

Report on the International Conference  
**“The Price of Peace: The Political Economy of Peace Operations”**



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This document reports on an international conference co-hosted by the North-South Institute and the Lester B. Pearson International Peacekeeping Training Centre: "The Price of Peace: The Political Economy of Peace Operations," that took place in Montreal, on November 30 and December 1, 2001.

## **PROBLÉMATIQUE**

The principal objective of the conference was to explore the many ways in which interests, broadly understood, underlie the functioning of the global peace and security regime. Peace operations are typically framed as disinterested endeavours. As responses to humanitarian emergencies, they are perceived as being driven by values such as solidarity and respect for universal human rights. While one must acknowledge that such values motivate peace operations, the starting point of the conference is that interests are also at play, and that they might hold the key to understanding some of the problems plaguing peace operations and to devising ways to address them.

Daudelin argues that the regime that effectively governs peace operations is not a robust system of institutions and rules, but instead a flexible arrangement structured around interests. Modifying the formal structure without also altering the system of interests underlying the actors' participation in the regime is unlikely to bring about lasting improvements. Daudelin proposes that it is thus crucial to understand how peace operations are embedded in four universes of interest: the global system, nation-states, non-state actors, and the host country.

The following synthesis will address each of these four levels of analysis in turn, highlighting the many lines of connection drawn by the conference participants.

### **1. THE INTERNATIONAL SECURITY SYSTEM**

The end of the Cold War has witnessed an apparent increase in the frequency and intensity of violent conflict and egregious violations of human rights. The resulting urge to "do something" demands the development of a new global peace regime capable of a wide range of operations, from traditional peacekeeping missions to the establishment of UN transitional administrations. Many observers believe that the international security regime, and in particular the United Nations, is the optimal vehicle for fashioning the necessary response. The regime's record until now, unfortunately, has been mixed, at best.

The broadest level of analysis proposed by Daudelin is that of the international security system. Daudelin suggests that the United Nations and the Security Council play a limited role in deciding where, when, and how to intervene in conflict situations, and that such decisions are ultimately made less according to international rules and institutions than to the logic dictated by an underlying structure of power and interest between nation-states. It is this structure of power – dominated by the Northern states which have the resources to finance and carry out robust operations – that defines the boundaries of the "possible".

One reason for the persisting significance of this underlying power structure, Adriaan Verheul reminds us, is that peacekeeping is expensive. The United Nations has no troops of its own, and instead relies on troop-contributing countries which then need to be reimbursed. Although some peacekeeping funds are generated from contributions assessed according to a scale set by the General Assembly, much of the money needed for peace operations – for example, for the significant levels of administrative, logistical and humanitarian support needed to maintain an operation - are provided through voluntary contributions from member states.

The problems with this system have been well-documented. One issue touched on by several participants is that since the peace regime depends on the diminishing willingness (and capability) of member-states to support individual operations, the regime has fallen into what Thomas Weiss has called a triage pattern. Rather than operating strictly according to needs, however, this triage is guided in part by the emergence of a new division of labour in the peace regime.

Both Daudelin and Verheul observe that troop contributions for UN peace operations are increasingly provided by Southern states, whereas financial support is garnered primarily from the North. Verheul submits that the fact that the bulk of today's blue helmets come from developing countries undermines the notion of solidarity underpinning the UN Charter, and indicates that many countries in the North are unwilling to share the risks inherent in contemporary peace operations. Daudelin expresses further concern that since Northern support is crucial, this division of labour has also skewed the focus of the peace regime towards Northern regions. Troops contributed from Northern countries, both through UN and NATO operations, tend to be deployed in Northern conflicts—such as those that have plagued the Balkans—, in spite of the “triggers” designed to effect an immediate response to egregious cases, such as the genocide in Rwanda, that lie in the South.

Financial support for peace operations has also followed Northern interests, such that even where Southern countries are willing to participate in peace operations in the South, the latter may not even be tabled for discussion. Todd Sandler and Hirofumi Shimizu explores this phenomenon using economic models that they apply to NATO. Since the bulk of the money spent on peace operations has been contributed by Northern powers, most often in non-UN operations, their study of burden-sharing logic within NATO itself may be particularly useful as an indicator of how the peace regime is likely to respond to violent conflict in the future. The results of their study indicate that peacekeeping accords increasingly with a pure public goods model: as peacekeeping costs have skyrocketed, so too has the disproportionality of financial burdens among contributing states. The United States, for example, has borne the brunt of the costs for the NATO stabilization missions in the Balkans.

