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TRADE CAUSES PEACE

An Essay about One Kind of Citizen Peacebuilding

By

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I like to believe that people in the long run are going to do more to promote peace than our governments. Indeed, I think that people want peace so much that one of these days governments had better get out of the way and let them have it. --Dwight D. Eisenhower

Indeed, this paper is about *people* promoting peace. Eisenhower’s comments convey the key message of our work at the University of California, Irvine (UCI) Center for Citizen Peacebuilding. We leave the diplomatic talk to the politicians and political scientists and focus on the grassroots activities of citizens trying to get along with one another. We believe that peace happens because people want it to, not because politicians ordain it so. Our ideas are not new. Karl Popper’s “Open Society”¹ and Jonathan Schell’s “Unconquerable World”² make the same kinds of arguments. We just think in today’s world of punitive trade sanctions and military muscle that it is important to remind folks that there are more viable alternatives for international relations and global persuasion.

The focus of this paper is on the notion that trade brings peace. My colleagues in Citizen Peacebuilding focus on dialogue building and cultural exchanges, these being very important as well. However, commercial exchanges are the most common kind of international interaction and are related directly to my own research activities.

But, before narrowing my focus to that topic I also need to describe the other academic foundation of this view of peacebuilding. That is, the work being done in social networks theory provides the crucial theoretical and empirical support for the salience of the grassroots efforts of citizens. The seminal paper in the field is by Mark Granovetter and is entitled “The Strength of Weak Ties.”³ In it he makes the point that the multitudes of weak ties between people comprise the key relationships between institutions, not the

¹ Karl R. Popper, *The Open Society and Its Enemies*, 5th edition, Princeton, NJ: Princeton University Press, 1966.

² Jonathan Schell, *The Unconquerable World: Power, Nonviolence, and the Will of the People*, New York: Metropolitan Books, 2003.

³ Mark S. Granovetter, “The Strength of Weak Ties,” *American Journal of Sociology*, 78(6), 1973, pp. 1360-1380.

more obvious, high-profile ties such as those between leaders of institutions. That is, information and influence are primarily diffused through the weak ties. Applying these ideas to current international relations suggests that what the diplomats refer to as *the second track* is really *the first track*. That is, the politicians provide background music, which at times can get quite loud, but the important business gets done between the thousands of citizens that interact in cultural exchanges and dialogues, and, of course, in commerce between countries.⁴

The first section of this essay regards the inability of governments to deliver peace to citizens. Next, the basic theme of the paper – trade causes peace – is detailed. The main point made in the third section is that trade must be used as an incentive, not a weapon. That is followed by a discussion of why walls never bring peace. Fifth, a trade-induced peace in Jerusalem is envisioned. And, the paper is concluded with wise words from Rudyard Kipling.

Citizens and September 11th

The most shocking scenes for me sitting watching TV in my family room were not the crashing planes or the collapsing buildings. It was watching people leaping to their deaths from 90 floors up. Or, perhaps it was one woman helping the other woman peel off the remnants of her burned clothes.

The other thing we all witnessed on September 11th was the failure of government to protect its citizens. I'm not blaming the people in our government, not even either of the George Bushes or Bill Clinton. What we witnessed was failure of the state as an institution. And, it's not just this "Attack on America." Before that unthinkable carnage government had failed to protect citizens in other ways as well.

Consider the stock market and the economy. The U.S. Federal Reserve Board has been unable to reverse the faltering economy despite an unprecedented series of interest rate cuts. Congressional tax cuts haven't helped either. The economic meltdown at the beginning of the century will now be partially blamed on terrorism, but the global recession was going to happen anyway. Governments are not more powerful than economic cycles. We should have known that from the 1930s.

Despite the billions of dollars spent on illegal drug interdiction, the price of cocaine at American high schools has dropped steadily from about \$350/gram in 1983 to about \$200/gram today. Despite all the political machinations swirling around the international drug trade, things continue to get worse worldwide rather than better. On September 11th U.S. Secretary of State, Colin Powell, was on his way to Colombia to "get things going" in support of supply interdictions there. That was going to be a dangerous trip for him. Maybe it's a good thing he didn't have to make it. And, none of those billions the government is spending in Colombia addresses the growing problem of creative

⁴ For a detailed exposition of this view see Bruce Hemmer, Paula Garb, Marlett Phillips, and John L. Graham, "Putting the 'Up' in Bottom-Up Peacebuilding," *Journal of International Negotiation*, 2006, 11, pp. 129-162.

chemistry and the new designer drugs. Governments are not more powerful than consumer demand for pain relief and addiction. We already learned that lesson in the 1930s.

What we did learn on that dark September Tuesday is that the most powerful country in the history of the world cannot protect its citizens from zealots willing to sacrifice their own lives for a political or religious cause. We learned that airport security has been an illusion.

During the TV coverage of the World Trade Center disaster Katie Couric's interview of Mary Schiavo, former Inspector General of the Federal Aviation Agency, caught my attention. Ms. Schiavo told the story of her efforts in vain to get another government official to spend more on airport security. She reported being rebuffed with a cost/benefit argument something like this: "The PanAm/Lockerby disaster cost about \$2 billion and the measures you're advocating will cost about \$10 billion. Besides, even if we made the airports safe, they'd just bomb something else."

The ethics of that official's first sentence are quite disturbing, and after that Tuesday we also understand the stupidity of his calculus. But, unfortunately his second sentence is on the mark. As we now know zealots can be very devious. Consider the Oklahoma City bombing for a moment. My point is that your government, indeed, no government can provide 100% security for its citizens.

