

Symposium

ON BUILDING PEACE

Farewell Symposium
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let's change
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Building Peace In and Among States

Joris Voorhoeve

March 2018

The Chinese general Sun Tzu wrote about 2500 years ago in *The Art of War* that a smart general does not fight but takes political and military positions in such a way that his challengers refrain from violent resistance. That is still good advice for national and international politics.

What I want to briefly analyze is how the peaceful order which we enjoy in The Netherlands and most of Europe can be preserved, both within and among states. Preventing violent aggression is the crucial task of all governments. The art of war is to prevent war, while avoiding capitulation and oppression.

We live in a world which is full of war and the threat of it. History shows a seeming endless repetition of wars, interrupted by periods of peace. In Western Europe, we enjoy peace since 1945, that is 72 years, as long as I live. This is an unusually long peace. The task of statecraft is to make peace last as long as possible, while preserving liberty and a high degree of justice and wellbeing.

Political science offers several theories on preserving peace. The classics wrote that a stable rule-of-law state needs a *monopoly on coercive power* to enforce peace and the rule of law. This solution to civil war can be compared at the international level to an *empire or an alliance led by a hegemon*. The hegemon needs large resources and a strong will to maintain the regional system around him. If the hegemon guides the member states in a strong and just fashion, allowing the participating units much autonomy and

avoids becoming suppressive, peace can be maintained, and all participating political entities can contribute to maintaining security when dealing with external threats. Since 1945, this is the *Pax Americana* which Europe enjoys and which we took for granted until recently. But the hegemonic US is losing authority, wisdom and preponderance, at least in the short run, and perhaps longer. What can we do to make it last?

The second theoretical approach is *balance of power*. Inside a state this requires strong constitutional provisions and an equilibrium among various domestic institutions. But balance of power does not work well at the international level, among states, as side A may interpret an increase in defenses of B as preparation for aggression. In an international balance of power system there is no enforcement of international public law by a strong world authority. Balance of power systems may break down, as we learn from the First World War, and they give rise to an arms race, as we learn from the Cold War. So this is no safe solution to maintaining peace.

The third approach is *collective security*, as was tried after the First and the Second World War. This system requires that all political entities share in maintaining peace and enforcing law, led by a world sheriff, embodied in the Council of the League of Nations or the UN Security Council. This is comparable to the Wild West in the US in the 19th century: the government is far away, but all ranchers with guns should go after the bank robber if the sheriff calls on them. This seldom works internationally, which explains the failure of

the League and the UN in the 20th century. The sheriff and his posse also did not guarantee law and justice in the Wild West, as many ranchers and militia participated in genocide of native Indians. One cannot count of the UN to guarantee rule of law, even though it can be of help in smaller states when the veto-holding states do not block action.

The fourth approach to maintaining peace is very different: *functional cooperation* among political entities to serve common needs, weave a web of economic and technical organizations over all, in order that self-interest in maintaining peace becomes so strong that nobody wants to tear the fabric apart by war. This approach became famous after the Second World War and led to countless organizations, both on a global scale and regionally in the form of the European Union. It has worked well in Western Europe, but many East European leaders and nationalist parties in Western Europe resist nowadays. If one wants to compare this functionalist approach in international affairs to national peacebuilding, it may be somewhat comparable to the Social Contract which makes a state work for the well-being of its population, but only if there is a strong consensus.

During the 72 years since 1945, the peoples living in the North Atlantic region have successfully combined three of these four approaches: hegemonic alliance, balance of power against the former Soviet Union, and functional cooperation. The overarching North Atlantic Security Community which arose consists of North America and most of Europe, excepting Russia and most of Southeastern Europe.

But the North Atlantic system, which grew in size, is weakening. Its leader, the US, suffers

from a deficit in leadership and government income. Most European allies run a deficit in their defense contributions to common security. Some Eastern members and Turkey suffer from a deficit in democratic rule of law. Still, the Pax Americana is on average the best place to live, in terms of freedom, well-being and security. This also applies to some countries outside the North Atlantic area, like Japan, South Korea, Australia and New Zealand. They are somewhat related to the Pax Americana.

An indicator that the Pax Americana offers a good future is the road taken by most refugees. People vote with their feet. It needs little academic proof that the Pax Americana is worth preserving, but badly in need of improvement.

