



# Solving Problems Without Passports: Peace Through Commerce

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*Poverty is the ultimate systemic threat facing humanity. The widening gaps between rich and poor nations ... are ... potentially socially explosive ... If the poor are left hopeless, poverty will undermine societies through confrontation, violence and civil disorder.*

**Michel Camdessus, Managing Director of the IMF, 2000**

## **Abstract**

*Governance is the regulation of interdependent relations in the absence of, or in spite of, an overarching political authority. At a global level, one of the purposes of governance is to solve problems and implement policies that affect a vast majority of people and States by regulating and solving problems at the global scale. Human development, or the lack thereof, affects most of the world's population in multiple ways. Several organizations are involved in trying to solve the different global issues such as global access to commerce and education, factors that deter people from achieving a better life if not achieved. Violence and conflict also hinder development. "Peace through Commerce" is an initiative that showcases the positive effects of global governance. This is a proposal with a multisector approach that helps implement policies that help solve one of the biggest issues that hinders development: the lack of jobs. The goal of commerce is not just to ensure sound progress; it is also a way to prevent countries from becoming less developed because of war or slipping into crisis because of poor commerce.*

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### **Key words**

Global governance, human development, peace through commerce, millennium goals, United Nations Development Program

### **Resumen**

*La gobernabilidad global es la regulación de relaciones interdependientes en la ausencia de una autoridad política superior, o a pesar de ella. A un nivel global, uno de los propósitos de la gobernanza global es resolver problemas e implementar políticas que afectas a una gran mayoría de personas y de Estados mediante la solución y regulación de problemas a escala global. Varias organizaciones están involucradas en tratar de resolver diferentes problemas como lo son el acceso al comercio y la educación, factores que disminuyen las posibilidades de las personas de alcanzar una vida mejor de no tenerlo. La violencia y el conflicto también obstaculizan el desarrollo. “Paz a través del Comercio” es una iniciativa que muestra los efectos positivos de la gobernanza global. Esta propuesta con un enfoque multisectorial que ayuda a implementar políticas que resuelven uno de los mayores problemas que obstaculiza el desarrollo: la falta de trabajo. El objetivo del comercio no es sólo asegurar el progreso, es también una manera de evitar que los países se vuelvan menos desarrollados debido a la guerra, o caer en una crisis debido a problemas económicos.*

### **Palabras claves**

Gobernabilidad global, desarrollo, paz a través del comercio, objetivos del milenio, Programa de Naciones Unidas para el Desarrollo

## **Global Governance**

The term governance comes from the Latin word for “rudder” that means steering, and it was first used in the 12th century in France to designate the administration of baillages<sup>2</sup>, later on in England it was the way that feudal power was organized, where there was no central power as such, but a body that was in charge of settling disputes peacefully and see that any conflict of interest was consulted with those involved.

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<sup>2</sup> Pascal Lamy, “Globalization and Global Governance”, *The Globalist*, November 7, 2006.



Today, decades after the peace of Westphalia, globalization reveals a new sphere of common interests that transcends states and cultures. New problems have arisen for the international community such as terrorism, the global market, extreme poverty and infectious diseases. States find themselves at an impasse, as there is a disproportion between their role and the actual capacity they have to handle issues. This calls for new forms of relationships between states and the emerging actors in the international system, a new form of governance that guides the actions of all actors in order to pursue the achievement of common goals.

Governance, according to the Commission on Global Governance<sup>3</sup>, is the sum of the many ways that individuals and institutions, public and private, manage their common affairs. Since governance without government characterizes world politics<sup>4</sup>, the process of governance encompasses a broad range of actors such as states, international organizations, individuals, multinational corporations, civil society and NGOs among others. Therefore, global governance can be understood as the output of a non-hierarchical network of interlocking international institutions that regulate the behavior of states and other international actors in different areas of world politics<sup>5</sup>.

Former UN Secretary-General Kofi Annan stated in the Millennium Report that the World faced some challenges that the UN had to help solve. Mr. Annan proposed the creation of a disaster response initiative and a health internet network and enumerated, among other things, priorities that governments should address. All of this was written under the understanding that “all these proposals are set in the context of globalization, which is transforming the world as we enter the twenty-first century”<sup>6</sup>. In other words, globalization is a challenge, but also the driving force of international governance systems<sup>7</sup>. Globalization not only alters the relationship between governments and market forces, but also the identities and activities of transnational social actors<sup>8</sup>.

