destroy (or at least radically restructure) the relationship and perhaps also to take revenge. Since they have little to lose and may actually gain if the relationship collapses, the exploited may well be ready to raise the intensity of whatever conflicts might occur, economic or otherwise, even to the point of war. Knowing this will make the exploiters feel insecure, and lead them to put an inordinate amount of effort and expense into maintaining control.

In balanced relationships, the flow of benefit is more or less equal in both directions. Because they are fair and mutually beneficial, balanced relationships do not provoke antagonism. On the contrary, as each party begins to perceive how much they are gaining, they start to see the wellbeing of the other party as in their own best interests. The mutual flow of benefits binds the parties together. Because the relationship benefits all participants more or less equally, they will all be more likely to look for ways of maintaining or strengthening it, out of self-interest. When conflicts occur, they will try to avoid disruption by settling them amicably. In this situation, everyone in the relationship will feel more secure, and no one will feel the need to expend extra effort and expense just to keep it going. Put simply, *a balanced relationship is a more efficient relationship: the benefits are achieved at a much lower cost.*

Encouraging economic development facilitates efforts to create the kind of economic relationships that provide positive incentives to avoid war. It is difficult to establish balanced mutually beneficial relationships among countries at low levels of development. If their main exports, for example, are natural resources that are useful mainly as raw materials (such as metal ores and crude oil), they will have little to trade with each other, since they have little advanced manufacturing that requires such resources as inputs. If their main exports are similar agricultural products, they will likewise have little to trade with each other: they already produce those products for themselves and for export to other nations. It is also difficult to build balanced and mutually beneficial economic relationships among countries that are at radically different levels of development. Greater effort and commitment is required, because of the very different economic bargaining power each brings to the market. It is much easier to establish balanced mutually beneficial relationships between the U.S. and Japan or between France and Germany than between the U.S. and Haiti or between France and Chad. Countries at higher and more equal levels of development have more to offer each other in variety, quantity, and quality. And they come to the bargaining table with more equal economic power.

What is true of international economic relationships is also true of domestic economic relationships: Exploitation breeds hostility and potentially violent conflict; balance and mutual benefit creates positive incentives to settle conflicts without resort to violence. Real economic development makes it easier to build balanced mutually beneficial relationships and more difficult to get away with exploitation. Thus, economic

development promotes both negative and positive peace, domestically as well as internationally.

Combined with political development, economic development is also a very useful strategy for countering domestic and international terrorist violence. All terrorist organizations depend on external support, at least for their cause if not their tactics. Most do not have the benefit of a wealthy patron such as Usama Bin Laden or the active support of a state, but even those that do must still recruit operatives. They also have to be able to move around, coordinate activities, take care of logistics, and find secure places to store materiel and to do whatever training or preparation is necessary without being detected by those who are trying to stop them. All of this is much, much easier to do with a wider base of support.

To recruit reliable operatives and build support networks, terrorist groups must have a cause that can convince “normal” people to engage in and actively or tacitly support acts of horrific violence they would not otherwise condone. The group must have access to financial means and to people of some skill. They need a powerful rallying cry to recruit people who may not themselves be in desperate straights, and motivate them sufficiently to get them to take extreme, perhaps lethal risks. Unfortunately, there seem to be a number of causes and circumstances that work well enough in practice. Most, if not all, involve calls to the service of some disadvantaged group or to some force greater than the individuals being recruited or solicited for support. As perverse as it may seem, the appeal is at base an appeal to heroism. If the individuals involved can be made to feel that by engaging in (or supporting) terrorism they become the avengers of a great wrong done to “their people”, that they are fighting for the weak and downtrodden, they can be made not only ready but eager to perpetrate or support terrible acts of violence against innocent people who have never directly done them any harm.

By raising the economic wellbeing and meaningful political access of “their people” (the larger group of which the terrorists and their supporters feel part), economic and political development make it substantially harder for terrorists to recruit operatives, while at the same time weakening their support network. Those who are part of a people in better economic condition and less marginalized political status are not likely to feel as aggrieved. They also have much stronger incentives to look for --- and greater capability to find --- less violent and more effective means of addressing the grievances they do have. Together, economic and political development can thus help dry up both the pool of potential terrorists and the wider support for terrorist groups critical to their continued operation.

