

Chapter 6: Practical aspects of a World Peace Bond regime

This chapter looks at some of the practical aspects of introducing and implementing a World Peace Bond regime.

Introduction of a World Peace Bond regime

Because World Peace Bonds would not dictate how peace would be achieved, nor who would be charged with achieving it, governments and other conflict-reduction bodies are bound to feel queasy at the prospect: governments, because a bond regime backed by many governments or the private sector would mean that they relinquish some of their power; other organisations, because they might experience reduced funding if they have to compete with each other for funding from bondholder-backed conflict-reduction bodies.

But World Peace Bonds would not be issued to benefit governments or, indeed, any existing organisations: their goal would be to bring about a sustained end to war. Their aim is to benefit the whole of humanity. Existing organisations should not feel threatened by a coalition with the sole aim of achieving sustained world peace as efficiently as possible: a bond regime need take nothing away from efficient conflict-reduction activities and should end up supplementing the funding of those that are most efficient.

That said, there is a genuine problem in that we cannot readily experiment with a World Peace Bond regime. Even peace bonds limited to such a region as the Middle East or Africa, or Nuclear Peace Bonds (Chapter 3) would encompass too large an area or time period for experimentation. Bonds that reward only short periods of peace likewise would not be consistent with our goal. Too short a time frame could mean that bondholders would gain even if conflict is merely displaced from one time period to another.

A similar, though lesser problem with small-scale experimentation would arise if their scope were confined to a single conflict or relatively small region. Assume that country X is threatening both country Y on its northern border and country Z on its southern border. The danger is that bonds targeting conflict between country X and Y could simply induce country X to transfer materiel to its southern border and inflame the conflict between itself and country Z. If that seemed likely, the best approach would be to expand the scope of the targeted conflict to include both borders.

It is for this reason that the widening the scope of the peace bonds so that World Peace Bonds are issued, would be ideal: encompassing the whole planet's war and potential for war means that efficiency, measured as conflict reduction per dollar outlay, will be higher: when all the world's conflicts are targeted, bondholders could choose those that will respond most readily to their efforts. In doing so they would maximise the reduction in worldwide levels of conflict per dollar outlay. So for reasons of efficiency as well as ambition, world peace, or peace in a large region, or nuclear peace would be the ideal goals for a bond regime, and the peace that is rewarded must be sustained for a few decades at least.

Privately-backed World Peace Bonds

To be realistic, it is unlikely that the United Nations or governments will be the first to introduce a World Peace Bond regime: they are not renowned for innovative policy approaches. Fortunately, though national defence has been the stereotypical public good, that does not mean that governments or inter-governmental organisations can or should be the only backers of World Peace Bonds. Perhaps the way forward is for groups of non-governmental organisations or private individuals with a strong interest in a particular conflict, to back and issue their own regional Peace Bonds, redeemable when that conflict had subsided or ended for a sustained period of time.

They could do this for a conflict that they would particularly like to see brought to an end, or one that they believe would most benefit from the sort of innovative projects that a bond regime might stimulate. It would not be too far-fetched, for example, for consortia to be formed of interested businesses or individuals issuing bonds aiming to reduce conflict in, for example, Kashmir or to maintain peace in Northern Ireland or the Basque region of Spain where most people clearly wish to live in peace, and the numbers actively participating in political violence are probably very low. Nevertheless, as discussed above, the goal should always be for a peace sustained for several decades.

While privately-backed regional peace bonds would work in the same way as World Peace Bonds, their promises to pay out on redemption are unlikely to be as convincing as those made by government bodies. Backers should publicly launch their bond issue by depositing their donations into an escrow account. They could call for additional contributions to be deposited into that account by any other concerned people. (It would be helpful if such donations could be treated as charitable for tax purposes.) Bonds could be issued, and funds could continue to be added to the account. Each bond could be redeemable either for a fixed sum, or for a fixed proportion of the total amount in the escrow account once the conflict-reduction objective had been met.