The public policy challenges that a country faces transcend their borders, they are also the problems that a whole region face, or even the world. In areas such as the environment, finance, poverty, human rights, health there is a growing recognition among the international community that such issues have to be addressed outside of the traditional state system where each country tries to find a public policy solution on their own. Thus, more extensive

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3 Commission on Global Governance, *Our Global Neighborhood*, Oxford University Press, 1995, p. 2.

4 James N. Rosenau and Ernst-Otto Czempiel, eds., *Governance without Government: Order and Change in World Politics*, New York, Cambridge University Press, 1992.

5 Volker Rittberger, “Globalisierung und der Wandel der Staatenwelt. Die Welt regieren ohne Weltstaat” in: Ulrich Menzel ed., *Vom ewigen Frieden und vom Wohlstand der Nationen*, Frankfurt, Suhrkamp, 2000, p. 198.

6 United Nations Department of Public Information, “We The Peoples: The Role of the United Nations in the 21st Century: The Millennium Report”, New York, UN Department of Public Information, 2001, p. 6.

7 Tanka Brühl and Volker Rittberger, “From international to global governance: Actors, collective decision-making, and the United Nations in the world of the twenty-first century” in: Volker Rittberger, ed., *Global Governance and the United Nations System*, Tokyo, United Nations University, 2000, p. 1.

8 Cecilia Lynch, “Social Movements and the Problem of Globalization”, *Alternatives*, vol. 23, issue 2, 1998, p. 149.



and effective global governance is required. Although states are sovereign and possess the exclusive authority over their territories and populations, there are a range of organizations and institutions that provide a measure of help to them in certain areas<sup>9</sup> and that influence the world by establishing a system for regulating the interactions of the states that lie beyond its own internal actions.

## Global Governance: Human Development

Governance denotes the regulation of interdependent relations in the absence of overarching political authority, such as in the international system<sup>10</sup>. They can be visible, like practices and guidelines or the product of temporary units such as coalitions. But it can also take the shape of formal rules, roles and institutions, like laws, norms, codes of behavior and organizations that manage the collective affairs of a variety of actors in international relations such as state authorities, civil society organizations and private sector entities. With the above mechanisms and arrangements the collective interests of the community are articulated, rules and obligations are established and disputes are resolved. Global governance can thus be defined as the sum of laws, norms, policies, and institutions that define, constitute and mediate transborder relations between states, cultures, citizens, intergovernmental and nongovernmental organizations and the market.

Global governance helps solve what former Secretary-General of the UN called “problems without passports” and responds to the birth of non-state entities that wheel more power every day. In the face of these widespread economic, environmental and technological problems, the State is no longer the ideal venue to deal with the changes. In David Held’s words, “The paradox of our times refers to the fact that the collective issues we must grapple with are of growing cross-border extensity and intensity, but the means for addressing these are state-based, weak and incomplete”<sup>11</sup>.

Human development is, according to the United Nations, “expanding the choices for all people in society”<sup>12</sup>. This means that poor and vulnerable men and women are the main focus of the development process that seeks to create an enabling environment in which life opportunities and natural systems on which life depends on are preserved so that all can enjoy long, healthy lives.

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9 Kenneth W. Abbot et al., “The Concept of Legalization”, *International Organization*, vol. 54, issue 3, p. 401.

10 James N. Roseneay and Ernst-Otto Czapfpiel supra note 3; Leon Gordenker and Thomas G. Weiss, “Pluralizing Global Governance: Analytical Approaches and Dimensions” in Leon Gordenker and Thomas G. Weiss, eds., *NGOs, the UN and Global Governance*, Boulder, Lynne Rienner, 1996, p. 17.

11 David Held “The changing Face of Global Governance: between past Strategic Failure and Future Economic Constraints” *Social Europe Journal*, vol. 4, issue 1, 2010.