4. The Limits of the Virtuous Circle

By removing the impediments to development that militarization and war produce, demilitarization and peace help create the conditions that support and encourage economic and political development. At the same time, economic and political development promote the conditions that support and encourage nonviolent (and therefore demilitarized) conflict resolution and peace. This positive feedback loop has the potential to produce a self-sustaining virtuous circle --- a process in which peace reinforces development and development reinforces peace. Yet even the casual observer will note that this process does not yet seem to have carried us inexorably forward to a world that is both prosperous and peaceful. It is therefore important to ask, why not? What are the limits to this potentially powerful virtuous circle?

The first and perhaps most obvious is that demilitarization and peace may facilitate both economic and political development, but they do not guarantee them. For economic development to be self-sustaining, or even viable, a sufficient quantity and quality of productive resources must be channeled into a web of mutually reinforcing investments in human and physical capital. Among these, the right mix of programs of education, health care, infrastructure capital formation, and investment in production capital are the most important. All of these programs are expensive. Militarization and war divert or destroy considerable quantities of the required resources, making economic development exceedingly difficult to achieve. But the fact that demilitarization and peace make the necessary resources *more available* does not by itself assure that they will be effectively mobilized and properly used. Corruption can also divert vast quantities of critical resources, undermining development. So can utter incompetence, corruption's first cousin.

Even the presence of sufficient foreign development aid to make up for any deficits in requisite resources domestically available does not guarantee successful development. The effectiveness of foreign development assistance can also be crippled by corruption and incompetence. More than that, in the face of the best intentions of donor organizations and recipient governments, poorly designed and implemented development assistance programs can undermine development by actually encouraging corruption and failing to penalize incompetence. Ill-conceived projects, backed by the authority of high status donor organizations and governments, have also been known to direct the attention and resources of recipient governments away from projects that might look less impressive but are actually far more important to effective development.

Corruption has been a central issue in the international development community since the late 1990s, when the World Bank and other international organizations launched anti-corruption missions worldwide.¹⁷ Most of the discussion to date has centered on how practices within recipient governments of less developed (and transitional

countries) have interfered with their political and economic progress. But it is worth noting that problems with the ethics of economic development advisers and/or development organizations, and corruption originating in some of the practices of the developed world have also interfered with the progress of less developed countries.¹⁸

Successful development also does not guarantee continued demilitarization and peace. Economic development increases a society's economic capabilities. At some point, these rising capabilities can be channeled into building up the nation's military forces.¹⁹ Exactly this process appears to be underway now in China, raising concerns that the country may be a growing threat to peace in the future. The fear is that as China becomes militarily stronger, it will become more militarily aggressive in supporting its own economic (and political) interests, which may come increasingly into conflict with the interests of other major military powers.

In his densely-packed tome, The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000, historian Paul Kennedy argues (in what one reviewer called "excruciating detail") that for 500 years nations have become Great Powers on the strength of their growing economies, then used their enhanced economic capability to build up their military power to protect --- and project --- their interests abroad.²⁰ Kennedy also documents that if their military aggressiveness did not bring them to ruin, their military buildup or empire building so burdened their economies (with what I have called "noncontributive activity") that they ultimately undermined their own power and faded from the center of the world stage.²¹ Nevertheless, many of them left an extraordinary trail of death, destruction and subjugation in their wake.²²

There are also important limits to the argument that political development, in the form of the spread of liberal democracy, promotes peace. Not only do democratic nations still go to war with authoritarian nations, but also the dictatorial nature of authoritarian regimes is often part of what helps build and sustain public support for such wars --- even pre-emptive or aggressive wars --- within the democratic states. A recent example is the Bush Administration's argument that the need to depose the authoritarian regime of Saddam Hussein in Iraq and build democracy in the Middle East justified attacking Iraq in 2003 and continuing to occupy the country. In fact, after it became clear that Iraq possessed no weapons of mass destruction (or viable programs to develop them) and was not linked to the Al Qaeda terrorist organization as earlier claimed, this not only became the sole remaining justification for having attacked Iraq, but also the main justification used for continuing the occupation.

Finally, successful economic and political development, even on a global scale, is unlikely to completely stop terrorist activity. Terrorism is a complex phenomenon that combines ideological, religious, traditional, cultural, psychological and sociological factors with those that are more directly economic and political in nature. It is driven by a mix of rational and non-rational considerations. It may be true that in

the long run the dignity, sense of well being, and empowerment that come to individuals and the groups with which they identify as a result of economic and political development have an important role to play in undermining terrorism --- perhaps the most important role. But the best way to deal with terrorism in the short run, and the only way to deal with the terrorism that arises from individual mental illness or group psychosis, is through first-rate intelligence and police work, not development.