Although the corresponding tendency towards free-riding is a significant problem in its own right, two other implications are particularly striking for our purposes. The first is that as the capabilities of smaller powers decline, the regime naturally tends to follow the agendas and behaviours of the funding powers. The small number of Northern countries providing the bulk of the financial contribution to peace operations are thus able to decide which conflict situations merit an international response.

A second implication of their study is that, under current arrangements, the regime tends towards sub-optimal performance. The particular division of labour in which troops come from the South and money comes from the North also impedes the proper functioning of those operations which do make it on to the international radar screen. Graham Day remarks that even in a political environment as benign as East Timor, the provision and coordination of money for the most simple daily operational tasks was exceedingly difficult. The UN Trust Funds designated for use by the transitional administration were particularly slow, in part because the Trust Fund system is based on voluntary contributions from member states with particular interests in the mission. In addition to the potential for inadequate or untimely contributions, the fund is thus susceptible to a host of conditions set by the primary contributors, such that peacekeepers and administrators are not given the flexibility needed to act efficiently in the dynamic environment that typifies conflict and post-conflict situations.

In contrast to the cumbersome UN Trust Fund system, two alternative models were noted for their flexibility. Robert Orr shows that USAID's Office of Transition Initiatives (OTI) has been able to achieve a noteworthy degree of responsiveness and creativity in a number of environments, including East Timor. He also draws attention to the British Department for International Development (DFID) as being unusually flexible in its distribution and scope of funding. Programs such as OTI, however, are relatively small players in peace operations, and remain tied directly to national interest in terms of where they are deployed.

## **2. NATION-STATES**

It is evident that economic constraints and agendas function even in the most disinterested context, primarily by defining the framework within which individual operations take shape. It is nation-states, however, that ultimately decide the type, level, and conditions of commitments to a particular operation. When we look at peace operations from the perspective of nation-states, it becomes clear that the pattern of Northern funding and Southern troop contributions makes sense.

Despite the popular image of the United States as a global police force heavily invested in the global protection human rights, or the equally prevalent image that the United States becomes involved in peace operations to protect economic interests, Robert Orr observes that the primary motivation for US participation in peace operations is the maintenance of regional stability. That the US has been involved in a relatively large number of out-of-area operations can be explained by US interest in the stability of several regions. Orr further proposes that the four primary factors in the US decision to participate in peace operations are: national interest; the probability of success; financing; and sovereignty. Although it is difficult to find any direct economic motivation for US peacekeeping policy, each of these four factors is related to either interest or the control of resources. When taken in combination, it is only logical that American contributions to peace operations reveal a preference for particular regions, and for multinational "coalitions of the willing" over UN operations.

The lack of a clearly defined interest also explains why American development aid and peace building support has declined sharply over the past forty years, and why it is increasingly tied to US sourcing. With regards to the transitional phase between peacekeeping and peace building, programs like OTI show signs of improvement, but remain low on the list US spending priorities. Orr suggests that the war in Afghanistan provides an opportunity to link development and peace building aid more directly to US interest, but doubts that the US will alter its pattern of participation in peace operations per se.

The cases of Brazilian and Canadian participation in peace operations offers further insight into the relationship between a country's position within the international political economy, and its peacekeeping policy. Although neither country has a well-defined peacekeeping policy as such, and although both are small powers in the peace regime, their relative positions within this regime have taken different turns in recent years. Canada, popularly known as a key player in the creation of the peace regime in 1956, has been facing progressive marginalization in the peace regime, particularly in the past decade, while Brazil is becoming more active.

Beal and Daudelin propose that Canada's early participation in peace operations marked a convergence of Canadian values and interests, and that the contribution of troops to early peace operations did not represent a significant drain on Canadian military and defence resources. As Canadian participation in peacekeeping acquired a mythical status (in both

domestic and international circles), however, Canada's peacekeeping policy became less informed by interests than by identity and values. Defence budgets and capabilities were cut, and the Canadian Forces became increasingly preoccupied with maintaining its ability support for peace operations. The emergence of a gap between Canadian interests and capabilities on one hand, and a value-driven peacekeeping policy on the other, however, would not impact Canada's position in the peace regime until the end of the Cold War. It was the end of the Cold War and the subsequent demand for a much more robust peace regime that made it clear that Canada no longer had sufficient political will to maintain its position of leadership in the regime, except as an activist. While Canada's normative push for a more widespread integration of the concept of "human security" in international politics was an important contribution to the peace regime, Ottawa did not take the opportunity to use the concept to realign its own peacekeeping policy with Canada's place in the international peace regime.