12 United Nations Development Program, *Human Development Report*, New York, Oxford University Press, 1996.



In a 1994 document entitled Initiatives for Change, the United Nations Development Program [hereinafter UNDP] stated that “the goal of the governance initiatives in this area is to development capacities that are needed to realize development that gives priority to the poor, advances woman, sustains the environment and creates needed opportunities for employment and other livelihoods”. Therefore, in order for the global governance of human development to be effective it must comprehend three angles: economic, administrative and political.

The economy is regulated, from an international perspective, by three main institutions. On one side are the World Bank and the International Monetary Fund who are lenders. These institutions have bargaining power with countries that want a loan. Also, the Dispute Settlement Body of the World Trade Organization [hereinafter WTO] is the arena in which complaints are launched in order for the affected party to seek a compensation for commercial losses resulting from the non-compliance with the organization’s agreements by another Member, constraining the field of action of member states.

Administrative governance is the system that implements policies. In this area, although the International Monetary Fund [hereinafter IMF], World Bank and WTO have to carry out and supervise in most cases their own policies and plans, it is the UN, specifically UNDP the one that plays a significant role in coordinating activities in the filed of development. While the first group is in charge of the macro economic factors, debt payment and the liberalization privatization debates, the UN is involved with the human aspects of development in a process that is persuasion based.

The UN Development group unites the 32 UN funds, programs, agencies, departments and offices that play a role in development such as the International Labor Organization, UNESCO, UNDP, and has observing members such as the World Bank. Their objective is to deliver a coherent, effective and efficient support to countries seeking to attain internationally agreed development goals<sup>13</sup>. The United Nations Development Group (UNDG) develops policies and procedures that allow member agencies to work together and analyze country issues, plan support strategies, implement support programs, monitor results and advocate for change, increasing the impact of the UN and member agencies in the achievement of the Millennium Development Goals.

From the political perspective, governance is the process of decision making to formulate a policy. All of the organization above mentioned count with this. However, they are really oversight institutions. The State, specifically the government and civil society have a very important role in the political aspect of human development governance. They are accountable for every action within the State and must strive for transparency, procurement and accountability of the initiatives that the international actors decide to implement and in most cases must count with their approval.

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13 United Nations Development Group, [on line] available at: [www.undg.org](http://www.undg.org), accessed at: April 1, 2011.



## What to do?

Global governance for human development have become an important subject in the international agenda. For example, the Security Council no longer focuses only on international conflict prevention, solution and recovery, it also deals with natural disasters, such as Haiti<sup>14</sup>, HIV/AIDS<sup>15</sup> and poverty<sup>16</sup> among other subjects. However, the WTO the IMF and the World Bank are the institutions that have a true impact on development and thus are at the center of the subject's global governance.

According to the UNDP, there are five aspects to sustainable human development, that in one way or another affect the lives of those most in need<sup>17</sup>. Empowerment is an important factor as it improves the capabilities of people and enables them to exercise choices and participate in their community in order to make the necessary changes to succeed in their endeavors. Another element of development is cooperation: people must work together and interact with each other in order to foster a sense of belonging. Equity is also important, as enhancing capabilities and creating opportunities does not refer only to income, but also health and education which lead to sustainability, as the needs of one generation must not compromise those of the next ones. Finally, security is of the outmost importance, citizens need to be without threats be it disease, repression, harm or to their livelihoods.

In order to achieve a sound human development that follows the above criteria, the work done by the international community must focus on the elimination of poverty, creation of jobs, enhancing the livelihoods of people, protecting and regenerating the environment and promoting the advancement of woman. The UN Millennium Declaration states that creating an environment that is conducive to development and elimination of poverty, depends among other things, on good governance at the national and international level and on the transparency of the economic system (financial, monetary and trading). The Monterrey Consensus<sup>18</sup> reflects the position of the governments regarding this, as they agreed that good governance at all levels is imperative for sustainable development, economic growth and poverty reduction.