5. Conclusions

It is clear that in a number of very important ways, peace does facilitate development, and development does facilitate peace. This mutually reinforcing relationship is a “virtuous” circle in both senses of the word. But it is tentative, even fragile, and must be carefully nurtured. Care must be taken to create the conditions that can help make the circle stronger and more robust. This first of all requires a greater appreciation for the fact that the circle exists, that there actually is a positive feedback loop between development and peace. If people can be convinced that encouraging development is not just a good thing to do, but also a serious and important part of national security strategy, it should be much easier to build political support for policies that encourage real development, and thus mobilize the economic resources necessary. So much the better if they can also be convinced that by virtue of its effects in promoting peace, improving the level of development in other parts of the world would also raise their own economic status.

For better or worse, it seems to be true that people are more ready to support that which makes them personally more economically prosperous and physically secure than they are to support that which only extends the benefits of a decent material and political life to others in distant lands. Adam’s Smith’s observations that self-interest is a powerful motivator and that people had difficulty relating to those who were not directly part of their own world were important, if somewhat depressing, insights into human behavior.²³ Recognizing that, especially in this globalizing world, the economic and political condition of people all over this planet meaningfully affects the economic wellbeing and security of every society is by itself an important step toward enlightening the self-interest that seems to drive us forward. Put differently, just being aware that there actually are strategies that amount to joint production functions, or more accurately “sequential ecological production functions,” for peace and development will make it easier for us to find the political will and economic resources put them into action.

Awareness is important, but it is not enough. Building the right kinds of economically and politically sustainable institutions and organizations is also important to supporting and strengthening key elements of the virtuous circle between

development and peace. For example, because decent infrastructure is a critical prerequisite to successful development anywhere, it might be useful to establish a multilateral Global Infrastructure Fund (GIF), for the explicit purpose of giving grants (or forgivable loans) to developing countries to build up their systems of transportation, communication, power supply, water supply and waste treatment. But if the GIF is to serve the cause of real development and therefore peace, care must be taken to include mechanisms in the very structure and operating procedures of the organization that would work to assure it will not be funding great multilane highways to nowhere and enormous dams that flood vast areas of rural countryside and create huge numbers of what the World Bank (reflecting on its own activities) called “development refugees.”

Such mechanisms would explicitly require that GIF projects: 1) provide key services for the relatively poor in the urban rings and rural hinterlands, and not just for the relatively well off in the cities and suburbs; 2) are cooperatively designed and implemented by teams of both donor and recipient country personnel; 3) include “town and village” meetings to allow ordinary citizens the chance to participate in deciding which projects are most needed in their areas and establishing priorities. These are not simply “feel good” tactics; they are based on lessons we should have learned from well intentioned past economic and political development fiascos. Careful thought must also be given to how best to structure GIF --- or any other supporting organization --- and define its mission to assure the accountability and transparency necessary to keep them honest.

In the end, the fact that there is a virtuous circle between development and peace makes it easier to achieve both. That is encouraging. But it does not relieve us of either the responsibility or the hard work required to make this hopeful connection effective. The good news is we do not need to cling so tightly to the threat or use of military force as a guarantor of security, and continue to trade off our economic wellbeing and our civil liberties against our deeply felt need to be safe. We can, at the same time, make this world more prosperous, more free, and more secure.

References

¹ Sen, A (1999). *Development as Freedom*, Alfred A. Knopf, New York, p.3.

² Brzoska refers explicitly to these as elements of the definitions of war used by the Correlates of War project at the University of Michigan, the Uppsala University Peace Research Institute Oslo war project and the University of Hamburg's Arbeitsgemeinschaft Kriegsursachenforschung. See Brzoska, M. (2006) Is There a Necessity for New Definitions of War? *BICC Bulletin* (Bonn, Germany: Bonn International Center for Conversion, No. 38, January/February), p.1.

³ Sivard, R. L. (1996) *World Military and Social Expenditures, 1996*. World Priorities, Washington, D.C., p.7.

⁴ Ibid.

⁵ *Human Security Report*, as cited in op.cit. Brozka, 2006.

