

BALÁZS TAKSÁS¹**Business Doesn't Run without Peace and Peace Doesn't Come without Business**

(Economic Background of Peacebuilding Failures)

Béke nélkül nincsen üzlet, üzlet nélkül nincsen béke

(A békeépítési kudarcok gazdasági háttere)

Abstract

The article deals with the economic actions of peacebuilding, focusing more specifically on the short-term tasks. This includes organizing basic supplying of the public, followed by the setting up and getting the economic actions on the track of expansion. The lack of this latter step is usually the main cause of peacebuilding failures, since national community is willing to make sacrifices towards public supplies, however they do not finance the resuscitation of the corporate sector. However, permanent peace cannot be reached without permanent increase in economic performance and standard of living. In order to start economic expansion, however, international capital injection would be needed which will not occur without permanent peace. This „catch-22” situation and the problems behind it is what I am summarizing here.

Keywords: peacebuilding, economic security, development economics, economic recovery

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„A mű a KÖFOP-2.1.2-VEKOP-15-2016-00001 azonosítószámú, „A jó kormányzást megalapozó közszolgáltatás-fejlesztés” elnevezésű kiemelt projekt keretében, a Nemzeti Közszerológati Egyetem felkérésére készült.” „The work was created in commission of the National University of Public Service under the priority project KÖFOP-2.1.2-VEKOP-15-2016-00001 titled „Public Service Development Establishing Good Governance”.

Absztrakt

A cikk a békeépítés gazdasági tevékenységeivel, azon belül is a rövidtávú feladatokkal foglalkozik. Ide a lakosság alapvető ellátásának megszervezése, majd utána a gazdasági tevékenység beindítása és növekedési pályára állítása tartozik. Általában ez utóbbi lépés hiánya a békeépítési kudarcok fő oka. A nemzetközi közösség ugyanis legtöbbször hajlandó áldozni a lakossági ellátására, azonban a vállalati szektor feltámasztását már nem finanszírozza. Márpedig a gazdasági teljesítmény s az életszínvonal tartós növekedése nélkül nem érhető el a tartós béke. A gazdasági növekedés beindulásához viszont nemzetközi tőkebefektetések lennének szükségesek, azonban ezek a befektetések nem jelennek meg addig az országban, amíg nincs tartós béke. Ezt a 22-es csapdája helyzetet és a mögötte álló problémákat foglalom össze.

Kulcsszavak: békeépítés, gazdasági biztonság, fejlesztésgazdaságtan, gazdasági helyreállítás

1. INTRODUCTION

„Business needs peace to thrive but, at the same time, peace needs business to progress and consolidate” – I read this quite appropriate and comprehensive sentence in a material about the revision of the peacebuilding mechanism of UN (Rettberg, 2010). I find it quite appropriate and quite comprehensive because it clearly describes the catch 22 situation, which is the main cause of the failure of peacebuilding. In other words, it describes that without the recovery of economic performance and life standards conflicts can scarcely be successfully ended and permanent peace can also scarcely be established. However, without ending conflicts and establishing permanent peace business life will scarcely recover, nor will economic performance and life standards improve. Such logical connection is not only impossible to solve mathematically, but unfortunately it is clearly seen that success is not common in the practice of peacebuilding. If we turn on the television, we can see the sad news and chaos in Iraq 15 years after the collapse of the Saddam-regime, in Libia 7 years after the failure of Gadhafi, and we can hear reports of recurring civil wars in Somalia, East-Congo, Mali, Central African Republic, Ivory Coast, Afghanistan, Yemen, South-Sudan, and Mianmar, as well as some more sinister signs over Burundi, Kosovo, Bosnia-Herzegovina, or even Madagascar. I could have included several more countries to the list above where conflicts with lesser intensity have continuously been writing their several decades of history. On the other hand, we can find so few countries on this planet, where permanent peace and recovery of several decades was or have been successfully established after a severe conflict. The latest great results might be in connection with the

ending of World War II, besides successes like Ruanda, or partly Sierra Leone², or San Salvador³.

The question is raised by many, asking why peacebuilding is such a hard task. The answer lies in the complexity of the action and such – almost unsolvable – problems as covered in the first sentence of this intro. In this article, I wish to point out one of the reasons for common failure, the difficulties of reinvirogating economy and life standards (through economy). In the analysis I will be focusing only on the conflicts causing the most serious damage, when an economy including all its background (such as infrastructure) must be recovered from scratch.

2. THE ROLE AND CONTENT OF PEACEBUILDING

The roots of conflicts can be ended with the help of peacebuilding, this is why it is so important. Making peace, peace enforcement or peacekeeping can only break the instantaneous drive of a conflict but it cannot make an end to its causes. As long as there is an enforcement of keeping peace, the conflict is at halt, but as soon as this power or force discontinues, it will flare up again and escalate. It is because the conflict itself or the root cause has never ceased, it just abated at the appearance of a bigger force. Since, as it has already been mentioned: „Conflict may be explained by snakes in the Garden of Eden, but it is more likely to arise, not because of conflict-prone human nature, but because humans, being free-willed individuals, have desires and tastes that quite naturally collide with the desires and tastes of others.”⁴ This is why the amount of resources used for peacekeeping makes no difference, the only thing that matters after a conflict is peacebuilding, since it is the only factor being able to end the root cause or at least handle it to a level that makes it significantly less likely for a conflict to reaccour.⁵ Only peacebuilding is able to assist the country and its economy back onto a path of development.