Preservation takes quite an effort, as the system is in decay. I need not repeat the prime weaknesses of the hegemon: its present leader and huge deficit. Increasing inequality of income and property among its citizens worsen this, as happens also in many European countries. Tax aversion, consumerism, demoralization of democratic citizenship, short term electoral gains, group conflicts and authoritarianism are some of the many factors sapping the cohesion of the system. The very success of decades of social -, Christian-democratic and liberal statecraft in the region attracts large migration from failing states and wars outside it, which is a threat to social cohesion. The return of Russia to an arms race since 1999, stirring regional wars around it, and the rapid rise of China as a very productive non-liberal empire based on state capitalism, are serious challenges. If present trends continue, the North Atlantic Security Community will weaken further and lose leadership to China.

Several therapies are being advocated. New populist nationalism will worsen the decay, as it would break down the system from the inside. Encouragement of rapid economic growth and unrestrained economic globalization to satisfy consumers and producers will undermine the natural environment and increase economic inequality. Reducing development cooperation will increase massive unemployment outside the region and increase migratory pressures. Tampering with representative democracy may lead to slower formation of effective policies and cater to the less-educated, ethnocratic and religious groupings. It seems to me these are the answers that are likely to fail.

There is some hope that the present lack of American leadership will encourage the EU to become a stronger world player. We should not expect too much. The EU may benefit from German- French cooperation but there are many laggards and spoilers in the EU. The EU lacks a hegemon and the capacity to deter Russia's military power. It is smarter to strive for a return of US leadership even though that may take a few years and depends on US voters.

One might keep in mind that there may be opportunities to enlarge the Pax Americana and form step by step a Community of Democracies in the world. A special relationship with India, Brazil and Argentina might help to counterbalance an overpowering China.

Shoring up failing North African states, encouraging employment in Africa, investing in solar energy in the tropics and subtropics, reducing dependence on fossil fuels from Russia and the Middle East by energy savings and salt and thorium reactors, and investing in integration of migrants with language and professional training are more likely to bring results, but take time and great effort.

Will the world see new big power wars, due to an increasing number of states with highly destructive new weapons, cyber and hybrid war, arms in outer space, nuclear arms and automated weapons? These might sooner or later cause a disaster by intent or accident.

Surely, the competition among the giants in the multipolar system like China, the North Atlantic region, India and Russia will continue, and may get more intense in the quest for resources and political and economic power. But there is no law of nature that forces them to make war, other than serious misperceptions and serious policy mistakes. In this situation I know of no better policy than to continue improving the Pax Americana system, and the European Union as an important corner stone.

Institutes of higher education have the rewarding task of educating future leaders at all levels and segments of society. I was very happy to be given a chance to contribute over the past seven years at THUAS, which is part of 39 years of teaching, research and policy practice since I started as professor at Wageningen University. I am very grateful for the support of The Hague University, my former Director Ineke van der Meule, Dean Liduine Bremer, Board member Susana Menendez, many teachers, researchers, students and staff.

This afternoon's theme of peacebuilding will be continued by Michaela Anghel, on democracy and peace, and Reitse Keizer, on economics and peace. My colleague Jos Walenkamp will lead the discussion. I wish you all the best and look forward to many more meetings with you all, but now as Fellow of The Hague University.

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The Retreat of the Democratic Model: Implications for the Democratic Peace.

M. Anghel

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We live today in an undeniably dangerous world, fraught with terrorism, national isolationism and the resurgence of authoritarianism. Above all, however, we are increasingly confronted with the fading of the democratic model that has been in place since the fall of the Berlin Wall in 1989. Two years later the dissolution of the Soviet Union would consolidate the supremacy of the democratic model validating Francis Fukuyama's (1989) early proclamation of the end of history and the victory of liberalism – as democracy cum capitalism – in the ideological battles that, throughout the 20th century, had opposed it to fascism and communism. These ideological contenders were now defeated and democracy in its liberal, Western definition was the only model left standing. Democracy, scholars convincingly argued and decision makers agreed, offered an effective blueprint to prosperity and freedom within countries.

The benefits of democracy did not stop however at states' borders. They were extended to include also interstate relations. Michael Doyle (1983) (1997) among many others made the powerful argument that democracy was not only apt at creating free, wealthy societies, but was also particularly successful at securing peace among such societies. The democratic peace proposition detailed how the slow and transparent democratic decision-making process reduces the security dilemma that Realist

scholars in international relations advance as a potent explanation for war. The checks and balances as well as institutional constraints democratic leaders face inevitably make the process of decision longer, more porous and inclusive of a variety of domestic and transnational interests often risk averse and thus opposed to the costs that aggression entails. Such argument predicts that there is an intrinsic democratic pacifism rooted in these structural aspects of democracy.