In contrast to Canada, Brazil's peacekeeping policy has remained closely and explicitly tied to national interests and an awareness of the international power structures in which Brazil is embedded. From World War II to 1967, Ricardo Sennes submits, Brazil contributed troops to UN peacekeeping operations primarily as a vehicle for enhancing both its international standing as a global player, and its bilateral relations with the United States. In the period from 1968 to 1988, as Brazilian foreign policy became more self-centred, Brazil contributed virtually nothing to UN peacekeeping operations. Not until the democratization and economic liberalization of the post-Cold War period did Brazil return to its pursuit of global player status, this time as a regional power. In this most recent period, Brazilian participation in peace operations has increased dramatically, although with an explicit preference for Southern-Atlantic operations, i.e. very much within the traditional reach of its geopolitical outlook.

In the face of Northern reluctance to become involved in Southern operations, there is of course also an intensifying pressure on Nigeria and South Africa - two other "middle powers" - to step up their contributions to regional peacekeeping initiatives. As Tim Shaw points out, however, neither country has the resources nor the stomach to fully meet this demand, especially given their recent experiences with domestic instability—both political and economic—AIDS, and conflict in their immediate neighbourhood. Although Nigeria's initial contribution to ECOMOG was substantial, for instance, its capability for another such intervention has been diminished. South Africa's armed forces, moreover, have enough to do keeping the peace within their own country, let alone becoming embroiled in the conflicts of their neighbours. Finally, as Verheul observes, until the UN is able to reimburse troop contributors more promptly, Southern troop contributors face the additional risk that unpaid peacekeepers will take matters into their own hands.

These cases illustrate that the emergence of a functional division of labour defined by Northern financing and Southern troop contributions makes sense in terms of national economic interest and capabilities. Broadly, Northern countries lack the clearly defined, specific interests needed to undertake risky peace operations in Southern regions. Although peace operations may be driven at least in part by values, they are always contingent on considerations of capability, interest, and position in international political structures. The implication is that even the disinterested goal of pursuing peace and reconciliation depends very much on the harnessing of national interest. Indeed, it is worth considering how attempts to strengthen international rules and institutions so as to free peace operations from the hold of national interest may end up reducing the efficacy of peace operations.

### **3. THE NEW PLAYERS: NON-GOVERNMENTAL AND PRIVATE SECTOR ACTORS**

One result of the challenges posed by the current division of labour between Northern and Southern states has been the growing presence and significance of non-governmental and private sector actors in the peace regime. If it is indeed the case that the contradiction between interest and peace operations is an artificial and/or potentially dangerous one, it may also be the case that those actors with openly avowed interest in contributing to peace operations would accrue some advantage over "disinterested" ones. It might even be possible that another shift in the division of labour - this one towards an increased role for non-state actors - holds the key to establishing a more sustainable and effective regime. We thus now turn to an examination of how the interests of non-state actors are realized in peace operations.

Thérèse Paquet-Sévigny observes that as peace operations and UN Security Council mandates become more complex and multidimensional, and as resource constraints encourage a pattern of triage, international organizations, nation-states and individuals all turn to NGOs to fill the gap. NGOs have thus become increasingly active in both conflict resolution and post-conflict peace building activities, and cannot be neglected in any examination of the peace regime.

While NGOs are often perceived as disinterested saviours, however, the importance of NGOs' need to raise money cannot be neglected. The NGO "market" is extremely competitive, and NGOs are in constant competition against both each other and against private sector interests. As has been made painfully obvious, this competition can severely impede attempts to coordinate the activities of NGOs, even from one country – not to mention problems of NGO coordination with state and international organizations. It is far from clear that this constellation of interests is functional from the standpoint of operational efficacy.

On the other hand, it is this same competition for funding and public recognition that allows NGOs to perform some of their most useful functions in peace operations. Paquet-Sévigny notes that NGOs play an essential role in shaping public opinion, and in disseminating information. By linking the victim to the donor, for example, "human marketing" can play the important function of linking national interest to humanitarian and peace operations. Human marketing plays a key role in helping to generate the political will necessary for states to commit their own resources to substantive action. Of course, overexploitation of human marketing can also contribute to donor fatigue, potentially weakening the willingness of states to commit resources to what is perceived as a lost cause.