It comes from the previous lines that peacebuilding is the hardest and most complex part of peace operations. But what does the phrase „peacebuilding” mean exactly? In circumstances where the process of peacebuilding is put built into the system of peace operations, the following figure can be used:

² Klosterboer, B., Hartmann-Mahmud, L.: “Difficult to Repair”: Applying African Models for Transitional Justice to Peace and Restoration Prospects in the Democratic Republic of the Congo *African Conflict and Peacebuilding Review*, Vol. 3, No. 1 (Spring 2013), 56-80.

³ Wase, C. J.: *Captured Peace: Elites and Peacebuilding in El Salvador*, Ohio University Press, Ohio, 2016.

⁴ Zartman, W. I. (2011): *Peacemaking in West Africa: Historical Methods and Modern Applications African Conflict and Peacebuilding Review*, Vol. 1, No. 2, Special Issue on West African Research Association Peace Initiative Conference in Dakar (2009) (Fall 2011), 1-5.

⁵ Bolaji, K. A.: *Adapting Traditional Peacemaking Principles to Contemporary Conflicts: The ECOWAS Conflict Prevention Framework African Conflict and Peacebuilding Review*, Vol. 1, No. 2, Special Issue on West African Research Association Peace Initiative Conference in Dakar (2009) (Fall 2011), 183-204.

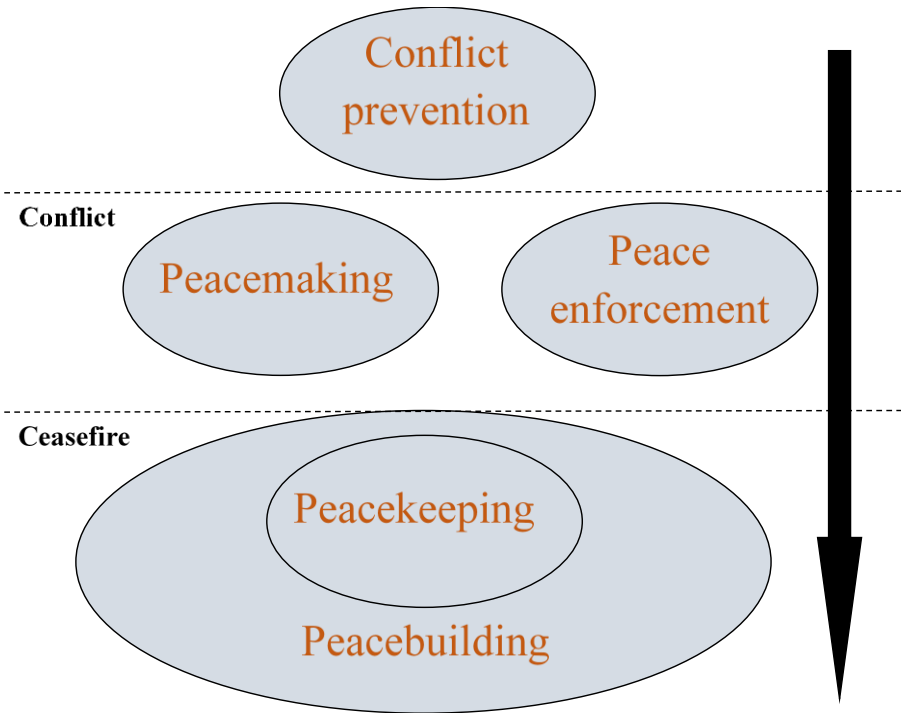


Figure 1: The role of peacebuilding in peace operations⁶

The term peacebuilding first emerged through the work of Johan Galtung over 40 years ago in the following way: „the creation of peacebuilding structures to promote sustainable peace by addressing the root causes of violent conflict and supporting indigenous capacities for peace management and conflict resolution.”⁷

Thereafter, the definition of peacebuilding appears in every UN document dealing with the method of peace operations. For example in 2001 the following was written in the UN Security Council Presidential Statement: „The Security Council recognizes that peacebuilding is aimed at preventing the outbreak, the recurrence or the continuation of armed conflict and therefore encompasses a wide range of political, development, humanitarian and human rights programmes and mechanisms.”⁸ While in 2006 the next definition appeared: „All activities necessary to assist a conflict-torn society to reach a point where

⁶ Taksás B.: Role of peacebuilding in context of economic security *Economic and Management* 2015/2 79-85.

⁷ United Nations: UN Peacebuilding: an Orientation, Peacebuilding Support Office, New York, 2010.

⁸ United Nations: UN Peacebuilding: an Orientation, Peacebuilding Support Office, New York, 2010.

violence is no longer a ready recourse, the risks of relapse into conflict are reduced, and the country can move onto a more development-oriented footing. Important parts of such an overall peacebuilding strategy include the provision of transitional security through peacekeeping and other efforts to maintain public order, support to a political process, life-saving humanitarian assistance, efforts to create a framework for economic recovery, and institutional development.⁹

In conclusion it can be said, that the goal of peacebuilding, with all its complex activities, is to show such a positive future to society and to the parties (countries) taking part in the conflict which will definitely end the causes of conflicts by leading the way to permanent development.