However, looking only at the contemporary record of democracies, such pacific stance does not hold much ground. In particular, the 2003 Gulf War put an irremediable dent into such overly positive understanding of the benefits of democracy. Confronted with the fact that democracies did not seem to be fundamentally more pacific in themselves, proponents of the democratic peace argued that, while democracies do violently engage other types of regimes, they do not fight one another. Scholars proposed an interactive model, either dyadic or systemic, in which democracies create a special peace amongst themselves rooted in the shared values of republicanism, the rule of law and respect for human rights. Such shared ideas result in democracies perceiving one other as "friends" and extending to one another the benefit of the doubt in provocative situations that would otherwise lead to violence. Scholars argued convincingly that the externalization of democratic norms

leads to restraint, tolerance and justice among the members of this modern version of Kant's "pacific union" (Kahl, 1998/1999).

Since the democratic peace proposition was introduced, it has sustained a healthy storm of criticisms. Scholars have questioned it on methodological, definitional and causal grounds. They objected to what qualified as a liberal democracy, they reversed the lines of causation proposing that peace causes democracy (James, Solberg, & Wolfson, 1999) and they advanced other factors, such as economic freedom (Gartzke, 2007), as the real independent variable in explaining peace. Despite all assaults, Dan Reiter, in a recent thorough review of the state of the discipline regarding the democratic peace, concludes that the correlation between democracy and peace is not spurious and that "if the dyadic democratic peace is not a law, it's as close to a law that we have in international relations, and probably as close to a law as we are ever going to see." (Reiter, 2017)

Scholarly debates aside, the notion of a separate peace within the democratic club strongly conditioned the behavior and values of decision makers around the world, and in Washington in particular. From Woodrow Wilson who wanted to make the world "safe for democracy" (Wilson, 1917) to George W. Bush's justification of the second gulf war, spreading democracy, not incidentally also the political and economic model of the West, became the guide for foreign policy decisions and for engagement with the world. A world that in terms of security threats was increasingly confronted with a new type of warfare that Mary Kaldor (1999) famously labeled as "new wars". Contemporary violent conflict pitted not state against state, but groups within and

even across states. It did not aim primarily at conquering land, but rather at changing the ethnic, religious or sectarian composition of a territory. While wars between sovereign states and even more so, wars between great powers, became increasingly rare and even unconceivable due to a combination of nuclear deterrence and a non-aggression norm enforced by the UN, the international system remained nevertheless rife with conflict and threats to security coming out of domestic strife. The international community, in its Western definition, engaged these internal conflicts through peacekeeping and peacebuilding operations. The West considered countries destabilized by civil wars as candidates for post-war reconstruction based on the democratic model. This decision was perfectly logical given the West's confidence in the ability of democracy to provide freedom, prosperity and peace.

There are however clear limits to this rosy scenario. Firstly, while consolidated mature democracies may indeed interact with each other as the proponents of the democratic peace argued, countries engaging in the process of democratization are amongst the most unstable and dangerous environments one can image (Mansfield & Snyder, 2005). Huntington (1991), Przeworki (1991) Linz and Stepan (1996) labored to define when the democratization process is over and a democracy can be considered "consolidated" and thus able to engage in the pacific behavior the West tried to nurture. They spoke of democracy needing to be "the only game in town" or of the "two turn over rule" whereby democratic consolidation is reached when power peacefully changes hands twice. Regardless of the recipe for consolidation, one implication was clear: one can expect

democratization to be a protracted and far from teleological process, peppered with dangerous stopovers and step backs. The example of Yugoslavia is emblematic here. The federation descended into violence not the least because of the pressures democratization placed on leaders and the opportunities democratization offered to predatory, nationalistic elites bent on retaining control. In the uncertain political environment created by the fall of the communist regime, Slobodan Milosevic seized upon a crude version of ethnic nationalism as his ticket to the top. As Gagnon (2004) documented so eloquently in his work on Serbia, violence became an effective tool for political survival as it demobilized, silenced and delegitimized opponents and justified repression. Furthermore, violence diverted the attention from the failures of leadership and discredited moderates as traitors to the group. The spiral of nationalist violence was put into motion by the weakening of state institutions that democratization had initiated. Mutatis mutandis, the parallels with the Syrian conflict are uncannily easy to draw.