Robert Frost said, "Good fences make good neighbors," in jest. The more insightful comment is that by John Locke in 1693, "The only fence against the world is a thorough knowledge of it." Certainly in Washington this means more money spent on the CIA than on missile defense hardware.

But Locke's message isn't really for the government. He's talking to people, to citizens. Of course, considerations of security cannot be ignored. However, primary efforts should be directed toward building peace. This starts in our own households and neighborhoods. Tolerance and listening are key. Tolerance toward Muslim American neighbors will be particularly important now – they share in the tragedy of the events in New York. Building peace also means being engaged in exchanges, both commercial and cultural, across borders. Such exchanges lead to the mutual knowledge Locke described. Such exchanges lead to better lives for all and create incentives for peace.

Trade Causes Peace

Global commerce thrives during peacetime. The economic boom in North America during the late 1990s was in large part due to the end of the Cold War and the opening of the formerly communist countries to the world trading system. However, we should also understand the important role that trade and international marketing play in actually producing peace.

Boeing Company, America's largest exporter, is perhaps the most prominent example. While many would argue that Boeing's military sales (aircraft and missiles) do not exactly promote peace, over the years that business has comprised only about 20% of the company's commercial activity. Up until 2002, of Boeing's some \$60 billion in annual revenues about 65% came from sales of commercial jets around the world and another 15% from space and communications technologies. Unfortunately, these historical numbers are now being skewed by American military spending and the damage done to tourism by terrorism. Even so, the company still counts customers in 145 countries and its 189,000 employees work in sixty countries. Its 11,000 commercial jets in service around the world carry about one billion travelers per year. Its space division is the lead contractor in the construction of the sixteen-country International Space Station first manned by an American and two Russians in the fall of 2000. The space division also produces and launches communications satellites affecting people in every country.

All the activity associated with the development, production, and marketing of commercial aircraft and space vehicles requires millions of people from around the world to work together. Moreover, no company does more to enable people from all countries to meet face-to-face for both recreation and commerce. And, all this interaction yields not just the mutual gain associated with business relationships – it also creates personal relationships and mutual understanding. The latter are the foundation of global peace and prosperity.

Individuals and small companies also make a difference, perhaps a subtler one than large multinational companies, but one just as important in the aggregate. My favorite example is Daniel Lubetzky's company PeaceWorks. Mr. Lubetzky used a fellowship at Stanford Law School to study how to foster joint ventures between Arabs and Israelis. Then, following his own advice, he created a company that combines basil pesto from Israel and other raw materials and glass jars supplied by an Arab partner to produce the first product in a line he calls "Moshe & Ali's Gourmet Foods." The company now sells some 60 products in 3,000 stores in the United States and has its headquarters on Park Avenue in New York and divisions in both Israel and Mexico. Again, beyond the measurable commercial benefits of cooperation between the involved Arabs and Israelis is the longer-lasting and more fundamental appreciation for one another's circumstances and character.

That brings us to the three truths of international relations:

Truth I – Politicians cause wars. The first one is pretty easy to remember. There are so many good examples. The rhetoric and actions of Adolph Hitler, Benito Mussolini, Ho Chi Min, Lyndon Johnson, Richard Nixon (bombing Cambodia), Ronald Reagan (supplying arms to Contras in Nicaragua), George Bush Sr. (Panama), Saddam Hussein, Slobodan Milosevic, Yasser Arafat, and Ariel Sharon have all started wars in the recent past. Without these politicians there might have been no bombs dropped, no battlefield and civilian carnage. George W. Bush Jr. joined this ignoble list in 2003.

Truth II – Wars cause deaths on both sides. That is, nobody actually “wins” wars. One side just loses less than the other. Our relatively easy early dominance in both Iraq and Afghanistan seems to have clouded our national remembrance of history. Indeed, during the last four major wars the United States has fought there has been no real victory. The Korean war was a draw. We lost the fight with the Vietnamese. Desert Storm was really a tie – Saddam Hussein’s regime persisted for a decade. And, circa 2006 it is still too early to declare victory in Afghanistan or Iraq. Yes, Hussein has been captured, but where are the Taliban and Bin Laden? Indeed, where is peace?

Bush, Cheney, Rumsfeld and the rest mongered America’s 21st century battlefield technology and the corresponding weakness of the Iraqi military. Perhaps regime change in Baghdad was a cakewalk? Perhaps? However, this talk ignores the reality of September 11th. One of the reasons 3000 American civilians lost their lives on that awful day is because the U.S. now indeed dominates the conventional battlefield. Hate finds its way. Look at Israel circa 2005. It was Sharon’s tanks versus girl and boy bombers. Who’s winning that one? Yes, luckily casualties were “light” on the road to Baghdad. But, also considered must be the long legacy of hatred that the civilian carnage and American presence in the area is bringing.

Truth III – Trade causes peace. So often did we hear that the White House hadn’t an alternative to war with Iraq. Ten years of trade sanctions hadn’t worked. The only persuasive strategy left to America involved laser guided bombs and such.

However, there is a third strategy, although applying it then would have been a little like prescribing cessation of smoking to a lung cancer patient. That is, trade sanctions should never have been used on Iraq in the first place. Yes, of course, a prohibition of arms and weapons making materials sales makes sense. But, food, medical supplies, computers, the Internet, televisions, Coca-Cola, and Hershey bars all should have been part of the package proffered the Iraqi people. Desert Storm should have been closely followed with Dessert Storm. Didn’t that approach work wonderfully well in Japan and Germany after WWII?