3. ECONOMIC TASKS OF PEACEBUILDING

Peacebuilding is a system of closely related actions with several domestic and international participants involved. This article deals with economic problems occurring at the early stages of peacebuilding.

Obviously, economic recovery cannot be completely separated from the other tasks, either, since economy cannot be built without granting peace, maintaining the order of law, solving refugee matters, and improving the human rights situation. Besides, it is important to mention that economic tasks of peacebuilding cannot be standardised since they are substantially dependant on the nature of conflict, the economic structure of the country, and its role in world economy and region. However it is of vital importance to note that looking through the expanding bibliographical background of peacebuilding I have found relatively few references dealing more carefully with economic matters. And it would be a huge mistake to assume that with having all other dimensions of peacebuilding going well would automatically mean economic development. It is clearly demonstrated in the case of Sierra Leone, where although the progress of procedures could be considered successful in most dimensions,¹⁰ the level of economy and social development is still so low that the country suffered one of the most serious Ebola epidemics in history between 2013 and 2015.

The economic dimension of peacebuilding must also be emphasized because since the end of the Cold War, economic greed and profit-seeking have become a significant motivation for the perpetuation and deepening of conflict in many parts of the developing world. The most usual economic motivation in armed conflict has been the illicit exploitation of lucrative natural resources such as diamonds, timber, gold, oil, precious gems, and mi-

⁹ United Nations: UN Peacebuilding: an Orientation, Peacebuilding Support Office, New York, 2010.

¹⁰ Zartman, W. I. (2011): Peacemaking in West Africa: Historical Methods and Modern Applications *African Conflict and Peacebuilding Review*, Vol. 1, No. 2, Special Issue on West African Research Association Peace Initiative Conference in Dakar (2009) (Fall 2011), 1-5

HADTUDOMÁNYI SZEMLE

2018. XI. évfolyam 4. szám

nerals like coltan.¹¹ And many times it is exactly economic greed (and maybe the fear of the possibility of losing it) is what makes the participants of the conflict have adverse interest in supporting other dimensions of peacebuilding, too.¹²

3.1 ORDERING ECONOMIC TASKS

By economic tasks of peacebuilding we mean the providence of the economic system as well as its maintenance and development. Permanent rise of the population's life standards can only be launched with the aid of these tasks. If we really want to simplify the matter, the necessary tasks can be broken up to long-, medium- and short term ones.¹³ It is described on Figure 2. Setting up the operation of economy needs to be resolved in the short term, which includes organising production/service procedures and providing the population with supplies, as well as granting the inputs necessary for the task. The tasks in the medium terms include maintaining economic operation and granting its operability, therefore, reaching the sufficient margin in economic policy, consolidating the existence of capital sources and forming capability of reacting to crisis is of vital importance. Finally, in the long run, the task is to achieve a maintainable economic development, which means improving competitiveness.

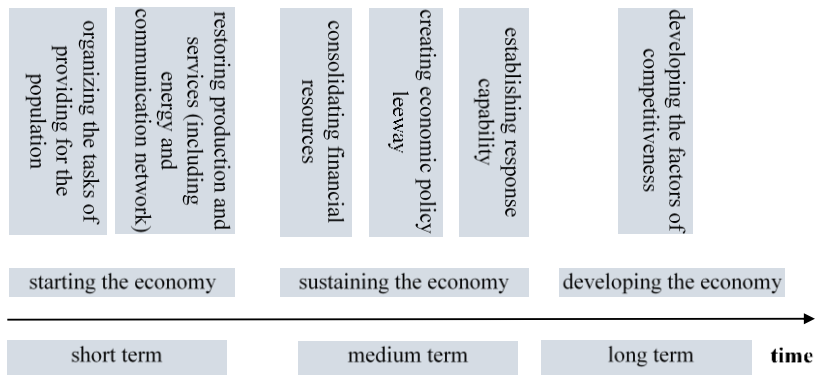


Figure 2: The economic tasks of peacebuilding¹⁴

¹¹ Petterson, J. H.: Building a peace economy? - Liberal peacebuilding and the development-security industry, Manchester University Press, 2014.

¹² Bolaji, K. A.: Adapting Traditional Peacemaking Principles to Contemporary Conflicts: The ECOWAS Conflict Prevention Framework *African Conflict and Peacebuilding Review*, Vol. 1, No. 2, Special Issue on West African Research Association Peace Initiative Conference in Dakar (2009) (Fall 2011), 183-204.

¹³ Taksás B.: Role of peacebuilding in context of economic security *Economic and Management* 2015/2 79-85.

¹⁴ Taksás B.: Role of peacebuilding in context of economic security *Economic and Management* 2015/2 79-85.

3.2 THE SHORT TERM ECONOMIC TASKS OF PEACEBUILDING

Most peacebuilding failures already occur in the short term. The normal operation of economy just simply cannot be restored. This is why I am concentrating on the short term tasks in this article, including their pitfalls and difficulties (although making success in the medium or long term might be even harder).