The WTO is the focus of the international policy debate and advocacy. It has a major influence in shaping economic policy at the global and local level as a result of the paradigm it promotes and the policy decisions reached by all its Members. The purpose of the WTO and the world

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14 SC Res. 1892, UN SCOR, 6200th Mtg., UN Doc. S/1892 (2009) 1; SC Res. 1840, UN SCOR, 5993 Mtg., UN Doc S/1840 (2008) 1; SC Res. 1780, UN SCOR 5758 Mtg., UN Doc S/1780 (2007) 1; sc Res. 1908, UN SCOR, 6261st Mtg., UN Doc. S/1908 (2010) 1.

15 SC Res. 1308, UN SCOR, 4172nd Mtg., UN Doc. S/1308 (2000) 1.

16 SC Res. 1325, UN SCOR, 4213 Mtg., UN Doc. S/1325 (2000) 1; Office of the Special Adviser on Gender Issues and Advancement of Woman, National Implementation of Security Council Resolution 1325 (2000) in Africa: Needs Assessment and Plan for Action, Needs Assessment Report, 2000.

17 United Nations Development Program, "Good governance-and sustainable human development", 1997.

18 "Monterrey Consensus on Financing for Development", Monterrey, Mexico 18-22 March 2002, United Nations publication.



trade regime that it creates is to improve the quality of life all around the world, rather than being exclusively centered in maximizing trade. The objectives that the WTO serves are listed in the first paragraph of the Marrakesh Agreement establishing the organization:

*“Raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for optimal use of the world’s resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective need and concerns at different levels of economic development”<sup>19</sup>*

A subsequent paragraph cites “mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international trade relations” as means of “contributing to these objectives”

The WTO subsequent agreements also recognize the link between trade and development. Given that more than two thirds of the organization’s Member States are developing countries<sup>20</sup>, the theme is of great importance to all. In November 2001, during the Doha ministerial Conference the Doha Development agenda was launched by the Trade Ministers placing development issues and the interest of the developing countries at the focal point. In the Hong Kong Ministerial Declaration this agenda was emphasized and countries recommitted to it.

There are several initiatives within the WTO that help developing countries in their work in human development. The main ones are special and differential provisions; the Doha agenda, Aid for Trade and building capacity for trade. The WTO provides assistance to developing countries on how to build capacity, advising its delegates on how their countries can gain advantage through the trading system, in other words it gives them technical assistance in order for the government officials to better understand the structure and rules necessary to implement the WTO rules for them to boost their trade and negotiate efficiently. The organization’s mandate only permits technical cooperation<sup>21</sup>.

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19 Marrakesh Agreement, General Agreement on Tariffs and Trade 1994, Uruguay Round of Multilateral Trade Negotiations: Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Done at Marrakesh on 15 April 1994.

20 World Trade Organization, “Trade and Development”, [on line] available at: [http://www.wto.org/english/tratop\\_e/devel\\_e/devel\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/devel_e.htm), accessed: April 1, 2011.

21 Doha WTO Ministerial 2001: Ministerial Declaration 2001, adopted 14 November 2001 parag. 38-41; Doha WTO Ministerial 2005: Ministerial Declaration 2005, adopted 18 December 2005, parag. 52-54.



UNDP is in charge of providing technical advice, training and support to countries in order for them to achieve the Millennium Development Goals that include eradicating extreme poverty and hunger, achieve universal primary education, reduce mortality rates, promote gender equality and empower woman among others. With these, the UN is providing a measurement of human development that is not based solely on income, prioritizing interventions, establishing obtainable objectives with operational goals of progress and increasing the involvement in the achievement of poverty reduction<sup>22</sup>.

The UNDP through its United Nations Millennium Campaign and other initiatives seek the support of the government, civil society organizations and media at a global and regional level in order to create trade opportunities, debt relief<sup>23</sup>, technology transfer<sup>24</sup> and other support necessary to help development initiatives such as The Human Development Reports that give insight as to how each country fairs in the three variables used to measure development: income, health and education.