Perhaps the best evidence of the importance of trade in international relations comes from the curricula changes happening recently in our schools of diplomacy around the nation. UC San Diego’s School of International Relations and Pacific Studies, the Fletcher School at Tufts, Georgetown University, and the Nitze School at Johns Hopkins are all hiring international business professors. The deep thinkers at these important places are recognizing that commerce has surpassed missile counting in importance.

Trade has always affected people and social systems on both sides of the exchange. During the 1980s we borrowed manufacturing ideas from Japan, in the 1990s they borrowed banking ideas from us. And, consider what’s going on in China today. The changes are monumental. I first traveled to China in 1986, the Beijing airport was a real adventure then. My train to Tianjin only did forty miles per hour (the bullet train in Japan I had ridden the day before had done 160). And, in Tianjin it was bicycles and blue

tunics everywhere. At night they let the horse-drawn carts into the city to deliver farm produce.

Some twenty years later I flew through the recently completed Pudong airport outside of Shanghai – the most modern in the world. I also rode on new freeways in Guangzhou, Shanghai, and even in the old western capital of Xian. The high-rise buildings and new industrial parks impressed. Incredible development in just a generation – comparable to that in Japan and Germany after WWII.

Perhaps the less obvious signs of change are the more important ones? Consider how the Internet is affecting China. The Chinese authorities are trying hard to control its use. However, even they know that to the degree they restrict its use they make Chinese enterprise less competitive. Or, consider that Chinese kids are learning English beginning at age six. We know from our research at UCI that along with speaking English comes higher values for egalitarianism and individualism – both fundamental to democracy.

Of course there are costs of this fast growth – the smog in Guangzhou has worsened noticeably each of the last five years I have visited there. And the huge disruptions of privatizing industry make social chaos just a recession away. However, through trade and travel to the United States and other industrialized countries the Chinese are seeing ways through even these seemingly intractable problems. Indeed, there are some 60,000 Chinese studying in American universities today – we’re selling them our services and giving them our ideas.

Trade causes peace in three ways: through increased understanding, economic interdependence, and diversity led invention. *Less* trade causes *less* of both these things. And, this notion is not novel. Indeed, Adam Smith⁵ was perhaps first to popularize the idea, but credits David Hume with first notice of the effect of trade on peace:

...commerce and manufactures gradually introduced order and good government, and with them the liberty and security of individuals, who had before lived almost in a continual state of war with their neighbors, and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume⁶ is the only writer who, so far as I know, has hitherto taken notice of it.

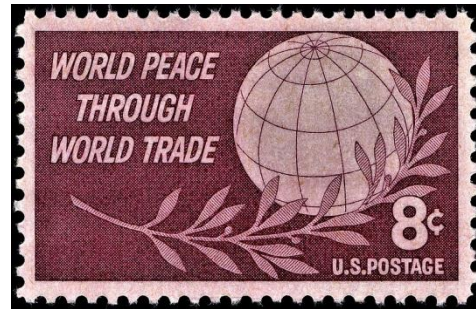
However, Thomas Hobbes mention of the notion predates Hume by a century: “The passions that incline men to peace are fear of death, desire of such things that are necessary to commodious living, and a hope by their industry to obtain them.”⁷ Immanuel Kant also agreed. Jonathan Schell reports that the 19th century British champions of laissez-faire such as John Stuart Mill made the same point. In 1846 Richard Cobden professed, “I see in the Free Trade principle that which shall act on the moral world as the principle of gravitation in the universe, drawing men together, thrusting aside the

⁵ Adam Smith, *The Wealth of Nations*, Book III, Chapter IV, page 440, 1776.

⁶ David Hume, “Of Commerce” in *Political Discourses*, 1752.

⁷ Thomas Hobbes, *Leviathan*, 1651, pages 1269.

antagonism of race, and creed, and language, and uniting us in the bonds of eternal peace.” Schell also reports that at about the same time, on the other side of the Atlantic, Ralph Waldo Emerson made similar declarations: “...trade was the principle of Liberty; that trade planted America and destroyed Feudalism; that it makes peace and keeps peace; and it will abolish slavery.” In France, economist Frederic Bastiat famously argued, “where goods do not cross borders, armies will.” In the 20th century Lee Kuan Yew, the first leader of an independent Singapore, Robert Zoellick, United States Trade Representative, and even psychologist Steven Pinker all agreed that trade causes peace. Indeed, Pinker’s conciseness is notable, “...you can’t kill someone and trade with him too.”⁸



Postal authorities in both France (Roman gods Pax and Mercury hold hands in the 1786-1899 series) and in the United States (1959) celebrate the idea.

Now I appreciate that the anti-globalization folks in Seattle in 1999 disagreed, in some cases violently. However, the causal relationship between trade and peace has been proven empirically by economists. The work most prominent in the area, and the work that serves as the other academic anchor of our efforts at Citizen Peacebuilding, is that by Solomon W. Polachek.⁹ He explains in his crucial paper about international relations, “The results show that the fundamental factor in causing bilateral cooperation is trade. Countries seek to protect wealth gained through international trade, therefore trading partners are less combative than nontrading nations.” In that paper Professor Polachek also reviews the literature in political science that is also consistent with the trade-causes-peace relationship. Erich Weede¹⁰ at the University of Bonn also reviews the literature and draws the same conclusions, but from a sociological perspective.