Secondly, not all democracies develop into the liberal version in line with Doyle's reasoning. Many countries engaged on the road to democracy find themselves either back into the authoritarian camp or experiencing a type of democracy Fared Zakaria (1997) coined as "illiberal". Illiberal democracies perform elections and accept popular participation, but do not embrace the constitutional values of their liberal counterparts. Putin's Russia has refined this version of democracy and made it quite popular to the point of having the leader of a EU member state, Viktor Orban proudly declare his allegiance to this form of democracy (Orban, 2014). Illiberal

democracies' rejection of a fair application of the rule of law and the upholding of civil and political human rights, makes them dubious participants in the democratic peace game. To complicate matters further, whether a democracy is "liberal" and therefore "legitimate" in the eyes of the West is in itself a subjective assessment prone to manipulation. Another state may be portrayed as illiberal because it is an enemy, rather than be an enemy because it is illiberal.

Third, the West's confidence in the attractiveness of the democratic model is arguably also rooted in the events of 1989. The revolutions in Eastern Europe that overthrew illegitimate communist regimes across the region sent a powerful message to the rest of the world: that oppressed people under hated authoritarian regimes are only waiting to be freed and to unconditionally embrace the democratic model. Unfortunately, this is a narrative proper to perhaps only Eastern Europe in 1989. The fall of the soviet regime in Russia already strays from this interpretation. Nevertheless, the Eastern European liberation remained ingrained in the minds of Western decision makers. The optimistic conclusions drawn from 1989 faltered dramatically in their application to the Middle East during the Arab spring. The West came quickly to realize that people in Egypt, Libya, Iraq or further afield, Afghanistan do not look at the democratic model with the same feelings as a majority of Eastern Europeans did in 1989. Therefore, the democratic project Washington had declaratively engaged in, in Iraq for instance, did not lead to the extension of the area of freedom, prosperity and peace, but rather to a complicated and unstable situation both in the country and across the region that

has, perhaps more than anything, dealt a dramatic blow to the democratic model.

What are however the alternatives available to manage post-conflictual countries? If turning them into functioning democracies is a long and often failed and even unwelcomed venture, what can the international community do instead? The present Syrian debacle points to some grim scenarios. Should the international community accept bloody dictators for the price of stability, as the lesser evil? Should it take over the country and turn it into a modern protectorate, such as was attempted with poor results in Kosovo?

The alternatives to democracy are few and unappetizing, especially for a world that has convinced itself believes in universal human rights. If these rights are to be defended, democracy and liberal values despite their limitations remain, for the time being, the only answer. Ikenberry (2009) is therefore right in calling for more liberalism at a time when liberalism is under threat. He is equally right in upholding the universality of liberal values: individual freedoms, representative government, constitutional limits on power and equality in front of the law. These offer a "broad canvas" that can accommodate a multitude of culturally appropriate institutional solutions for post-conflictual societies (Paris, 2010, p. 360). Cultural relativity arguments that question the universality of such liberal values amount ultimately to justifying abuse and tyranny. While the liberal world is far from perfect, it is with the spirit of 1989 in mind that we can conclude with Churchill's famous words: democracy is the worst political system, except for all the others.

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Economic Change as Condition for Peace

Reitse Keizer

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“Today’s world economic system causes fundamental imbalance in economic relations. Transition to a new economy creates opportunities for change to improve conditions for peace.”

The debt crisis of 2008 showed the instability of a financial system based on debt. The crisis rocked the system, resulting in the most severe economic recession since the Great Depression of the thirties. The instability is inherent to the system: stability destabilises, as the American economist Hyman Minsky argued already in 1986 (Minsky, 2008). He was too long ignored.

Typical for a financial system based on debt is the dominant role of the financial markets. The profit norm there created, results in concentration of “profitable” economic development, interferes with balanced economic development in the world and so creates sources of economic tension.