Existing institutions and the transition to a World Peace Bond regime

There are many government and non-governmental agencies that engage in conflict-reduction activities as part of their overall remit. There are also a number of bodies and non-governmental organisations researching into the causes of conflict, and rather more that are concerned with alleviating the impact of conflict on civilians. If a serious effort were made to launch World Peace Bonds, how best should the current financial backers of these organisations allocate their funding? Should they continue to fund existing bodies engaged explicitly or implicitly in conflict reduction, and how should the transition to a bond regime be managed?

Currently bodies engaged in conflict reduction aren't being financially rewarded in ways that are correlated with their performance. Nevertheless these bodies have a great deal of expertise in building peace and some of them are bound to be efficient, or to be capable of becoming so.

Depending on the exact specification of the elements targeted by World Peace Bonds, such bodies could expect to see an increase in their funding as a result of the introduction of a World Peace Bond regime, to the extent that they are cost-effective in reducing conflict or its adverse effects. It would be unwise as well as unfair and unnecessary if the funding of these bodies were cut too drastically at first. Private-sector backers would probably continue funding their favourite organisations, but governments could gradually wean the bodies they sponsor away from the current funding model. During the transition to a bond regime, they could fund conflict-reduction bodies, peace research organisations and associated academic institutions at a decreasing rate; they could divert an increasing proportion of their total conflict-reduction support to the bonds' redemption fund, and let bondholders decide on how these funds should be allocated.

On introducing a bond regime, governments could decide to reduce their funding of current conflict-reduction bodies by, say, 3 per cent a year, in real terms. (They could allocate the saved funding to the future redemption of the World Peace Bonds.) So after five years, each body would be receiving directly from governments only 85 per cent of the funding that it formerly received. But bondholders could choose to supplement the income of some of these bodies. They might, for instance, judge a particular agency of the United Nations to be especially effective at converting the funds they receive into measurable conflict-reduction benefits, as defined by their bonds' redemption terms. Particularly effective personnel may be working in deprived regions, where relatively small outlays could translate into large reductions in the potential for conflict. Or bondholders might judge a particular research body to be worthy of additional funding because it was conducting excellent research into the causes of conflict.

In all these cases bondholders would supplement government funding, and these favoured bodies might well end up receiving considerably more than their former income throughout the lifetime of a bond regime.

It is also very probable that bondholders would look at completely new ways of reducing conflict; ways that currently receive no, or very little, funding. To give a plausible example, bondholders might believe that one of the best ways of reducing conflict is to boost the political status of women in certain countries. Following this logic, bondholders might find that one of the most efficient ways of reducing conflict would be to add to the campaign funds of female candidates in some countries in the developing world. It is unlikely that our current activity- or institution-based government fund allocation mechanisms would undertake such a programme.

Could bonds targeting a large reduction in conflict, such as a reduction in a worldwide conflict index by 50 per cent, be compatible with a gradual transition of the type described above, where funding to existing institutions reduces by 3 per cent annually? At first sight there would be an apparent mismatch between such incremental reductions in direct government funding and the time scale needed to reach such a long-range objective. The critical point here is that bondholders would be investing not on the basis of the annual reductions in government expenditure on existing conflict-reduction institutions, but on the

basis of the redemption value of all the World Peace Bonds issued. To be more precise, it would be this total redemption value, minus the bonds' existing market value, that would inform bondholders' investment decisions. This sum could be many times each year's incremental reduction in government's institution-based spending. One of the virtues of a World Peace Bond regime is that, even in the short term, bondholders would begin to invest in projects with a long-range objective; as world peace becomes more likely, bondholders would benefit from capital gains that would anticipate future redemption of the bonds – even if that redemption is decades away.

Actually, it might be possible to expand spending allocated via the bonds at a faster rate. Once World Peace Bonds had shown their effectiveness, more resources might well be found for a succession of bond issues with identical redemption terms.