⁶ Geiger, H. J. (1994) Bomb Now, Die Later: The Consequences of Infrastructure Destruction for Iraqi Civilians in the Gulf War, in O'Loughlin, J., Mayer, T., and Greenberg, E. (eds), *War and Its Consequences: Lessons from the Persian Gulf Conflict*, HarperCollins, New York.

⁷ The failure to successfully reconstruct the Iraqi electricity grid is not purely the result of how thoroughly it was destroyed during the war. The ongoing insurrection in opposition to the continued occupation of Iraq has made reconstruction difficult, as has the lack of sufficient attention to and the consequent relative ineffectiveness of the reconstruction effort.

⁸ For a much more detailed development of these ideas, see Dumas, L. J. (1986), *The Overburdened Economy: Uncovering the Causes of Chronic Unemployment, Inflation and National Decline*, University of California Press, Berkeley, California

⁹ Ibid.

¹⁰ Public investment in infrastructure, for example, is particularly critical, because the relatively poor condition of infrastructure in less developed countries severely handicaps virtually all other development efforts.

¹¹ Op.cit., Sen, A. p.10.

¹² Ibid., pp.3 and 5.

¹³ There is little if any historical evidence in the millennia of recorded human history that depending on the charity of those who have accumulated great wealth is a reliable or effective way for the rest of us to achieve and maintain a decent standard of living. As Adam Smith taught us more than 230 years ago, and as the past century has made exceedingly clear, combining the motivation of self-interest with a system of competitive markets is a far more dependable way to improve living standards. That is especially true if attention is paid to keeping markets competitive and using a limited degree of government regulation and redistributive policy to smooth out the rough edges.

¹⁴ Zakaria, F. (1997) The Rise of Illiberal Democracy, *Foreign Affairs* (November/December)

¹⁵ Russett, B. (1990) Politics and Alternative Security: Toward a More Democratic, Therefore More Peaceful, World”, in Weston, B. H. (ed), *Alternative Security: Living Without Nuclear Deterrence*, Westview Press, Boulder, Colorado) pp.112 and 115. An interesting attack on the idea of democratic peace can be found in Henderson, E. A. (2002) *Democracy and War: The End of an Illusion?* Lynne Rienner Publishers, Boulder, Colorado.

¹⁶ For an interesting and informative survey of this literature, see McMillan, S. M. (1997) Interdependence and Conflict, *Mershon International Studies Review* (May), pp.33-58.

¹⁷ Corruption became a major item on the agenda of the World Bank in 1996, when bank President James Wolfenson gave a landmark talk on “fighting the cancer of corruption” at the joint World Bank-International Monetary Fund annual meeting. Since then, the anti-corruption agenda has increasingly become part of the mainstream: Every Country Assistance Strategy at the World Bank must now include a plan for how it will account for issues of corruption and governance.

¹⁸ This is at the core of an ongoing four-year project, “Building Accountability into International Development Advising in an Age Of Diffused Governance”, funded by the Ford Foundation for which the author of this paper and Janine Wedel of George Mason University are co-principal investigators.

¹⁹ One of the major realist/neorealist goals and concerns, this possibility was also presented as one of three options available to a nation that had successfully achieved the final, fifth stage of economic development in Rostow, W. W. (1960) *The Stages of Economic Growth: A Non-Communist Manifesto*, Cambridge University Press, Cambridge, U.K.

²⁰ Kennedy, P. (1987) *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, Random House, New York

²¹ Paul Kennedy’s book provides detailed documentation of what these nations did, and what happened to them as a result, but did not explain the economic mechanism by which their build-up of military power led to their national decline. One plausible explanation of this mechanism is provided by the “theory of resource diversion”, laid out the year before in Dumas, L. J. (1986), *The Overburdened Economy: Uncovering the Causes of Chronic Unemployment, Inflation and National Decline*, University of California Press, Berkeley, California

²² The rapid economic and military rise and fall of Nazi Germany and Imperial Japan in the middle years of 20th century is probably the most spectacular example of this in recent history.

²³ Smith’s insights into the importance of self-interest as a motivator were prominently featured in *An Inquiry into the Nature and Causes of The Wealth of Nations* (originally published in 1776), while his conclusion that people had difficulty relating to those who were not directly part of their own world were central to his earlier book, *Theory of Moral Sentiments* (originally published in 1752)