In order to understand all this, it is necessary to know the operational system of economy which is described by Figure 3. With the figure we can easily interpret the short term economic tasks of peacebuilding (among many other). It can be seen that for operating production and service procedures we need technology, capital, workforce, financial and service inputs and markets where we are able to sell our products and services. Tools (reserves, capacities, legal provisions), which makes it possible to maintain production and services even in case of a crisis period (such as natural or industrial disasters, economic embargos, civil wars, wars, etc) are also required.

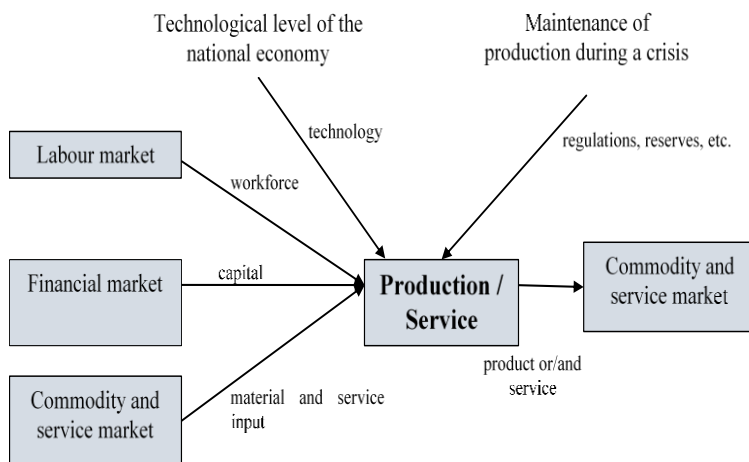


Figure 3: Production and service processes in the national economy¹⁵

It is clear from the above that throughout the short-term tasks of peacebuilding, setting up security of supply is a prime factor (Figure 4). Security of supply includes all elements of the production/service and distribution chain including every factor in connection. This is why its a wide range of tasks, therefore the tasks of supply security significantly depend on the general development of social, economic and technological environment, as well as on the level of the damage caused by the conflict.

¹⁵ Taksás B.: Gazdasági biztonsági kihívások napjaink globalizált világában, PhD értekezés Nemzeti Közszolgálati Egyetem, Budapest, 2013.

HADTUDOMÁNYI SZEMLE

2018. XI. évfolyam 4. szám

In an undeveloped country, having suffered a significantly huge damage, the first step would usually mean the organization of supplying the population with basic goods. This is what external organisations are needed for, who will provide such goods (e.g. food, medical supplies) partly, or alltogether, since in such case, a country cannot provide itself with such goods and usually it does not produce such exportable values which might be an exchange for them to other countries. Therefore, in most cases, external aid is essential for setting up supply.

Recovering critical infrastructure for the fundamental supplying the people is also among the first steps (logistic infrastructure, water supply, communication, etc.). The recovery and operation of these essential elements of the system is of vital importance for the society.¹⁶ Over material inputs, having workforce, capital and technology is necessary, as well. In most cases, workforce is available, however, the lack of qualified workers or highly trained specialists (engineers, healthcare workers, IT specialists) can easily occur. To fill these gaps, external aid might also be necessary, in which case different NGO-s can be contacted. Recovering infrastructure also requires technological knowledge, which often come out as a barrier in an undeveloped country. It is also uncertain that the domestic economic actors possess the technologies with which supply can quickly and effectively be recovered. In these cases, external aid might also be needed which can come from NGOs, however, since they can hardly be considered as economic actors, they are less likely to have a technological background.

Technology typically comes from a more developed economy. It can happen that a more developed economy – usually its government – hands over the technology as a part of a technological transfer, but a multinational company is more likely to carry out the recovery, based on market logic – certainly, in exchange of financial compensation or profit. From this aspect, it is very important that if the post-conflict country possesses any sources of raw materials, the permit of exploiting them should be given as part of offset programs including technological transfer.¹⁷

It is clear from the above how difficult the operation of such peacebuilding chain is, since the supplying elements of „civil” organisations with profit-making intentions and „military” ones (UN, NGOs, peace operation forces) operated with non-profit intentions are very close together.¹⁸ The fees of firms taking part in recovery and supply, as well as the salary of workers from both inlands and abroad hired by non-profit organisations also require financial sources. In a country after a conflict these sources are either limitedly available or

¹⁶ Szászi G.: Nagyfolyami vasúti hidak, mint közlekedési létfontosságú rendszerlemek In: Horváth A., Bányász P., Orbók Á. (szerk): Fejezetek a létfontosságú közlekedési rendszerlemek védelmének aktuális kérdéseiről, Nemzeti Közsolgálati Egyetem, Budapest, 2014, 27-46.

¹⁷ Morrell, W.: Southern Sudan - Economic Security and Independence - A contradiction of Terms? *Journal of Security Sector Management* Crainfield University Shrivensham, UK Volume 8 Number 1 2011.

¹⁸ Venekei J.: NATO logisztika és a NATO Műveleti Támogatási Lánc Menedzsment *Hadmérnök* 2012/4 62-74.