Competition for funding and public recognition may also work to ensure some measure of accountability and transparency among non-state actors. While some observers fear the lack of standards and controls for non-state participation, Paquet-Sévigny reminds us that NGOs are often responsible to both the government(s) paying them and the public itself. Lee Seymour applies a similar argument to another of the "new players" in peace operations – the private military corporation (PMC), or mercenary group. Although many commentators are wary of the privatization of security and military roles in peace operations, Seymour argues that this process is one which is redefining traditional assumptions about the boundaries between private and public action. It can be imagined, for instance, that security provided by private organizations may in fact be *more* "public" – and more "professional" – than that provided by states, despite the obstacles faced in establishing formal legal frameworks through which to monitor and regulate mercenary activity.

Moreover, it cannot be ignored that even state-run or international peacekeepers have become increasingly entangled in the indistinct nexus of formal and informal economies, and are frequently required to move back and forth between the two. In the absence of

more robust bilateral or multilateral agencies following the OTI model, and in an environment typically defined by a collapsing formal infrastructure, peacekeepers are often forced to work with what is available. The ability of private security firms to work more freely in this grey area may give them an advantage over those more closely tied to formal structures. At the very least, the behaviour of private security firms may offer an indication of how to achieve the “creative financing” mechanisms that both Day and Daudelin have called for.

Mercenaries may also play an essential role as a force multiplier, enhancing the effectiveness of regular peacekeepers by supporting them in a logistics, communications, training, or protective capacity. It is in this “everything but pull the trigger” capacity that private security firms may offer the most important contributions in the near future. As Marchal observes, however, private military forces are not a new phenomenon, and have been tied to a long history of colonialism. Other participants express guarded optimism that the establishment of new firms outside of the current regional concentration in the North may mitigate the dangers of neo-colonial association. The concern remains, however, that while private security firms may possess a tactical advantage over less flexible state or international organizations, they also have less interest in addressing the root causes of conflict, and are therefore less likely to address the long-term political consequences of their actions.

Jean-François Rioux registers a similar concern with regards to the behaviour of the private (business) sector in transitional conflict environments. In his studies of multinational private sector activity in Haiti, Guatemala and Bosnia, he observed that businesses tend to operate under the impression that their activities are strictly economic, and therefore apolitical. While business leaders frequently understand and endorse concepts of liberalization, privatization and structural adjustment, they tend to assume that sustainable peace and development will flow naturally from the economic conditions fostered by these processes. There is alarmingly little understanding of the socio-economic impact of these processes as they occur, and a corresponding lack of willingness to invest in programs to foster political stability through transitional periods. In so far as private sector leaders think about socio-economic impact, their understanding of the principle of “do no harm” seems predicated on an artificial distinction between social, economic and political realms, and the assumption that business is a technocratic endeavour removed from the structures and dynamics of power in which it operates. The result is a short-term, reactionary outlook and a strong resistance to change.

#### **4. THE ECONOMIC IMPACT OF PEACE OPERATIONS**

The failure to acknowledge that intervention affects and is affected by the economic and power structures in the societies in which it takes place also characterizes peace operations in general. A point that a number of participants returned to is that peace operations are carried out in the context of societies with long and complex histories. Without a solid understanding of the histories behind existing social structures, no amount of money and effort contributed with even the best intentions will bring about a lasting peace. The examples of the transitional administrations in East Timor and Kosovo are particularly good ones for, as Graham Day observes, these administrations’ concept of an exit strategy (whether via independence or integration) faced an unusual combination of postcolonial and post-conflict challenges expressed primarily in basic civil disorder and violence. Day suggests that the two cases offer evidence that without the realization of humane public order, the society hosting a peace operation will not have the capacity to absorb external assistance, however well prescribed.

Alexandros Yannis also argues that the experience of the UN transitional administration in Kosovo (UNMIK) shows that without an understanding of the historical and social structures operating in a conflict environment, foreign interveners will be hard-pressed to foster peaceful and sustainable resolution of conflict, let alone stabilize an ongoing conflict. Similar concerns lead Adriaan Verheul to reiterate that although peace operations seek to achieve a condition of peace, it is a mistake to conflate the establishment of peace with the permanent removal of conflict. Indeed, he proposed that the key challenge facing peace operations in the quest for a sustainable peace is not to resolve conflicts of interest, but instead to understand and channel such conflicts through robust and legitimate institutions capable of resolving conflict peacefully. Only then can peacekeepers withdraw without concern that the conflict will revert to a violent form.