On February 11, 2011, the United Nations Security Council, which normally deals with country-specific issues of war and peace such as Sudan or Iraq, held a daylong debate on poverty and underdevelopment as a root of conflict. At the beginning of the session Secretary-General Ban Ki-moon stated that “peace, security and development are interdependent” he later continued by stating that “countries facing stark inequality and weak institutions are at an increased risk of conflict” and continued “poorly distributed wealth and lack of sufficient jobs, opportunities and freedoms, particularly for a large youth population, can increase the risk of instability”. The Secretary-General ended his speech by saying that “just as the lack of development can feed the flames of conflict, economic and social progress can help prevent it and secure peace”

The statement by Ban Ki-moon is in tune with the 2010 Millennium Development Goals Outcome document, that stated among other things that all counties needed to formulate and implement policies to achieve inclusive and equitable economic growth and poverty eradication<sup>25</sup>; reiterate the important role of trade as an engine of growth and development<sup>26</sup>; the importance of promoting sustained, inclusive and equitable economic growth<sup>27</sup>

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22 Sévernie Deneulin and Lila Shahani An Introduction to the Human Development and Capability Approach: Freedom and Agency, Ottawa, Earthscan 2009; Andy Haines and Andrew Casseis, “Can the Millennium Development Goals be Attained?”, British Medical Journal, vol. 329, issue 7462, 2004, p. 394.

23 Press Release, High-level Event on the Millennium Development Goals, “UN report: Significant progress in debt relief for poorest countries but trade and aid still major barriers to achieving anti-poverty goals” 25 September 2008.

24 UNCTAD, Globalization for Development: the international trade perspective, UNCTAD/DITC/2007/1,

25 United Nations General Assembly, Draft Resolution referred to the High-level Plenary Meeting of the General Assembly by the General Assembly at its sixty-fourth session: Keeping the promise: United to achieve the Millennium Development Goals, 17 September 2010, parag. 41

26 Ibid., parag. 42.

27 Ibid., parag. 43.



This approach to development focuses on understanding the obstacles that inhibit people and countries from realizing their development goals and at the same time through this concept the abilities to achieve measurable and sustainable results, Therefore, countries can be assisted through capacity-building, specially developing ones in order to respond to the causes that hinder their development.

Human development is about enlarging people's choices and enabling them to live long, healthy and creative lives. It is much more than the rise and fall of national income; human development is about fighting poverty but also about human dignity. It focuses on human lives and how they can be enhanced. The biggest challenge for human development is inequality as it is a barrier to economic growth, social dislocation, conflict and is at the root of violence as poverty is the lack of freedom to buy food, medication, pursue an education and a lifestyle of choice.

The initiatives undertaken by the global governance system focus on giving countries and people the tools necessary to accomplish development though technical advice, cooperation and, most of the time, donations and loans in order for a country to advance though commerce as this is the most effective way of creating a sustainable development given that it tries to satisfy increasing human wants, standard of living, national income, industrial development and generates employment opportunities among others. However, in order enable people to succeed in their efforts of achieving a better quality of life the first thing they must have is a job.

As has been stated above, inequality hinders development as it can cause violence. Peace though commerce is an initiative established to contra rest that effect and highlight the importance of investment and employment in order to build human capabilities as a mean for preventing conflict and achieving the human development objectives. This initiatives understands that intelligence, ability and aspiration are evenly distributed across societies; organization, investment and opportunity are not.

Peace though commerce is an integrated outreach, education and engagement program which illuminates the contribution of commerce and trade toward sustainable peace, but most importantly to development. However, it does not relate exclusively to helping countries develop themselves, but it creates the necessary features for it to progress without the hindrance of war, internal conflict and lack of human security. The initiative is a perfect example of what the collaborative approach in which the global governance system is based can accomplish as it solves a problem that affects more than one state or region that do not have body capable of solving it.

Fighting one of the root causes of inequality: peace though commerce Poverty does not in itself create violence, but it generates unrest and search for a change by any means; prosperity is the opposite of that. The modern world is unequal, unstable and unsustainable. One way to meet these challenges and have a more balanced economy and a stronger, safer world is to open the door for business, be it though investment or entrepreneurship.



The business-oriented approach is not only development but also security oriented. The reasoning behind it is that if you do not trade with the neighbors the only way for them to use the resources not available naturally to them is by stealing them, so if goods don't cross borders, soldiers will. Furthermore, mutual investment leads to peaceful bilateral relations; despite the diversity of cultures in the world, nonaggression is fundamental for a successful relationship between trade partners.