The most recent work of Paul Collier at the World Bank shows analogous relationships between economic conditions and civil wars. His studies show that countries with declining economies are ripe for internal violence. “Such at-risk countries are engaged in a kind of Russian roulette. Every year that their dismal economic conditions persist increases the odds that their societies will fall into armed conflict... And once civil war

⁸ Steven Pinker, *Human Nature with a Human Face*, Viking: 2002, page 168.

⁹ Solomon W. Polachek, “Why Democracies Cooperate More and Fight Less: the Relationship between International Trade and Cooperation,” *Review of International Economics*, 5(3), 1997, pp. 295-309.

¹⁰ Erich Weede, “The Diffusion of Prosperity and Peace by Globalization,” *The Independent Review*, IX(2), Fall 2004, pp. 165-186.

has started, the decline in income and the accumulation of arms, fighting skills, and military capabilities greatly increase the risks of further conflicts.”¹¹

Our preliminary findings regarding the causes of violence appear to support Polachek’s and Collier’s ideas as well. At Citizen Peacebuilding we are developing a measure of how peaceful places are around the world. The best source of such information is the World Health Organization’s (WHO) Mortality Statistics Database. Please see www.ccpb.org (click on Peace Monitor, then Countries) for details. Our most recent data are reported in Table 1 of this paper. These data provide a way to roughly compare violence levels across countries. For instance, the deaths by violence per 100,000 citizens in Northern Ireland is 3.5, Israel 8.3, and the United States 7.9. Those figures compare to Norway, Spain, and Japan all at 2.0 or less. Perhaps, the latter countries provide a “competitive benchmark” (to use a business management term) for a definition of a civil society. The data also beg the questions, what are the antecedents of violence and what are its consequences? Our early looks at antecedents suggest poverty, corruption,¹² social hierarchy,¹³ and lower levels of international trade per capita to be at work.

Several cases make the point as well. Consider the reluctance of France, Germany, and Russia to participate in the 2003 invasion of Iraq – they all had big investments there. Or, let’s go back to China, or more precisely the Taiwan Straits, for a moment. Despite the bully-pulpit background music blaring out of Beijing, Taipei, and Washington before September 11th the interdependence of trade kept the peace quite well. Indeed, there are more than 500,000 managers and engineers living in the Shanghai area and we already mentioned the thousands of Chinese students attending our universities. All this trade makes war in that neighborhood simply impractical. All this interaction among peoples in the area makes war there unthinkable. The European Union was founded on the notion that the best way to keep the French and Germans from fighting was to integrate their economies. Before that the U.S. Constitution recognized the importance of free trade among the colonies in keeping the peace among the states.

It should also be noted that among the reasons for the end of the Cold War must be included not only Reagan’s rhetoric and Gorbachev’s gumption, but also Japanese trade prowess. That is, during the 1980s the Japanese changed the world domination game from one of military might to economic competition, thus forcing both so-called superpowers to stand down militarily. Indeed, public opinion polls at the time showed Americans feared Japanese economic domination more than Soviet missiles. See Table 2 (from www.ccpb.org, click on Peace Monitor, then Armed Conflicts) for the dramatic impact on global peace of the United States and Russia agreeing to trade with, rather than threaten, one another. The number of wars around the globe thankfully peaked in 1992 at 54.

¹¹ Paul Collier, “The Market for Civil War,” *Foreign Policy*, May/June 2003, pp. 38-45.

¹² See Transparency International’s most recent Corruption Perception Index at www.transparency.org.

¹³ See Geert Hofstede’s Power Distance Index in his *Culture’s Consequences* (Thousand Oaks, CA: Sage, 2001).

Finally, the joke reflects the theory: the Japanese would never bomb Pearl Harbor now – why? Because they own so much real estate there!

Trade Does Not Work as a Stick, Only as a Carrot

It was 1807 when Thomas Jefferson came up with trade sanctions as an innovation in diplomacy. The donkeys he endeavored to persuade then were quite big and quite stubborn, England and France. The goal was to get these warring nations to leave American ships alone on the high seas. Lacking a competitive navy our 3rd President dreamed up the trade embargo – rather than using trade as a carrot he planned to withhold trade and use it as a stick. However, instead of changing French or English policies and behaviors, Jefferson's policy actually endangered New England traders. They complained:

*Our ships all in motion, once whiten'd the ocean;
They sail'd and return'd with a Cargo;
Now doom'd to decay, they are fallen a prey,
To Jefferson, worms, and EMBARGO.*

Jefferson's embargo fell apart in just fifteen months. Only the War of 1812 settled the problems with English aggression at sea.

Consider the track record of trade sanctions in the last century. In 1940 the U.S. told the Japanese to get out of China – the ensuing embargo of gasoline and scrap metal lead directly to the aforementioned Pearl Harbor attack. Since 1948 Arab countries have boycotted Israel. Given that countries trade most with their close neighbors, you have to wonder how much this lack of trade has promoted the continuing conflicts in the area. Israel is still there. In 1959 Castro took over Cuba, for forty-five years The U.S. has boycotted sugar and cigars, and Castro is still there. OPEC's 1973 oil flow slowdown was intended to get America to stop supporting Israel. However, the dollars still flow fast to Israel and now Egypt as well.

In 1979 the U.S. told the Soviets to get out of Afghanistan. They refused. America boycotted the 1980 Moscow Olympics and stopped selling them grain and technology. The Soviet response – they continued to kill Afghans (and, by the way, Soviet soldiers) for another ten years. Moreover, in 1984 they and their allies' athletes stayed away from LA. And the high-tech embargo didn't work anyway. A San Diego division of Caterpillar I had worked for in the mid-1970s lost millions of dollars in services contracts for Soviet natural gas pipelines. These revenues were lost permanently, because the Soviets taught themselves how to do the maintenance and overhauls. In 1989 I walked through a Moscow weapons research facility – they had every brand of computer then available in the west, IBMs, Apples, and the best from Taiwan and Japan, as well.

