

The Urgent Need for More Applicability in Peace Economics

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In writing this brief paper, I shall resort to criticism (perhaps unduly harsh) of leading economists who may profess to be peace economists. While appreciating the major contributions these scholars have made to economic analysis, I remain critical in order to make clear the urgent need for new directions in making peace economics more applicable.

To start, I shall criticize my own work. Take the paper on page 9 following this article. It purports to be a succinct statement of the topics and concerns of peace economics. It states "Central to the field are analyses of conflicts among nations, regions and other communities of the world; measures to control (de-escalate) arms races and achieve reduction in military expenditures and weaponry. . ." The paper does cover a wide range of topics where contributions can and are being made in economics. But when I consider the current Northern Ireland conflict, the escalating Palestinian/Israeli violence, the bitter stalemate in Kashmir between India and Pakistan, two nations with nuclear bomb capability, I cannot help but ask: where is peace economics making a contribution?

I look at the books I have written and the excellent papers by the Nobelists and other distinguished economists on the board of directors at Economists Allied for Arms Reduction (ECAAR) where they do probe deeply into some of the topics covered in the attached page 9 paper. Still, I ask the same question: Where is our peace economics addressing the Northern Ireland, Palestinian/Israeli and India/ Pakistan/Kashmir conflicts? With reference to the India/Pakistan stalemate, I read the brilliant analysis of Amartya Sen on "India and the Bomb," the very best and deepest analysis I have seen anywhere on the folly of deterrence. But where does this deep probe and others pointing out the very wasteful military expenditures taking place contribute to reducing (alleviating or tempering) this conflict or other arms escalating situations.

Of course one can reply, there needs to be more effective communication among real political leaders. These leaders, we well know, are not the rational players of game theory. There needs to be among these political figures more nuancing discussion, a term used by my esteemed colleague, Ravi Kanbur, who has authored a very incisive paper on the developing/developed nations conflict. Economists may reply that the problem of how to achieve effective communication between political leaders with vastly different goals, perspectives, cultural backgrounds backgrounds and sensitivities to the demands of their constituencies, falls outside the field of economics. But if we are to conduct peace economics, the use of the word peace means that communication between real political leaders cannot be ignored. Moreover, of the social science fields, economics has the most advanced set of tools, and therefore is obligated to probe this topic.

At this point, the reader may respond that this is just the author doing some more talking. Can he say anything about achieving some effective communication among political leaders? Yes, I think I can. I can indicate one of hopefully several directions that may be required. It is based on some of the creative and applicable concepts and analysis developed by the mathematician Thomas A. Saaty. Saaty has designated his approach an Analytic Hierarchic Process (AHP). The Saaty process, which I find convenient to redesignate a procedure, can be developed to provide very useful information, even if only rough. It involves obtaining, in a friendly, non-suggestive manner, information on the relative importance of each political leader's objectives, aims and goals (even prejudices) with respect to a given conflict situation as he/she perceives these objectives.

This is done by allowing each involved leader, or their knowledgeable representative(s), to make pairwise comparisons of his/her objectives. The comparisons are to be made in isolation from other leaders. One can then

estimate the relative utility of each possible proposal for cooperative action. No interpersonal comparisons of the leaders' relative utilities are involved. Thus an analyst may be able to determine, at least roughly, whether a particular joint action of the leaders can yield for each an improvement over the current situation, however small. The stability of a joint action improvement can be examined. Of course, the inferred indifference curves (discrete or continuous) and other refinements that economists love to play around with can be constructed. But what is important is whether or not a stable joint action improvement is achievable.

The step-by-step process involved in this procedure cannot be presented in this short paper, though the short bibliography gives examples of its use. I cannot claim that this procedure can be of general use. Moreover, it cannot be expected fully to resolve a conflict. However, it can provide rough empirical materials that can help identify one or more joint actions, each of which can yield at least a small improvement for each leader as he perceives the situation and the implications of a joint action proposal. This also can be useful in building up trust, a factor considered essential by so many scholars and mediators.

In the case of the conflict on the Korean peninsula, a proposal developed in this way has yielded, however indirectly, a small joint action that "broke the ice." This first joint venture between the Koreans, a recreational facility near the demilitarized zone, has led in recent years to larger reductions in the conflict.

In closing, I wish to state that the above is only one of several directions that peace economists must pursue if they are to live up to the implications of the term peace economics. I hope there do exist other directions of analysis of real world political behavior of which I am not aware. The use of "pure economics" (as covered on page 9) without including such analysis is clearly not enough.

While the article on page 9 mentions political variables and refers to decision making and behavior of political figures, it does so only in the sense that coverage of such decision making and behavior is desirable. However, it is not able to refer to analysis of the real type of decision making and behavior discussed below, which is urgently needed.

In conclusion, peace economics is a newly emerging field of study. It is generally concerned with (1) resolution management, or reduction of conflict in the economic sphere, or among behaving units in their economic activity; (2) the use of economic measures and policy to cope with and control conflicts whether economic or not; and (3) the impact of conflict on the economic behavior and welfare of firms, consumers, organizations, government and society. Central to the field are analyses of conflicts among nations, regions, and other communities of the world; measures to control (de-escalate) arms races and achieve reduction in military expenditures and weaponry; and programs and policies to utilize resources thus released for more constructive purposes. See the article on page 9 for more suggestions of how economic theories and econometric applications can serve the cause of peace.

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