Peace is difficult to define and almost impossible to measure. However, the Institute of Economics and Peace, particularly its work on the Global Peace Index, has made a substantial headway. The Institute has developed a framework for measuring peace, understanding the factors that create peace and valuing increases in peacefulness<sup>28</sup>. This is an important tool for business as it helps place an economic value on peace and understand its impact on the company in terms of markets, costs and profits. Research undertaken using the Global Peace Index has shown that societies with well functioning governments, low levels of corruption, high participation rates in primary education, respect for human rights, freedom of press and good relations with their neighbor states are more likely to experience low levels of violence<sup>29</sup>.

All of the above factors that lead to diminishing violence can be achieved in part by trade, that is, peace through commerce. The markets obligate people to interact with others, which requires cultural understanding, communication, collaboration and leads to the exchange of ideas, beliefs and customs that foster tolerance. It also creates dependence between trading partners that in turn makes them interested in each other's wellbeing and survival. Also, economic growth that is fueled by commerce (and not illegal trafficking for example) increases the standard of living, leading to political stability that is directly proportionate to peaceful relations<sup>30</sup>.

Peace can be measured in economic terms, as it has a monetary value independent from the human values associated with it. This value can be expressed in terms of the additional value to the global gross domestic product (GDP) that ensue from creating a peaceful world<sup>31</sup>. According to a study done by the Institute of Economics and Peace in which the economic effect of the cessation of violence on world economy was assessed<sup>32</sup>, in 2007 the total effect could have been \$7.2 trillion dollars, \$2.4 trillion would shift from violence related industries to other economical activities, and \$4.8 trillion would have been generated from additional economical activity that has been suppressed by violence.

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28 Institute for Economics & Peace, "Peace, its Causes and Economic Value", Global Peace Index, 2009 Discussion Paper. , Global Peace Index

29 Ibid.

30 James Gwartney et al. Economic Freedom of the World: 2005 Annual Report, The Fraser Institute, 2006.

31 Measuring Peace. Initiatives, limitations and proposals, Seminar Proceedings, Barcelona March 2010, Intitut Catala Internacional

32 urgen Bauer and John Trepper Marlin, "Defining Peace Industries and Calculating the Potential Size of a Peace Gross World Product by Country and Economic Sector", report for Economists for Peace and Security and Vision of Humanity/Institute for Economics and Peace, April 2009



Violence and conflict affect all aspects of a person's life: from the inability to walk safely on the street to their job. The lack of predictable political and economic framework, increase of violence that led to disruptions of the chains of supply and productions which provokes an increase of costs and delays in the business, which in turn makes unhappy customers. Thus a company has two options: either moves its business to another part of the world, and therefore having to make a big investment to set everything up or promote peace and security.

Proposals for maintaining peace and security, and thus for governance of peace and security and most importantly, development, include the prevention of the causes of conflicts that can be economic, social, religious, political or territorial motives.<sup>33</sup> . However, if the cost of reducing the levels of violence is significantly lower that the economical activity lost do to it, would it not be a better business decision to engage the government and civil society in order to foster peace in the market they operate? And, could there be an added bonus if they can do this just by continuing doing business, creating peace through commerce?

Ben Ki-moon, the United Nations Secretary-General has stated:

“Business and the United Nations might seem to have different purposes. Business has traditionally focused on growth and profit. The United Nations focuses its energies on peace and security, poverty reduction, and human rights. But many of our objectives are the same: building peace and supporting strong economies and communities, providing opportunities for people to pursue a livelihood, and ensuring that everyone can live in dignity. In these goals, the UN and business are partners. Business cannot survive or thrive if societies fail or if people feel that their security is threatened. Business is increasingly aware of this symbiotic relationship with society, and of the role that responsible business practices can play in fostering the very stability that business needs to prosper”

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<sup>33</sup> Alyson J.K Bailes, Introduction. Global security governance: a world of change and challenge, *Stockholm International Peace Research Institute*, yearbook 2005, p. 1



In 1999 Kofi Annan stated “the private sector and security are linked in many ways, most obviously because thriving markets and human security go hand in hand. Global corporations can do more than simply endorse the virtues of the market, however. Their active support for better governance policies can help create environments in which both markets and human security flourish”. In order to accelerate progress towards achieving human development business leaders need to develop policies and practices that promote responsible corporate citizenship<sup>34</sup>. Wider social needs and expectations need to be taken into account by companies in order to maintain commercial viability. Furthermore, business can become a model of inclusivity and mutual respect that can impact the wider community<sup>35</sup>.

