

Chapter 7: Market incentives to build peace

World Peace Bonds would represent a radical shift in peace-building policy. By appealing to people's financial self-interest they could be more effective than conventional efforts aimed at reducing the level of violent political conflict. In channelling market forces into the achievement of this objective, the bonds would ensure a maximum reduction in violence for the outlay of whoever contributes to the funds used to redeem the bonds.

Under a World Peace Bond regime, backers of the bonds, whether they be governments acting collectively or individually, non-governmental organisations or private individuals, would continue to set and rank conflict-reduction objectives. But they would surrender, within limits, their power to dictate how these objectives shall be achieved, and which bodies shall be charged with achieving them. Some politicians and official agencies might be reluctant to relinquish this power. And some of the beneficiaries of current policies might oppose a shift toward more transparent and effective conflict-reduction policies.

But for the vast majority of humanity these concerns are irrelevant. The failings of our current conflict prevention and reduction efforts are obvious and tragic. This is the bar against which any new approach must be compared, and it is a low bar: violent political conflict, and the potential for it to escalate, are still rife in today's world. Current conflict-reduction activities, characterised as they are by centralised decision-making and an absence of a link between rewards and outcomes, are failing to bring about lasting peace. The few who want to create, inflame and prolong conflict still threaten the vast majority of humanity who wish for peace and stability. We do not know how efficient the current regime is in terms of conflict reduction per unit outlay, but we do know that the current regime has not brought peace to millions of innocent civilians, and we are still living under the threat of nuclear catastrophe. A new approach deploying market incentives is surely worth trying.

There *are* enlightened, dedicated people and organisations working for peace, but their ability to raise and deploy resources effectively is constrained. The funding of the United Nations and other multilateral conflict-reduction bodies is conditional on their carrying out a range of activities severely limited by the imagination, insecurities, competence and cynicism of their sponsoring governments. Private peace-building bodies work in admirable and diverse ways, but their efforts are relatively small scale and uncoordinated. For none of these organisations are the financial rewards, and hence the resources at their command, linked to their effectiveness in actually reducing conflict. World Peace Bonds, in contrast, would explicitly reward movement toward a world without violent political conflict. They would create a coalition, with a shifting cast of characters, motivated to investigate, refine and implement diverse, adaptive ways of securing lasting world peace, and able to command a level of resources commensurate with that noble goal.