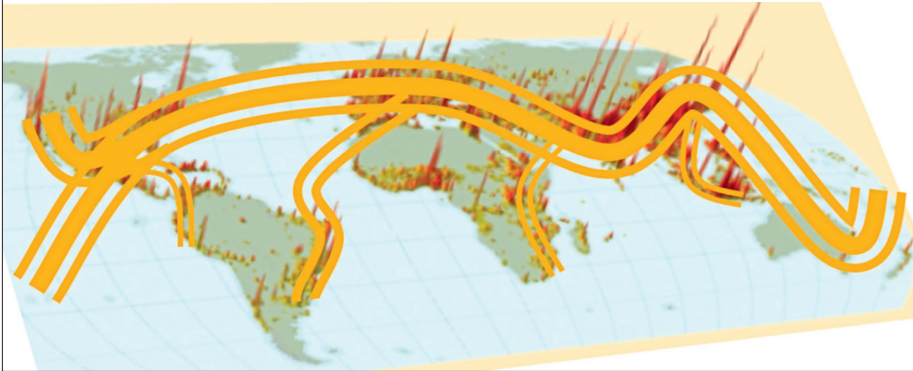
Free market

The dominance of the financial markets can be illustrated with well-known free market operation: free mobility of people, goods, money and capital.

- People can travel fast in Europe-without-borders and also global. Much faster will not be possible in the short run. However, mobility of labour is often heavily restricted.

- Goods can be traded easy in Europe-without-borders. The same with global trade, due to many trade agreements. Transport is faster than ever. Still faster will be possible with distant 3D-printing.
- Money mostly is *bank money*, money lent to the banks, formally a claim on cash. Bank money is “transferred” in a digital network. Transport of cash (“real”) money and gold is exception.
- Capital is traded within the global financial network through glass fibre with the speed of light (“flash capital”). The form of capital – bank money, obligations, shares, etc. – doesn’t matter anymore.
- But what is moving through the digital network? The debt relation? The registration? Bites? Is there really “moving” anything? Or has capital become *virtual*?
- Is this still *fair play*? Is this a “level playing field” for goods, labour and capital? Asking the question, is answering it.
- Capital dominates the competition with its “virtual high speed”, especially labour loses the game. It’s impossible to compete with capital. Only 9/11 and the debt crisis were able to stop it... for a while.

Girdle of urban agglomerations, around the world, according to number of citizens



Source: www.theatlantic.com/past/docs/images/issues/200510/world-is-spiky.pdf
 NB The "golden girdle" is added by the author to the picture of Robert Florida.

The dominance of capital in the "free market" can be characterised with one word: "capital-ism". It finds support in mainstream neoclassical economic thinking, since the 80's advocating liberalisation of capital flows. It results in growing "profitable" concentration of capital in urban agglomerations, which "serpentine around the world as a girdle of gold" (paraphrasing Max Havelaar). This to the expense of "less profitable" but balanced economic development in places where it is really needed, or sustainable development taking account of all living conditions and the necessary transition to a new economy. It causes the long standing imbalance in economic relations around the world, which does not contribute to solutions, but amplifies problems, if not creates them. In modern economy capital is an *end*, where it should be the *means* to sustainable development and to living in peace together of nations.

Restricted capital mobility

The debt crisis of 2008 showed how a financial system can derail by liberalisation of capital flows. The post war Bretton Woods system, however, *restricted the mobility of capital* and let capital support production

and trade to foster post war reconstruction, starting the transition to the post war welfare state. The financial system was *anchored on the dollar, backed with gold*. Due to the restricted capital mobility no economies met bank crisis from 1945-1973 (see graph; Taylor 2012; WRR 2016, 70; cf. Rodrik 2017). In the end all financial crises are caused by capital mobility. The graph shows also how liberalising capital flows since the 80's turned into the debt crisis of 2008.

Transitions

In the 1970s the Bretton Woods system staggered, which opened the road to *financialisation of society*. Liberalisation of capital flows silently turned *traded debt into the new financial anchor point* (Marazzi, 2008, 39). Transition started to the network- and information society of the 1990s (Castells 2012, 1-2), combining freedom of the 1960s and technology (the PC!) of the 1980s, creating the platform for ongoing financialisation.

The fall of the Berlin Wall in 1989, 9/11 in the Rhineland model, marked a turning point. The rise of internet and digitalisation

set the tune for a *new economy*. Ongoing liberalisation of the financial sector made *financial capitalism* dominate the global economy. Unrestricted build-up of debt ended in the debt crisis of 2008 (Castells 2012, 2). It rocked the financial system and the world economy.

The crisis of 2008 marks a turning point in the transition to a new economy. Sustainable, circular and social, using digital technology? Or a comeback of 19th century capitalism á la Dickens? Will the financial system also change? Outcome unknown. The crisis has put to question *debt as financial anchor point*. Will it be replaced?