A prominent forum for these efforts is the UN’s Global Compact in which business work to promote human rights, prevent violent conflict and contribute to peaceful societies<sup>36</sup> by institutional learning. Over 3000 businesses throughout the world have already signed on as participants. The United Nations Global Compact wrote in 2010 a document called “Doing Business while Advancing in Peace and Development”. In it, the experiences of several companies are documented in post conflict reconstruction and peace building and building a culture of peace that prove that hands engaged in commerce do not form fists.

Energoinvest, an engineering company in Bosnia-Herzegovina was directly damaged by the armed conflict between 1992 and 1995. In 2004, it worked to reconstruct the damaged electric grids in the country, thus improving the domestic power infrastructure of the country, boosting the industry and employing about 500 people. But, more importantly, it helped restore the business relations that were severed because of the war. Another example is that of the Coca-Cola Company. In Palestine territories where the company’s bottling the product distribution and movement of employees is a problem. However, the National Beverage Company has built relationships with communities in the region facilitating the products distribution and sale by engaging in education programs related in which supplies is brought to rural schools and employees volunteer to teach students.

Solving the most pressing global challenge takes more than the initiative of individuals or the private sector alone; it requires the collaboration of nongovernmental organizations civil society and the private sector to create opportunities and shared benefits which can be done through the promotion of entrepreneurship as a form to foment trade. Imagine that country or a person has an idea that helps improve lives, education, infrastructure, economies, but there is no system in place to get the idea rolling. How does the idea become reality? Capacity

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<sup>34</sup> Olivier F. Williams (ed) *Peace through Commerce, Responsible Corporate Citizenship and the Ideals of the United Nations Global Compact*, Notre Dame, Notre Dame Press, 2008.

<sup>35</sup> Dr. Georgette Bennet in *Doing Business in a Multicultural World: Challenges and Opportunities*. Report of the United Nations Alliance of Civilization and United Nations Global Compact Office, United Nations Press: New York, 2009.

<sup>36</sup> The Global Compact, *Corporate Sustainability in the World Economy, United Nations Global Compact*, New York, United Nations Press, 2011.



building, that is the facility or power to produce, perform or deploy. Developing capacity involves leaders, government, policy makers and partners, strengthening organizations, stakeholders, communities creating an enabling environment for change, innovation, development giving societies the chance to pursue their own goals, making the most of existing resources, creating development that is sustainable, creating institutions that are capable. These countries are then better prepared to face natural disaster, climate change, violent conflict, and economic crisis.

For firms to adopt peace through commerce approaches there are many policies and programs to choose from that have a positive effect on their stakeholders. However, the question is whether they can extend these actions beyond the stakeholders and actually manifest and enhance peace in their area. Firms are not the only ones that wish to have a positive impact in security and development; these are topics in the realm of international organizations and governments that take part of set of global policies designed for these purposes. The landscape, taking into account the number of actors and programs that they implement, can be crowded, chaotic and ineffectual. Companies may wonder how their initiatives can help and how they fit in the scheme of solving peace issues with what the others are trying to do. Global governance becomes important at this point as it brings together all the players and programs and makes them work together, create synergies in order to advance global policies and implement them.



## Conclusion

Although the world leaders, be it institutions or people, are aware of the impact that commerce has in improving the quality of life of all human beings, most initiatives consist of technical advice or charity. However, the individual can by itself improve its socio-economical condition just by having a job. That is why investment, at the local level is of great importance; not only does it help accomplish the development goals, but it promotes the idea of a global village where understanding each others differences is promoted, but also peace is accomplished.

The program “Peace through Commerce” promoted by several institutions and NGOs is a starting point to broaden the world’s industries upon these facts. It also promotes social conscience at different levels and can be a valuable tool for entrepreneurs in countries that face difficulties that stem from development.



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