Perhaps the 1980s multi-lateral trade sanctions imposed on South Africa hastened Apartheid's demise? But, look how well the world's ten-year embargo of Iraq changed

policy there. Using trade as a weapon killed kids while Saddam celebrated at \$12 million birthday parties. Indeed, the best prescription for Middle East peace (and American taxpayers' wallets, by the way) is all sides dropping all embargoes.

The end of the last century witnessed great strides in the elimination of ill-conceived trade sanctions. Perhaps most important was the U.S. Senate's and President's approvals of permanently normalized trade relations (PNTR) with China. However, other important steps were the relaxation of some of the trade restrictions on Vietnam, North Korea, Iran, and Cuba. Indeed, as a result of President Clinton's diplomacy North and South Koreans marched together at Sydney Olympics; Americans can now buy pistachio nuts and carpets from Teheran; and U.S. firms can sell medical supplies and services in Havana. Remarkable! Of course, George W. Bush's "axis of evil" rhetoric has recently reversed some of these gains.

These same kinds of carrots need to be thrown in the direction of the other countries on America's black list – Myanmar (Burma), Angola, Yugoslavia, Libya, Sudan, and Syria. And, be certain that the chorus of criticism regarding human rights, freedom of the press, and democracy should continue loud and clear. But, instead of dropping bombs (or threatening to) we should be giving them computers and Internet connections. The cost of one cruise missile is about the same as 2000 Apple computers! And, at the most fundamental level, coercion does not work. Exchange does.

Walls Never Bring Peace

The primordial persuasion was punishment. The first sophistication was exchange.

Moreover, history tells us that walls don't work well either. In the 4th Century BC the Chinese began to build the Great Wall. It was completed by the Han Dynasty around two hundred years later and has been described as the largest construction project in history – some 1,500 miles long and some thirty feet high. It was built to keep out the Huns, those nasty central Asian nomads on horses. However, the wall didn't work. The only way the Han handled the Huns was first by giving them their daughters and then eventually by attacking them in their own territory, on the other side of the wall.

Have you ever walked the ramparts at Yorktown? Cornwallis' walls held for about a month under the American and French bombardment. But, on October 19, 1781 Cornwallis and his 8000 men laid down their arms in the decisive battle of the Revolutionary War.

Perhaps the most disastrous wall ever built was that by Congress in 1930. The Hawley-Smoot Tariff started out as a fairly sane measure to help farmers. But, by the time the lobbyists finished with it about a thousand amendments had been added raising tariffs on non-free goods from 38.5% to nearly 60%. America's foreign trading partners reciprocated with their own tariff walls and the world was pushed deeper into depression. Hitler was availed more misery upon which to solidify his political power.

My personal favorite wall was the Maginot Line built along the French-German border after World War I. The construction of that impregnable line of defense just about broke the French government in the mid-1920s. And, of course, in 1940 Hitler's armies simply swept through the Netherlands, Luxembourg, and Belgium, around the Line of Iron, and on to Paris the easy way.

Next came the Iron Curtin and the Berlin Wall. Those barriers not only kept "dirty" capitalists out, it also kept communism "pure." Of course, other things that the wall kept out were creativity, innovation, and progress. Please take another look at Table 2.

Locally we have the wonderful San Diego/Tijuana wall – actually three generations of it. The original barbed wire/chain-link was replaced with the eyesore World War II vintage airfield steel matting. Then in our 1996 fit of xenophobia millions of dollars were spent on the new high-tech stanchions that now very much resemble the gates of OZ. Gorge Haider, the Austrian political leader much reviled in Europe for his ultra-conservative views, expressed his admiration of the fence after a visit to San Diego in 1998. Of course, the present irony is that the United States again has a shortage of seasonal farm workers, and with NAFTA's success and a liberalizing Mexican government the fence and the Congressional talk of extending it seem sillier every day. But perhaps the greatest irony is the Israeli version of Mr. Haider's favorite tool of international relations now beginning to define the border with Palestine.

The famous wall I've neglected to mention so far is that which protected ancient Troy. According to Homer, that wall was breached by a guileful Greek gift. And that brings us to National Missile Defense (NMD) – also so susceptible to guile. Even the rogue nation "nuts" wouldn't fire a missile at the United States – we've got thousands to send in return. No, those nuts would simply load a nuclear weapon into a shipping container addressed to New York or Los Angeles. Chinese have been smuggling themselves into the United States for years using this approach. When the ship carrying the bomb pulled into the American harbor it could simply be detonated remotely. Or, what about chemical and/or biological attacks?

Speaking of guile, why hasn't it been used with NMD? Why isn't all this a secret like the stealth fighter development? Wouldn't it actually work better if it surprised America's enemies? Or, is all this just a \$100 billion bargaining chip? Students of statesmanship know that intimidation never leads to cooperation. Perhaps those billions for NMD ought to be spent on American teachers instead! A National Missile Defense System will not promote peace, but it will promote a new arms race.

Can Trade Bring Peace to Jerusalem?

Both Karl Popper and Jonathan Schell argue for the importance of *imagining* peace and not being moribund in a self-fulfilling "historicism," to use the former's term. Schell says, "In downtown Grozny, the Congo jungles, Sierra Leone, Kashmir, Jenin, or

Jerusalem, it is difficult to make out, even in the distance, the outlines of a world at peace.” Indeed, how might trade bring peace to the bloody streets of the last?