Interaction with existing programmes and projects

In a putative transition to a World Peace Bond regime, those who currently fund conflict-reduction efforts would instead deposit funds to be used for redemption into an escrow account, and gradually reduce their funding of existing activities. Those working in existing peace-building institutions might well respond by quickly reviewing how *all* their existing programmes and projects operate. On the one hand, the switch in the way funding is allocated would warn existing institutions that they could expect to see their relatively ineffective operations receive diminishing funds in the future. On the other hand, their effective operations could look forward to higher — possibly much higher — funding. Just as they would be subject to, say, 3 per cent annual cuts in funds from government sources, so they could expect to gain a proportion of funds spent by bondholders - provided they could show bondholders that they are cost-effective in translating funding into conflict reduction. So a bond issue could bring about a rapid change in the way existing bodies conducted all their peace-building programmes. They may have to devote some time and energy into persuading potential investors in World Peace Bonds of the cost-effectiveness of their activities, but this would not represent a radical difference from the way they lobby for funding nowadays. Under a bond regime they would have to do their lobbying on a more transparent, outcome-oriented, basis. This could mean a refocusing of their efforts into areas where their activities would bring about greater benefits. It would almost certainly mean more information being gathered about conflicts, their causes, consequences and remedies.

Effects on government's behaviour

One aspect of the integration of World Peace Bonds into the current policy-making system arises from governments' role as creators of statutes.

Government has the power to pass laws that would affect bond prices, or its actions could influence bond prices in other ways. For instance: governments in potential conflict areas could come under great pressure to raise or lower their military spending from holders of World Peace Bonds, depending on which approach they think would reduce the chances of conflict. Note, though, that the source of the pressure, and the motivation for it, would be easy to identify. There would be nothing perverse about this: lobbying is a legitimate activity,

and there is no reason why bondholders, in common with other pressure groups, should not lobby politicians. They would be doing so mainly out of financial self-interest, and in this they would compete for attention with existing pressure groups. It is estimated that the US military industry spent over \$149 million on lobbying in 2024, funding 950 lobbyists.ⁱ The top seven European defence firms collectively spent up to €5.5 million lobbying the European Union in 2023, marking a 34% increase from the year before.ⁱⁱ Under a bond regime, would-be bondholders would want as much information about the behaviour of governments in targeted conflict regions as they could gather, and they might also try to influence these governments. People become wealthy by exerting influence on politicians under the current system, but they and their effects on behaviour are not always identifiable. As now, under a bond regime it would be up to politicians to weigh the evidence for and against any course of action promoted by lobbyists, with due regard to the lobbyists' motivation. And it would be up to potential investors in World Peace Bonds to take into account likely or possible changes in national or international policy when bidding for the bonds.

The likelihood of bondholders' lobbying governments for legislative change could have a positive aspect. For bond issues to be as successful as possible, governments would ideally give assurances as to their future behaviour. These could mean making relatively simple decisions early on, or choosing to be more definite about their long-term spending plans.

Assume that a World Peace Bond had developed to such an extent that bonds targeting a worldwide Conflict Index had been issued. Then would-be bondholders would be very interested, for instance in certain governments' projected expenditure on the military, or on education or peace research. Those governments that backed World Peace Bonds would maximise interest in the bonds by being as open about their legislative and spending intentions as soon as possible. Their assurances would doubtless be subject to the usual scepticism attending pronouncements of this type.

The question of government behaviour can be seen in a different light. Most governments, especially those contributing most to the bonds' redemption funds, as well as bondholders and society in general, would want World Peace Bonds to succeed. Or, which comes to the same thing, they would want to be seen to be wanting World Peace Bonds to succeed. Either way, their assurances about their legislative and spending plans will never be absolute but, by giving what assurances they could, governments would encourage participation in the bond market.

Of course, if the bonds were to target only small reductions in a Conflict Index governments' long-range plans would not be so significant to prospective bondholders. Targeting such incremental reductions could be the best way of dealing with uncertain future government behaviour. Markets routinely deal with uncertainty by attaching lower values to riskier instruments.

As with funds raised by private backers, governments might find more support for the bond concept if, rather than make promises, they deposit funds intended to redeem the bonds into an escrow account. Even if they failed to do so, they would be under strong moral pressure to

comply with their commitment to redeem the bonds. But it would also be in the governments' own interest to fulfil their obligations. If they did not, they would be discrediting the entire bond principle, which they might well want to deploy again, either to continue to reduce violent political conflict or to solve other global or national social and environmental problems.