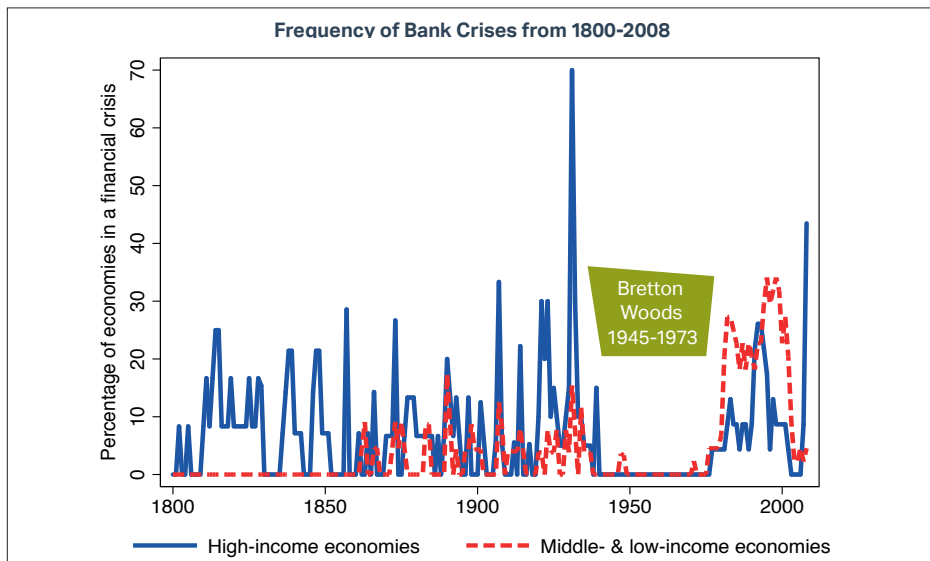
Crisis and transition

The crisis of 2008 is not merely economic, but structural and multidimensional (Castells, 2012, 1). It is a turning point in a transition comparable with the transitions to the post war welfare state and the

network and information society of the 1990s. The changes result in social unrest, populism and fragmentation in politics (Castells, 2012, 1-4). The changes are about mobility and migration, diversity, globalisation of markets and connectivity by social media (Molenaar, 2017, 4).

At one hand worries: the long aftermath of the crisis, structural changes in the labour market, in the financial system, in the energy sector, sustainability of the system. At the other hand opportunities: digitalisation, robotisation, working smarter, cleaner and more innovative with new technologies and smarter organisation, also in the financial sector.

Although contours still cannot be seen, there's talk about a new economy, *The Next Economy*. It's a tense situation, because the dogs aren't barking anymore: the caravan is already on its way to the next financial oasis... or bubble. Will there be a next economy or a next crisis?



The graph shows the percentage economies in financial crisis between 1800 and 2008.

Source: Alan M. Taylor, *The Great Leveraging*, 2012, www.nber.org/papers/w18290.pdf, cited in WRR (2016, p.71)

Unsustainable

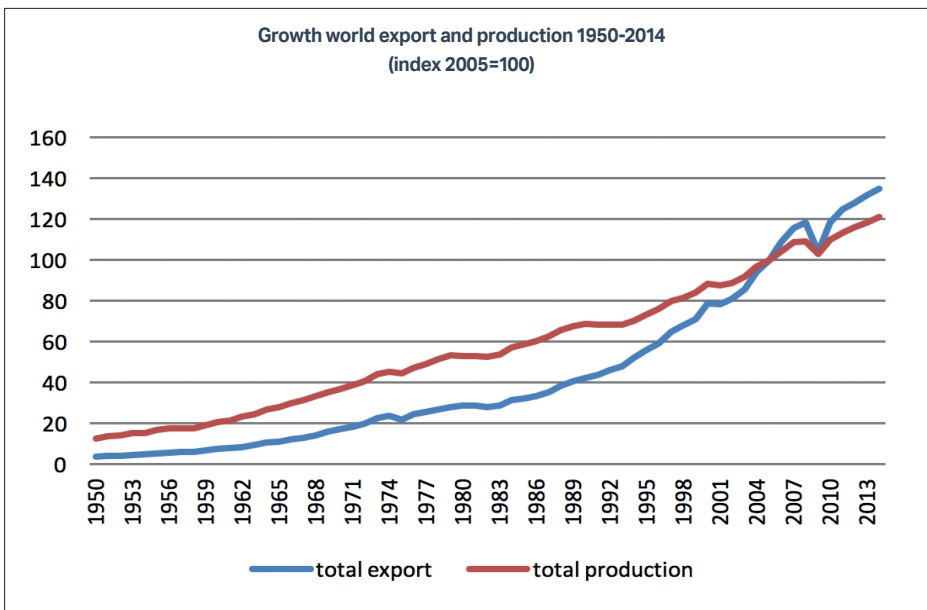
In the internet euphoria of the 90's there was plenty of talk about the New Economy: digitalisation and internet would change all for the better. The dot.com-bubble in 2000 did correct expectations and stock exchange rates, but didn't stop development. The debt crisis put the question: how sustainable is the economy? The climate discussion made it prominent, although many people in Main Street will worry about other things. Yet people have become aware the modern economy is not sustainable. But many also expect new solutions will be found to handle things better, smarter or cheaper. Will this be enough or will it be more of the same? Is growth the solution for the problem or is growth the problem? Is growth still "normal" or is another "normal" needed? (Galbraith, 2014) How to divide "the cake" internationally? How to cope with the growing needs of strong growing countries –