HADTUDOMÁNYI SZEMLE

2018. XI. évfolyam 4. szám

not available at all, which needs external aid involved, as well. It can come from the international community directly, or indirectly, through different international organisations, such as UN, World Bank, etc. The supervision of given sources must be resolved, to make sure the money is spent on supplying the population not on other activities (armaments, organised crime, corruption, etc.).

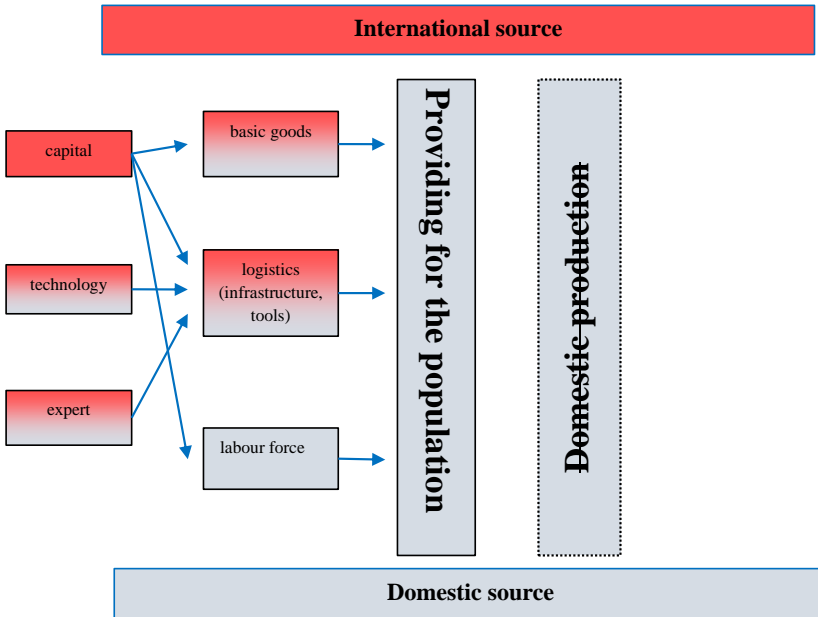


Figure 4: Peacebuilding in short term, organizing the tasks of providing for the population¹⁹

The next step is to make domestic economy able to satisfy the needs of the population. (Figure 5). This covers tasks similar to the above, although the elements of technology and capital are more emphasized here. The difference is that here, we are talking about financial assets given to the corporate sector. The organizing tasks of supplying the population shown in the previous paragraph means only the infusion for the country. Real recovery can only be started, when the economy of a country is capable of producing and providing basic goods which, however, requires the artificial rebuilding of the economic capacities such as agricultural and industrial capital goods. As there are huge barriers in the financing capability of the post-conflict country, an external source is definitely required, since – as

¹⁹ Made by the author

shown on the Figure – in order to get all inputs necessary for domestic production, serious amounts of capital is needed.

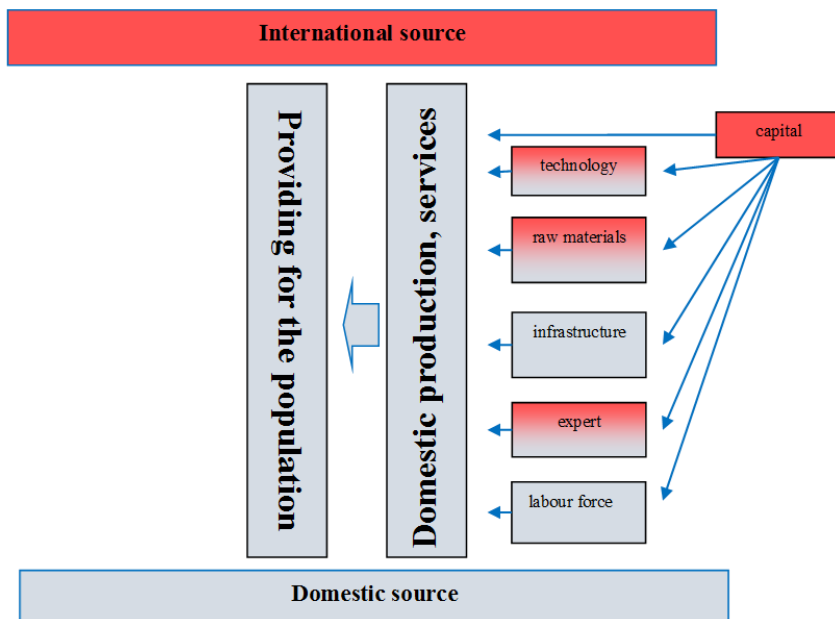


Figure 5: Peacebuilding in short term, starting domestic production and services²⁰

3.3 PEACEBUILDING ARCHITECTURE

The settings of Peacebuilding Architecture (PBA) was created by the UN in 2015, with the definite aim of improving the efficiency of peacebuilding. At its creation, the following principals were laid.²¹

- Early start: peacebuilding is to be started immediately at or before the cease of violence. The first two years is crucial for long-term success. (Preventing violence from recurring.)
- National responsibility: peacebuilding is first of all the responsibility and duty of the nation itself. Developing national capacities is the prioritised duty from the first day.

²⁰ Made by the author

²¹ United Nations: The United Nations Peacebuilding Architecture, United Nations, New York, 2010.