So the story goes that in ancient Jerusalem the two women claimed the one son. *And the king [Solomon] said, “Bring me a sword.” So a sword was brought before the king. And the king said, “Divide the living child in two, and give half to the one, and half to the other.”*

Jerusalem is the problem. The other issues about modern-day Israel can be solved by mere money. A few billion dollars will suffice to relocate the Israeli settlements to the west. The Palestinians can then move into the Jews’ vacated condos.

Jerusalem is the problem. The holy Old City is a matter of faith to so many. For Christians it is sacred because of its associations with Christ. For Jews it has served as the center for their people – not only in a national way, but more importantly, in a religious sense. For Muslims only Mecca and Medina are more important spiritual places. And the fighting over the real estate that represents the Old City’s spiritual events appears perpetual.

Jerusalem is the problem. The bombing of the day commands the TV cameras, the inevitable immediate retaliation, and the minds of all concerned. Both Arab and Israeli kids are growing up seeing the violence as part of the natural background of everyday life. In these circumstances so many youthful Jews imagine Israel without Palestinians, the latter scattered to neighboring Arab nations in a way reminiscent of the Jewish Diaspora. Arab kids everywhere imagine the blessing of no Jews at all. Hate pervades. The blade has cut the child’s skin and the blood flows fast.

Jerusalem can be the solution. But, we must look beyond the bombing of the day. We must imagine a safe, prosperous, and peaceful place. Imagine an international shrine. Perhaps the Old City would be administered by Buddhists or Norwegians or the UN. Israel would have its grand capital to the west, in the New City, and the Palestinians to the east a bit.

Religious tourism would feed the economies in both countries. Imagine the possibilities! In 2000, before the current insanity of violence, tourism brought in \$3.2 billion in revenues for Israel. Compare that to Disneyland here in Orange County CA. That park’s yearly 10 million visitors spend about \$100 each on tickets, food, and souvenirs. Add in the transportation, hotel, and restaurant revenues appreciated in the neighborhood, and that’s more than a couple of billion dollars a year coming to the Anaheim environs.

The Church of the Holy Sepulcher (built over the tomb of Jesus) would draw Christians. The Wailing Wall is a special place for Jews. Muslims would flock to the Dome of the Rock (Mohammed was carried by the angel Gabriel for a visit to Heaven after praying at the Rock). The most enlightened tourists would visit all three. Disney might consult on the queuing problems. And, outside of the Old City are Bethlehem, Nazareth, Jericho, the Sea of Galilee, the Dead Sea and Red Sea, to name only the more obvious attractions.

We're talking \$10-20 billion in annual revenues if things are done right – that's about 10-15% of the current GDP of the country. That's about \$1500 per person per year!

To the east the new Hijaz Railway Corp. is already working on a line connecting Iran and Jordan via Syria, and is talking about lines connecting Iraq, Turkey, and Europe as well – all for the sake of religious tourism. Indeed, the line's original purpose was taking pilgrims to Medina from Damascus; that before Lawrence of Arabia severed it for carrying arms and troops during World War I. The current company executives reckon the two-day trip from Tehran to Amman will cost only about \$30, and the Shiite Muslims of Iran will flock to their holy sights in the area. Why not run the line all the way to east Jerusalem?

How about Jerusalem as the site for the 2020 Olympic games? That's another \$5 billion in revenues. And ignoring the dollars for a moment, please consider the sentiments associated with “the 2020 Jerusalem Games” juxtaposed with the disaster of Munich in 1972. And ignoring the dollars for another moment, imagine the spiritual splendor for so many millions visiting the sources of their faith, trodding some of the original paths of David, Jesus, and Mohammed.

My little fantasy presumes a peaceful political division of Israel and Palestine along the lines reaffirmed in the Oslo Accords. It presumes a dropping of all commercial boycotts in the region. It presumes that Palestinians won't have to risk being shot while “hopping the fence” to work in Israel. It presumes that Israelis can visit their favorite shopping mall without fear of terrorist bombs. It presumes that companies like Nestle will be able to integrate the operations of their complementary plants in the area. It presumes that the United States and other countries will send to the region legions of tourist rather than boatloads of weapons. And, it presumes an open, international, and, most importantly, a whole Old City of Jerusalem.

Finally, back to our opening story – the real mother was ultimately willing to give up her son to the other woman to save him from Solomon's sword. Her love thus expressed for the boy evinced her maternity, and the wise king reunited the rightful mother with her whole son. This lesson learned about true love in Jerusalem some three millennia ago might well save the city itself from the sword that cuts it so deeply today.

Worshiping the Dollar

My business school bias may suggest that my own religion involves deference to the dollar. And, I must say my Presbyterian pastor is pretty good at raising money. So, please forgive me leading you down a path of banality in this short section. I will claim allegiance to an ethical view that permits the path – the Buddhist term *upaya* (i.e., practicality) so nicely explained to me over lunch by my colleagues, Nancy Martin and Joseph Runzo.

The moral of the story of Solomon's sword is that peace isn't enough. Peace cannot be the goal. If you tell folks that are used to fighting that they should stop, where's the incentive? Fighting for them has become a friendly habit. No, the goal must be prosperity, and peace is a step in that direction. Let's look at the numbers. Most recently the Israelis and the Palestinians have been trading rockets for vest bombs. Revenge does feel good, but it doesn't lead to prosperity. Indeed, the promise of the \$1500-per-person-per-year improvement in the Israeli economy described above cannot begin until at least a year after the fighting stops.