and there will be more – for scarce resources and energy? How to deal with the resulting economic tensions and prevent conflicts?

Modern economic thinking being not sustainable, can it be sustained anymore? Is Gandhi right, the earth having enough for the need of all, but too less for the greed of some? The crisis started a not ending flow of publications, explicitly putting the neoclassical economy into question, or implicitly with proposals for additions or adjustments. And worldwide students are posing this question within their movement Rethinking Economics.

World in development and motion

Overall the post war "capitalistic" economic system brought stability and ongoing growth of production and trade, as the graph shows. Especially in the rich countries growing wealth has been "normal" for seventy years.



Source: WTO, International Trade Statistics 2015

Is this “normal” growth sustainable when other countries are going to develop also? Wealth is unevenly distributed in the world: very rich countries – rich and less rich countries, taking part in the economic prosperity – and countries and areas where development stagnates. Supply of food, resources and energy are often causing tensions and subject of conflicts. Ongoing development and growth will make these interests more important.

In *Negen Plagen Tegelijk* Joris Voorhoeve (2011) sketched the complex situation and the complex play to handle this. The first volume of our new book *Wereld in Beweging* is dealing with the play and the role of different categories of actors. The second volume will deal with specific players and what the global agenda is asking to have a good and fair play.

How to prevent growing economic tensions and conflicts? How to finance approaches to global problems and balanced development, when the profit expected does not conform to the norm of the financial market? What to do when capital keeps concentrating in the profitable “golden girdle”? Will transition to the Next Economy help in finding solutions? *Fair play* is important, especially with regard to the rules of the “economic game”.

Economic thinking

Tensions and problems have a global dimension and touch the whole living world, the *oikomene*. To deal with them, *rules and knowledge* of the “*oikos*”, of the “home”, are needed: *oiko-nomoi* and *oiko-logos*. However, historically economics and eco-logy has developed apart.

Medieval Europe was thinking about *iustitia distributiva* and *iustitia commutativa*: justice in distribution and in exchange. When in

Europa the Light of Enlightenment went on, this thinking was replaced with the thoughts of *homo economicus*: pursuing self-interest, rationally maximizing utility against least costs. These are small thoughts for an “Enlightened” spirit. Modern economic science still uses this thinking and built the global economic world system on it.

The neoclassical economic thinking sees the economy as a system of demand and supply, tending to a general equilibrium and not to be disturbed. These thoughts, founded in mathematics and thermodynamics, have been translated in a mathematic-modelling approach (Van Dalen & Klamer 2009). *Oikos*-questions, e.g. environmental pollution, are dealt with as *unpriced* “external effects”. Ecology as a science originated in the 70’s and can be seen as a kind of “counterforce”.

Economics is about human behaviour. It is not a system regulated by natural law, but is about rules of the game, *which can be offended*. People can behave *economically* or *uneconomically*. To judge knowledge is needed of the specific situation of the economy, of the *oikos*, in which someone is living or working. “Oiko-logy” is needed to create a good “oiko-nomy”: only with knowledge of the *oikos*, the right rules can be made. *Homo economicus* only knows self-interest, to say it simple.