- Common strategy: actions created by the nations, done with common strategy based on the needs of the country.

The operation of PBA is the responsibility of Peacebuilding Commission, in which there are delegated members of Security Council, General Assembly, Economic and Social Council of the UN as well as members of the main financial contributors, such as the European Union, International Monetary Fund (IMF), World Bank (WB) and the Organisation of Islamic Conference.²²

PBA was set and started in the following countries: Bissau-Guinea, Burundi, Central-African Republic, Sierra Leone. With the help of international experts, the UN gathered the experience gained after operating for 5 and then 10 years in both 2010 and 2015. In this article, I am summarizing shortly the problems studied in the economic field of peacebuilding.

If, however, we would like to do a short, general summary before economic matters, the following facts can be concluded:

- Bissau-Guinea: since 2005 there is almost no change in social development.²³ (United Nation, 2013)
- Burundi: since 2005, the country had been showing a slowly improving tendency for a long time²⁴ (United Nation, 2013) however, nowadays the country is facing a serious conflict due to political crisis.
- Central-African Republic: since 2005 another, even more serious conflict has burst out including ethnical and religious factors. The internal situation is one of anarchy, and the country itself can be stated as the most underdeveloped place in the world.
- Sierra Leone: since the end of the especially bloody civil war, there is peace and tranquility in the country, where the first signs of social development can also be observed.²⁵ (United Nation, 2013) However, the country has recently suffered a severe Ebola-epidemic which clearly shows serious underdevelopment.
- Certainly, there is or there has been peacebuilding in progress - without setting up the structure of PBA, but with the same participants - in other countries as well (let's not forget Iraq or Afghanistan which have had much more mass-media coverage), therefore, in this work of mine, I am summarizing more than the experience of these 4 countries.

4. THE MOST IMPORTANT FACTORS OF ECONOMIC FAILURES OF PEACEBUILDING

Although international community receives a lot of critics claiming that its reaction to events is not quick enough, in most cases, the first phase of the economic dimension of pea-

²² United Nations: The United Nations Peacebuilding Architecture, United Nations, New York, 2010.

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HADTUDOMÁNYI SZEMLE

2018. XI. évfolyam 4. szám

cebuilding – which is basically providing supply security, as said in the previous chapter – is usually an operable action. Seeing the population suffer is usually enough to make the international community to act and help. International organisations, typically NGOs, specialised organisations of the UN and supranational organisations, appear on field usually at the moment of, or even before ceasefire. At the sight of damage and deprivation (since all events and happenings can be broadcasted live through media) donations are offered by the richest countries and societies of the world which is how the basic supplying of the population and the minimal recovery of infrastructure can happen. Analysis of World Bank project expenditures in twenty-one conflict-affected countries from 1994 to 2002 shows that 23.9 percent of loans and grants were spent on construction and rehabilitation. In other words, physical infrastructure is an appealing investment for donor agencies.²⁶

The procedure of peacebuilding is usually interrupted in the following phase. Here, after providing supply security, the economy of the affected country should be recovered next, which – as I pointed out in the previous chapter – requires a huge amount of capital (loans, foreign direct investments, capital transfers, etc). Foreign direct investments is the most needed form of capital (such as the appearance of transnational firms as green field investments or purchasing shares of domestic corporations) as well as cheap loans to domestic corporations. Since in such environment, the ability of revenue-production of the corporate sector is quite low, it is highly unlikely to produce enough to pay back loan interest, therefore direct capital transfer might also be necessary. The national community, however, supports only the basic supplies of the population in almost every case, but does not take part (or it only takes a little part) in supporting the recovery of economy.²⁷ This is a problem, because in this way, the country is left in a sort of coma, in which state the recovery process cannot start. And without re-launching the economy, conflicts will not only be unable to end definitely, but also they will sooner or later burst out again, possibly at a higher level of intensity. In the same way, to recover economy – and society – it would be necessary to rapidly improve the educational system – from an economic view, as the provider of human capital. It would also require a lot of financial source, but usually no amount can be spared from international sources for such purposes.²⁸

Many causes can be found behind the problem. On one hand, it is really hard to involve the domestic actors and private sector, as well, in peacebuilding. Participation of domestic corporations depends on many factors, especially the ones which point out how much their business interests are related to the resumption of the conflict, how much entrepreneurial

²⁶ Samura, F.: Peace Education for Reconstruction and Peacebuilding in Postwar African Societies *African Conflict and Peacebuilding Review*, Vol. 3, No. 2, Special Issue on Peace Education, Memory, and Reconciliation in Africa (Fall 2013), 24-46.

²⁷ Rettberg, A.: The private sector, Peacebuilding and Economic Recovery, Centre for International Policy Studies, University of Ottawa, Ottawa, 2010.

²⁸ Samura, F.: Peace Education for Reconstruction and Peacebuilding in Postwar African Societies *African Conflict and Peacebuilding Review*, Vol. 3, No. 2, Special Issue on Peace Education, Memory, and Reconciliation in Africa (Fall 2013), 24-46.

attitude they have, how much of the infrastructure necessary for business environment has been left or rebuilt, or how developed the institutional system is. There are also some general social factors, that matter, such as the level of urbanisation, the structure of economy – the role of primary, secondary, and tertiary sectors – and the development of commercial sector.²⁹ Many times peacebuilders already have difficulty getting domestic enterprises or potential entrepreneurs support the aims of peacebuilding.