This calculus suggests that every time an Israeli helicopter pilot launches a rocket into a Palestinian neighborhood the act costs her personally about \$1500 during the ensuing year. If she¹⁴ has a family the forgone income is \$6000. One squeeze of the trigger costs the pilot and her family \$6000; and this ignores the costs of the missile itself and the military operation. When a Palestinian suicide bomber cranks off her load, she's not only destroying her own earning capacity forever; it also costs her family that same \$6000 over the coming year. Conversely, not squeezing that trigger or cranking off that bomb earns each family \$6000.

The desire for peace is not enough to stop the carnage in other such places around the world like Israel/Palestine. The aspiration must be the prosperity brought by the creative commerce that peace allows. While war is clearly destructive, peace is only a necessary condition for creation. Thus we have the cliché, "peace and prosperity." Peace is simply not enough.

Conclusion

English author Rudyard Kipling said some one hundred years ago: "Oh, East is East, and West is West, and never the twain shall meet." Since then most have imbued his words with an undeserved pessimism. Some even wrongly say he was wrong.¹⁵ The problem is that not many have bothered to read his entire poem, "The Ballad of East and West":

Oh, East is East, and West is West, and never the twain shall meet,
Till Earth and Sky stand presently at God's great Judgment Seat;
But there is neither East nor West, border, nor breed, nor birth,
When two strong men stand face to face, though they come from the ends of the earth!

The poem can stand some editing for these more modern times. Now should be included the other directions, North is North and South is South. And the last line properly should read, "When two strong *people* stand face to face." But Kipling's positive sentiment remains. Differences between countries and cultures, no matter how difficult, can be worked out when people talk to each other in face-to-face settings. Kipling rightly places the responsibility for international cooperation not on companies or governments, but instead directly on the shoulders of individual people.

¹⁴ I appreciate that both men and women fight on both sides of the Israeli/Palestinian conflict. It's a bit more efficient to write it this way, so please forgive me.

¹⁵ Michael Elliot, "Killing off Kipling," *Newsweek*, December 29, 1977, pp. 52-55.

Table 1
Peace Monitor 2008 – Selected Countries
(death rate by violence and war per 100,000 persons)

RANK	COUNTRY	RATE	RANK	COUNTRY	RATE	RANK	COUNTRY	RATE
1	Iceland	0.5	25	Czech Republic	1.6	53	Ukraine	8.1
1	Japan	0.5	28	Portugal	1.7	54	Lithuania	8.2
3	Austria	0.6	29	Azerbaijan	1.8	55	Indonesia	8.3
3	Norway	0.6	29	Belgium	1.8	55	Latvia	8.3
5	Denmark	0.7	29	Croatia	1.8	57	Estonia	8.4
5	Malta	0.7	32	Hungary	2.1	58	Costa Rica	8.5
5	Switzerland	0.7	33	South Korea	2.2	59	Nicaragua	11.1
8	Germany	0.8	34	Finland	2.3	59	Thailand	11.1
8	Singapore	0.8	35	Romania	2.5	61	Turkmenistan	11.5
10	Netherlands	0.9	36	Bulgaria	2.6	62	Paraguay	11.9
10	Slovenia	0.9	37	Macedonia	2.8	63	Dominican	12.3
10	Sweden	0.9	37	Peru	2.8		Republic	
13	Spain	1.0	37	Saudi Arabia	2.8	64	Georgia	15.8
14	Italy	1.1	40	Uzbekistan	3.5	65	Kazakhstan	17.4
14	Kuwait	1.1	41	Turkey	3.8	66	Mexico	17.9
14	UK	1.1	42	Armenia	4.4	67	Belize	18.0
17	Australia	1.2	43	Albania	4.8	68	Philippines	19.0
17	Greece	1.2	43	Cuba	4.8	69	Ecuador	20.9
17	Ireland	1.2	45	India	4.9	70	Russia	21.3
20	New Zealand	1.3	46	Uruguay	5.5	71	Panama	21.6
21	France	1.4	47	Israel	5.8	72	South Africa	27.3
21	Luxembourg	1.4	48	USA	6.6	73	Brazil	29.6
23	Poland	1.5	49	Kyrgyzstan	6.7	74	Venezuela	46.2
23	Slovakia	1.5	50	Chile	7.0	75	El Salvador	54.9
25	Canada	1.6	51	Belarus	8.0	76	Colombia	59.0
25	China	1.6	52	Moldova	8.0	77	Iraq	160.5

Source: World Health Organization,
http://www.who.int/gho/mortality_burden_disease/global_burden_disease_death_estimates_sex_2008.xls, accessed 2012.

Peace Monitor (Countries) Background Information

The best source of information we can find on comparative violence levels across countries is the World Health Organization (WHO) Mortality Statistics. The agency collects data from over 80 countries on causes of death. Among the more than 100 causes listed two are pertinent: "violence" and "war." We add these two numbers together to produce the "Deaths by Violence" statistics reported above.

Below are more details about measuring violence levels including the limitations of our approach, the validity of our measure, its correlates, and suggestions for future improvements. Please contact John Graham (jgraham@uci.edu or 949-824-8468) if you have questions.

Limitations. The WHO Mortality Statistics include data from less than half of countries of the some 200 around the world. The data are collected from hospitals and compiled by government entities. So, the majority of countries.

We appreciate that arguments can be made to include other categories of violence including rape, suicide, torture, permanent injury, or even automobile accidents. However, we feel our approach appropriately focuses on "violence" as it can best be measured.