Indeed, Yannis suggests that a key problem with the UN administration in Kosovo was that by neglecting the complex networks of socio-political relations underlying the conflict, the international administration undermined its own efforts. The failure to provide a robust police presence or judiciary system, for example, encouraged the administration to rely on - and thereby foster - the strength of criminal elements of the informal economy. The ultimate result was the creation of a very powerful parallel power structure which continues to derail efforts to strengthen the formal-legal political system in Kosovo.

Several participants agree that the problem identified by Yannis is a real one, and emphasize that it runs deeper than the operational or strategic levels. For Shaw, part of the problem is that boundaries between academic disciplines have precluded an integrated analytical treatment of the complex networks of relationships between a wide variety of actors, and of the equally complex systems of representation which lend meaning to these networks. Marchal argues that the result is the lack of a paradigm capable of explaining the numerous violent conflicts that have demanded international intervention. Analytical models that rely on assumptions of failed states or "The Coming Anarchy"; of "Greed and Grievance"; or of a fundamental distinction between the ideological, universalizing conflicts of the Cold War and the particularistic, inward-looking conflicts of the past decade do not acknowledge either the complex historical experiences or the multiplicity of representations underlying each conflict. For Marchal, moreover, it is dangerous to use a single lens to examine a wide spectrum of particular situations.

Elizabeth Dauphinée agrees, emphasizing another dimension of the problem. Dauphinée argues that the failure to heed Day and Marchal's reminder that all conflicts are tied to an underlying, dynamic social structure cannot be divorced from an equally mistaken assumption that peace operations are neutral or apolitical projects, distinct from the social context in which they operate. Dauphinée proposes that a product of this assumption is a failure to consider how peace operations themselves become embedded in the political structures of conflict. The presence of external actors, whether peacekeepers or civil administrators, becomes an integral part of post-conflict society, potentially contributing to the dynamics responsible for the violent resolution of conflict.

While in one sense Dauphinée's argument introduces a new question, in another sense it brings us back to our starting point: that peace operations are not – cannot – be divorced from the realm of interest. At every level of analysis, from the global regime to conflict itself, participants in peace operations are entangled in complex webs of interests, capabilities and power relations that both constrain and sustain the peace regime. Rather than presume that peace operations need to be freed from the realm of power and interest, it might be more valuable to assess the extent to which disinterest can hinder the functioning of an effective international response to violent conflict. We may well discover

that “mixed” interests can be harnessed and become sound foundations for the effective realization of universal humanitarian values.

## **5. Policy Options for Canada**

The discussions that took place during the conference suggests that peace-keeping as currently practiced in the world is moving ever farther away from its original ideal of a disinterested multilateral endeavour where, to paraphrase utopian socialist thinker Prosper Enfantin, it was to be “from all according to means, to all according to needs” (*“De chacun selon ses moyens, à chacun selon ses besoins”*). Countries’ involvement in peacekeeping appears in fact to be driven or at least bounded by economic and security interests quite narrowly defined. This holds for both the North and the South and as well for the participation of the private sector and NGOs in relief operations in conflict or post-conflict situations.

The apparent universality of this logic suggests that it might be more worthwhile to build the regime around a recognition of the centrality of interests than to try to challenge it. This would involve quite a reorientation from Canada’s consistent support for the “ideal” model of peacekeeping.

This conference certainly does not enable us to generate many specific policy options. A key one would be for Canada to consider creating a more flexible peace building fund along the lines of USAID OTI or DFID’s programs, in which people on the ground have much more flexibility in the use of funds. Beyond such concrete measures, however, the discussion points to avenues that should be explored systematically to ensure the consolidation of the global peace and security regime. Three such avenues can be identified at this point, building on the discussion that took place at the conference: 1) creative financing, for instance regarding the use of local resources to finance peace operations; 2) the systematization of the role to be played by regional and sub-regional powers, where extra-regional ones might not be willing to invest, for lack of stakes in a given conflict; 3) the role finally of private military companies, which might play a significant role, if not a primary one, in the broader functioning of peace operations. More broadly, the conference certainly points to the need for pragmatism in the design of missions and in the redesign of the global regime.

While movement along those lines have the potential of making the peace and security regime more effective from the standpoint of those who need it, such a reorientation may also give Canada some room to re-establish a role for itself in the regime, one that would be more independent for US policy.

## **6. Next Steps**

The present report will be circulated among participants and then revised before it is translated and posted on the web in both official languages. In addition, a book based on the papers presented at the conference is currently being organized and could be published before the end of 2002.

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