The biggest problem, however is usually the lack of capital available for recovering economy. Significant amounts of internal savings usually do not exist in a country after a conflict, therefore the ability of domestic enterprises for innovating economy – in order to fight difficulties mentioned in previous chapter - cannot be counted on by itself. The country does not receive enough direct capital transfer from abroad, either, since the national community (the societies) are usually willing to support the coverage of the population's needs, but do not intend to contribute to relaunching enterprises. Helping people and helping an enterprise are two completely different actions. The word „profit” is always alarming. Moreover, it is never for certain, whose enterprise it really is that needs helping and people are often worried whether it is a property of a former warlord. Since in peacebuilding after a conflict, most of the leaders come from among the former leaders during the conflict period. Moreover, a country in its post-conflict state is likely to spend huge amounts of money on maintaining an army. (In South-Sudan, for example, during the period of becoming independent, it was 40% of the country's budget expenditure.³⁰) Military forces gathered during the conflict cannot be liquidated from one minute to the other, since it would result serious security risks (as, among many other cases, it happened in East-Congo, where the former rebel forces are repeatedly integrated into regular armed forces, from where they keep disappearing.³¹) Which will decrease internal capital even further, since such expenditure is – written down first by even Adam Smith – considered unproductive capital.³² Since there is not enough domestic capital and domestic savings are mostly in liquid forms (for the purpose of reducing risk factors and making it faster to evacuate them to abroad if necessary), people refrain from long-term investments³³ and there will never be enough direct capital transfer received from abroad, it is important to emphasize that serious economic progress cannot be achieved without the appearance of significant amount of foreign investors. Besides this, it is also a huge problem that peacebuilding usually takes place in underdeveloped countries, where the entrepreneurial

²⁹ Rettberg, A.: *The private sector, Peacebuilding and Economic Recovery*, Centre for International Policy Studies, University of Ottawa, Ottawa, 2010.

³⁰ Morrell, W.: *Southern Sudan - Economic Security and Independence - A contradiction of Terms?* *Journal of Security Sector Management* Crainfield University Shrivensham, UK Volume 8 Number 1 2011.

³¹ Tunda, F. K.: *Disarmament, Demobilisation and Reintegration in the Democratic Republic of the Congo - Can Stability Prevail?* *Conflict Trends* 2016/4.

³² Kennedy, G.: *The Economics of Defence* Rowman and Littlefield, Totowa, New Jersey, 1973.

³³ Carbonnier, G.: *Conflict, Postwar Rebuilding and the Economy* Genf: United Nations Research Institute for Social Development, 1998.

willingness of society is quite low.³⁴ In this way, not only lack of capital, but also lack of enterpreneurial attitude is in the way of economic development. Therefore the appearance of foreign enterprises are essential not only from the aspect of capital add-on, but also from the aspect of enterpreneurial activity.

Why is it so hard to involve international capital into the process of peacebuilding? First of all, because of the fragility of peace. Such fragile state of a country is a huge risk for the returning of the investment. There are many sorts of risks in such situation: the conflict can be renewed; the economic or political order can consolidate in a nationalizing economic policy; because of lack of information (which is typical in such situations), several hidden costs (such as unknown or newly formed, formal or informal, political or social rules, corruption, extra security expenses) can occur in connection with investment³⁵ which make returns even more uncertain. Besides, in such malleable, rapidly changeable situation, including the lack of information in it, makes it almost impossible to make long-term plans, or set long-term goals, which is the basis of all enterprises. Most of the elements of business environment can also change rapidly. It means a further risk, that in the process of peacebuilding there are always participants with opposite interests.³⁶ They are interested in low-intensity conflicts, malleable situations, weak governmental authority. They are war-lords, oligarchies, smugglers, different criminal organisations, but sometimes, in given cases, even official leaders of governmental armed forces belong here. They would lose their power, influence, or even their income sources by ending the conflict and normalizing the country's state. Therefore they can use the destabilization of international capital investment (by attacks, hostage-taking, sabotage, or just simply by stopping the country from normal operation in any way) to maintain the malleable situation. This means another risk to capital investors. The factors listed above could only be offset with a very high rate of profit and return, however, in a peacebuilding situation where plants of significant value and the infrastructure are in ruins, and in which highly qualified work-force have left the country (since they are usually able to find a job elsewhere), opportunity for investment is hard to find. (An exception can be a country, where rare natural resources can be found, in which case international capital does appear, however, exploiting such precious, but low value-added natural resources itself will not put the country, the economy and the society on the path of permanent development.)

If we look at it that way, prospering started by capital investments can be considered public good,³⁷ since all members of society will profit from the improving economic perfor-

³⁴ Rettberg, A.: The private sector, Peacebuilding and Economic Recovery, Centre for International Policy Studies, University of Ottawa, Ottawa, 2010.

³⁵ Rettberg, A.: The private sector, Peacebuilding and Economic Recovery, Centre for International Policy Studies, University of Ottawa, Ottawa, 2010.