Assessment of indicators

A World Peace Bond regime would rely on authoritative, accurate and timely monitoring of the targeted components of a conflict so that progress towards their reduction could be impartially assessed. For any goal broader than nuclear peace, some uncertainties will always apply. There would be private-sector information gathering, but the definitive, official, figures would have to be seen to be independent of bondholders, who could benefit unfairly from dubious data collection. This would matter most when the targeted Conflict Index level has nearly been reached, but not sustained. Before then, differing opinions about the likelihood of the timing of redemption would be embodied in the price of the bonds. But once the bonds were close to redemption the information as to how close the targeted goal were to being achieved would have great value. By then, it is likely that official data would have acquired some record of credibility, with known biases and uncertainties. Ideally, components of a targeted index of conflict would be as objectively verifiable as possible, while still being inextricably linked to a meaningful peace goal.

Insider trading

If too much insider trading went on, it would increase the riskiness of the bonds to those without access to this information and tarnish their value as an investment. So how could it be minimised?

- Those involved in gathering, collating and processing relevant data could be bound by terms deterring or forbidding them from abusing privileged information.
- Indicators for the components of a Conflict Index could be chosen with a view to minimising the possibility of insider trading being an important factor. Some uncertainty about exactly which components were to be included could help: the bond issuers could, for example, target changes in military expenditure in a random sample of some African or Asian countries, rather than in all countries in these continents.
- The objective itself could be chosen to minimise the possibility of insider trading. Aiming for a long period of *nuclear* peace via Nuclear Peace Bonds would almost entirely circumvent the need to monitor insider trading, as would bonds targeting total absence of conflict in defined regions in which there is currently no conflict. Bonds targeting large reductions in a Conflict Index, such as 50 per cent, would probably be less sensitive to insider trading than bonds targeting only a 10 per cent reduction. With long-range objectives, each datum cynically withheld from the bond market would probably represent a smaller proportion of the total relevant information available to the bond market, and so have a lesser effect on the bond's market value. None of these ways of mitigating insider trading would always be fully effective. That

said, there are already sensitive indicators, such as interest rates, or unemployment or retail sales figures, that are capable of moving markets, and so there are already in place mechanisms to keep such information secret until it is time for publication. There are also sanctions against those who obtain, and act on, such information illegally. As well, there would most probably be a great deal of private information gathering: investors, bondholders, and financial commentators would take their own soundings throughout the lifetime of each bond issue. They would be interested in frequently updated information, so that progress toward conflict reduction could be readily charted. All this would serve to remove some of the allure from privileged figures that had yet to be publicised.

In short, existing methods of assessing market-moving data and dealing with insider trading, while not perfect, are probably good enough to ensure that the market for World Peace Bonds would be sufficiently competitive.

What happens once an objective has been achieved?

Assume that World Peace Bonds had been issued targeting a sustained reduction in a particular conflict, and that this objective were close to being achieved. What would happen then?

As the bonds approached redemption, the issuing body could float a new set of bonds aimed at maintaining the achieved peace outcome, or at further reductions in the conflict level. Sustaining the outcome beyond the period specified in the original bond issue would most probably be cheaper than achieving it in the first place, while further improvements targeted by a second bond issue would be likely to cost less, in terms of conflict reduction per unit outlay, than those achieved by the first issue. Conflict-reduction bodies may have invested in training, systems or capital assets that cost less, per unit conflict reduction, to keep running than they did to set up. Bondholders, likewise, would have learned from their experience of achieving the objective targeted by the first bond issue. They or their agents would have researched, and experimented with, different conflict-reduction activities and be able to choose the most efficient ones for subsequent bond issues. Any know-how about conflict avoidance or conflict reduction would be more cheaply available once an initial targeted lower level had already been achieved. Which is to say that individual activities will have become more efficient, but so too will be the ways in which those activities are chosen.

ⁱ Open Secrets, *Sector Profile: Defense*: <https://www.opensecrets.org/federal-lobbying/sectors/summary?cycle=2024&id=D>, sighted 30 July 2025.

ⁱⁱ Paula Soler and Alessio Dell'Anna, *Defence sector intensifies lobbying efforts in the EU Parliament, new data shows*, EuroNews, 24 June 2025. <https://www.euronews.com/my-europe/2025/06/24/defence-sector-intensifies-lobbying-efforts-in-the-eu-parliament-new-data-shows>, sighted 30 July 2025.