We are very interested in any and all suggestions for improvements - please contact John Graham at jgraham@uci.edu. All your comments and criticisms are most welcome. Our goal is to improve our methods for the 2005 Peace Monitor that will be published in March of that year.

Validity. We checked the 2002 WHO data against two other sources of data for the United States - the Center for Disease Control (CDC at webapp.cdc.gov) and the Federal Bureau of Investigation (FBI at www.fbi.gov). For the year 1997 the numbers of homicides reported (one aspect of our "Deaths by Violence" scores) for the three agencies are roughly comparable: WHO - 19,491; CDC - 19,846; and FBI - 18,210. Or, on a per 100,000 basis the numbers are: WHO - 7.3; CDC - 7.4; and FBI - 6.8. The FBI count is lower because they are taken from crime reports data while both the CDC and the WHO gather data from medical records. The FBI Uniform Crime Reporting measure of homicide is narrower than the CDC and WHO. For example, felons killed by police officers in the line of duty are not included in the FBI numbers.

In any case, the FBI statistic is within 10% of the highest CDC statistic, and the WHO number falls nicely between the other two. When we make these same comparisons for 1995 and 1996 we see the same relationships.

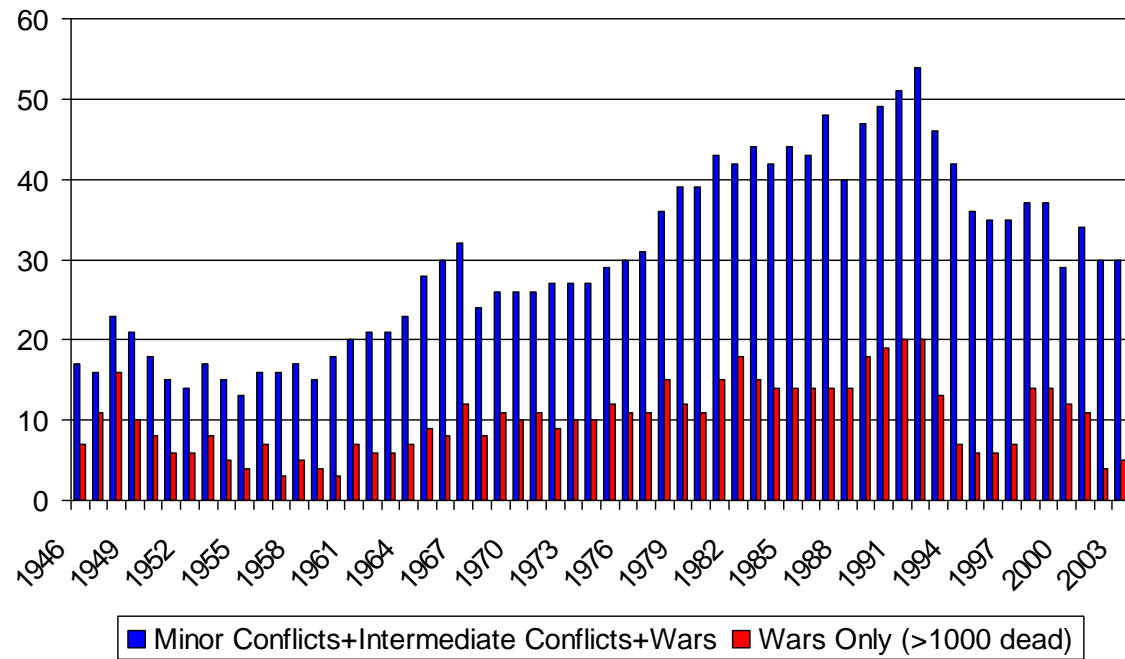
Correlates. Perusal of the Peace Monitor scores begs the question of why the variation across countries. Indeed, our hope is that these rankings will prove useful in the study of the causes and consequences of violence and peace.

We have taken a quick look at a variety of other country-level variables and their correlations with the Peace Monitor 2002 scores. We found higher violence levels to be associated with higher poverty levels ($r = .571$), higher levels of corruption ($r = .548$), lower levels of income per capita ($r = -.505$), higher values for social hierarchy ($r = .423$), and lower levels of trade with other countries ($r = -.353$), all statistically significant ($p < 0.01$). Of course, many of these comparison variables are themselves highly correlated, and we certainly make no claims about causality. Moreover, we have not carefully considered theory, previous work, and explanations. Indeed, we hope our brief report here will stimulate more careful research in the area.

The measures for poverty levels ("population below the poverty line"), income ("GDP - per capita"), and trade ("Imports" plus "Exports" divided by population) were taken from the CIA World Factbook 2001 at www.cia.gov/publications/factbook/. The measure of values for social hierarchy was taken from Geert Hofstede's Power Distance Index (PDI), see *Cultures Consequences*, Thousand Oaks, CA: Sage, 2002. The measure of levels of corruption was taken from the Transparency International Corruption Perception Index (CPI), see www.transparency.org for details.

Future Research. We intend to further verify the validity of our measure of violence by comparisons across other data sources in other countries. The relationship of our measure to other kinds of violence - e.g., rape and suicide - should also be determined. The causal relationships among exogenous and other endogenous constructs should be considered. Finally, as we will be reporting these statistics annually, longitudinal approaches to study a variety of research questions will be facilitated.

Table 2
PEACE MONITOR 2004
Armed Conflicts Around the World*



Source: PRIO – International Peace Research Institute, Oslo 2002
 (www.prio.no/cwp/ArmedConflict/)