³⁶ Rettberg, A.: The private sector, Peacebuilding and Economic Recovery, Centre for International Policy Studies, University of Ottawa, Ottawa, 2010.

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mance, and consolidating peace (in fact, even the parties with opposite interests as well, in the long term), without having to bear the price (being the investment of the capital). Since it is a well-known fact that in the case of public good, the biggest problem will always be the debate on who will finance its creation.³⁸ In present case, the price of creating public good (prosperity) is investing capital into projects with high risk factors and low profits. Since there is not enough internal capital, the price should be paid by foreign enterprises. However, they are not non-profit actors, therefore the members of the corporate sector will not commit to financing public good. They say, it is not their task (but it is to use the money of their owners the most profitably), so let the country itself, supranational organisations, or NGOs solve the problem. Enterprises will only flood the country once the situation has definitely been normalized. However, as I have written it before, international institutes, supranational organisations and NGOs do not have enough capital to set up or maintain economy, and they are not familiar with business activity. And thus, we have come to the catch 22 situation, uncovered in the title of the article. Permanent peace will never be established without economic prosperity, which will never become reality if there is not enough investment, and due to lack of capital, there will never be enough investment without the investments of international corporate sector. However, such capital investments will never appear without permanent peace.

There will be few very specific companies who tend to heed the call and be willing to pay the price mentioned above. They typically have commercial partners and consumers, who are able to punish bad corporate behaviour, therefore, their peacebuilding investments can be considered as marketing campaigns. They can also be super majors, whose investment capacity can carry out investments with higher risk factors and returns of a longer term than the usual, or their sphere of activity includes participating in peacebuilding from earlier.³⁹ However, these capacities are not near sufficient, moreover, in their case, a question arises, whether their taking part in peacebuilding will get a positive reception from local participants. They must also decide, how they will keep them, and in what position they intend to keep them in the process of peacebuilding.

Beside all these, the question of sharing between local and central power is also a hard task, not only in the political dimension, but in the economic dimension, as well (control over economic resources, tax incomes, economic decision making, etc.).⁴⁰ If the balance in such sharing fails to be found, (which is in deed a hard task, strongly requiring the parties' willingness to make compromises, since we are talking about usually scarce resource), more groups of opposite interest can occur in connection with the process of peacebuilding. Regionalism is a critical matter since in the case of some post-conflict countries,

³⁸ Taksás B.: Ki fizeti a zenét? – A honvédelem finanszírozásának kérdései *Bolyai Szemle* 2008/1 93-104.

³⁹ Rettberg, A.: The private sector, Peacebuilding and Economic Recovery, Centre for International Policy Studies, University of Ottawa, Ottawa, 2010.

⁴⁰ Constantini, I.: Iraq and Libya: common challenges for the years ahead *MERI Policy Brief*. vol. 4, no. 02, 2017

we cannot speak of nations (in modern terms), where the population has strong ownership of the country and its leadership.⁴¹ In most cases, tribal, ethnical, or religious ties are much stronger than the link to the country, thus a modern nation does not exist. (We could as well mention a famous quotes, which might be considered ironic, although they include some truth as well, such as a line from Tasheen Bashir, an Egyptian diplomat, about the countries of the Arab world – outside of Egypt: „the rest are just tribes with flags”.⁴² As I don't feel the need for describing the borders left in Africa after colonization, as well as their complete independence from ethnical, tribal, religious communities and their location in areas, either.) As a consequence, macro-level perspectives on transnational justices and peacebuilding tools are limiting.⁴³ This applies to all economic recovery, its methods and its „toolbox”, as well.

5. SUMMARY

The article above describes that the economic dimension of peacebuilding itself is actually a very complex activity, which requires extremely precise planning and successful overcoming of several obstacles. Examining only the short-term tasks, it can be seen that setting up and recovering economic activity is always problematic. It has several causes, for example the unavailability of resources necessary, the lack of internal capital, the usage of even the existing internal capital being problematic already, and also, the unwillingness of international community to spare money on building economy, as well as helping the population. Therefore involving external capital is always necessary, however international capital is less willing to take part in peacebuilding, behind which there are several reasons pointed out in the article. One of the main reasons is the lack of security of peace and investment. And thus, we have come to the problem described at the beginning of this article: there will never be definite peace, as long as economic progress fails to be started, but it can never happen as long as there is no definite peace. This is the main reason for peacebuilding failures.

The topic, however, can and must be continued, since several obstructions – e.g.: role of microfinance, economic structural problems, difficulties in getting acces to the market etc. – could not be mentioned at all, for reasons of space. Since we are facing more and more challenges in connection with peacebuilding, I highly recommend the research of this field to everybody.

⁴¹ Herman, R.: *Az Iszlám Állam*, Akadémia Kiadó, Budapest, 2015.

⁴² El-Cassabgui, J.: 'Tribes with Flags'— Sectarianism and National Identity in the Arab World *Huffington Post* 21.01.2017

⁴³ Klosterboer, B., Hartmann-Mahmud, L.: "Difficult to Repair": Applying African Models for Transitional Justice to Peace and Restoration Prospects in the Democratic Republic of the Congo *African Conflict and Peacebuilding Review*, Vol. 3, No. 1 (Spring 2013), 56-80.

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