Thinking another way

Yes we can think another way. The Value Based Economy of Klamer (2016) focusses on *realisation of values for the full width of reality*: family (*oikos!*), social environment, the market (of course), government, culture. And with her “embedded economy” Kate Raworth (2017) puts economic behaviour explicitly *within* the boundaries of reality (see picture): within “the doughnut”. Due to

the mutual dependency within the *oikos*, within the “doughnut”, cooperation is indispensable. These approaches have to be operationalised, which takes time.

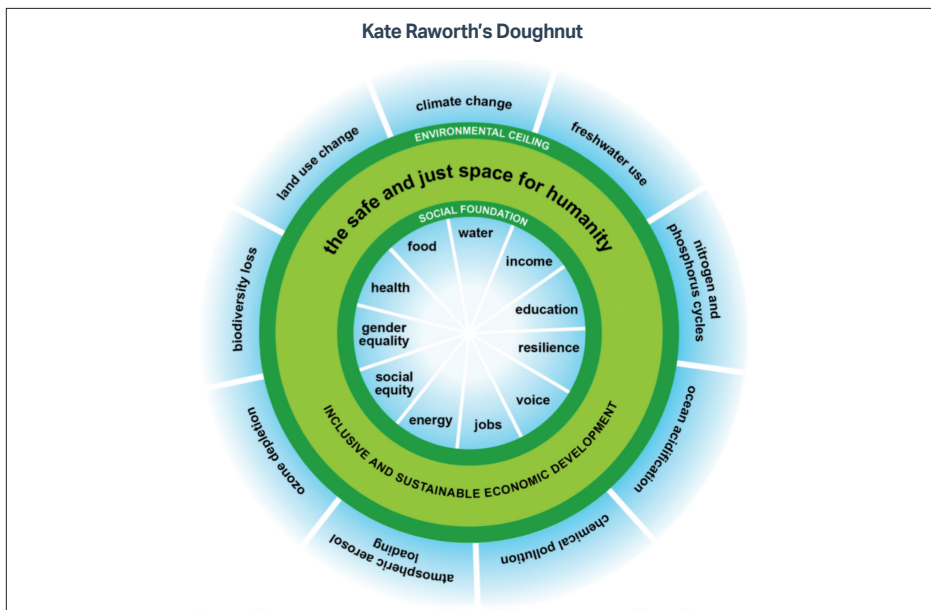
Economy and Peace

Independently making a living in your own *oikos* is an important condition to live in peace and liberty, in no way discarding other important conditions: justice, health care, education, etc. In making a living people are economically dependent on each other. Indispensable are cooperation, exchange and tuning: the free market is ideally suited for this, but *ONLY WITH A LEVEL PLAYING FIELD* and *FAIR PLAY*. Hundreds of millions of people are longing for this mutual dependency in freedom. World history mostly shows economic oppression, lack of economic freedom and unwanted economic dependency, in many ways, unto today. How to think of dependency on the financial markets?

In modern capital-ism the *financial profit norm* on the financial markets regulates economic development. Taking account of all facets (values!) in the *oikos* makes investments “more expensive” and so *financially* less profitable, especially in the short run. Less profitable developments, such as sustainable circular production or small scale independent ways of making a living, have to give way to financial transactions giving more profit in the short run. And more is better than less, isn't it?

Opportunities?

Digital technology is developing fast. Blockchain based cryptocurrencies are the talk of the day, especially as new opportunity of *financial investment*, well fitting in modern capital-ism: high and volatile profit makes speculation interesting. *Money still as end*. More important is using the new technology for new ways of finance in support of



Source: Oxfam

sustainable economic development: circular economic production, small scale initiatives, taking account of the whole of the *oikos*, new solutions still not thought of. That is the real challenge to change the *financial system*: *money as means*, immune for capital-ism. To create financial space for transition to a new economy. Debt been put into discussion, will there also be a *new financial anchor point*? It will be possible: there are plenty of examples in the world, also in Europe. Much more is possible.

Only breaking the dominance of the financial markets will create the space to deal with the *oiko-nomoi*, with the real boundaries, possibilities and requirements of the *oikos*, and to realise other values than market or money value only. That will open up and bring space for a global *oiko-nomic* and *oiko-logic* development as a basis for countries living together in peace. The longest journey also starts with a first step.

let's change
YOU. US. THE WORLD.

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On Building Peace

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Mihaela Anghel

Economic Change as Condition for Peace

Reitse Keizer

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