Introduction

The setting for this book is the nexus of two major contemporary global challenges. One involves the growing societal expectation that private economic activity should be managed more directly in the wider public interest so that people and the planet are not sacrificed in the pursuit of profit. The other is an ongoing search, guided mainly by the principles of the 1945 United Nations Charter, for legitimate and effective ways to help societies emerging from conflict to build sustainable peace and development, respect for universal norms, and their own mechanisms to resolve future disputes in a just and peaceable manner. This book explores regulating the business sector in post-conflict situations as one component of global efforts on both problem sets: to support peacebuilding and to promote responsible business. Wider debates on corporate responsibility have only relatively recently begun to address the particular challenges of fragile, conflict-affected, and post-conflict societies, which have formally become a global development priority. At the same time, one weakness of current peacebuilding strategies is that, to the extent that they consider businesspeople and investors at all, they tend to focus on the economic recovery roles that these actors might play. They generally do not consider how the conduct and attitude of business also has various social and political consequences that may help or hinder peace. These problems and possibilities create both responsibilities and opportunities for public policy makers to understand better who can influence the peacebuilding impact and input of business, and how this might be done.

BUSINESS AND PEACE: PROBLEMS

The idea that outside authorities should provisionally regulate the post-conflict behaviour of business actors proceeds from two basic premises: (1) that business activity may negatively affect the process of building local peace; and (2) that conflict may have significantly compromised the ability of local institutions to deal with these risks, so that temporary external assistance may be required. By seeking or supplying goods or services, businesses might directly or unwittingly increase the risk, severity or duration of armed conflict. Economic agendas may indeed partly motivate conflict, while revenue extracted or extorted from or by business actors may sustain existing or would-be armies and rebels. Indeed, armed groups may themselves act as business enterprises, either to finance their political cause, or because they are essentially driven by crude economic agendas, or both. The advent of peace seldom erases such dynamics and networks. Thus one post-conflict challenge is to manage the licit and illicit business activities of those whose peace commitment remains contingent.

Beyond these more obvious scenarios lies the risk that relatively routine business activities may aggravate or expose fault-lines in society. Businesses may be perceived to compromise community land claims or drastically alter ecosystems and related livelihoods. Firms may treat certain social groups unfairly or abusively, sparking unrest that may spread or be manipulated so as to spoil the wider, still-fragile peace. Corrupt business can undermine public trust in fledgling institutions, making recourse to violence more likely. Otherwise positive change accompanying major projects may create new ‘winners’ and ‘losers’ with new prizes and grievances. Some problems, such as discrimination or environmental degradation, may take years to manifest as violence. Others, such as land disputes involving business, might spark spontaneous instant violence. Where violence has been the norm, post-conflict societies may struggle to manage such things peacefully. The risk of renewed conflict in such environments is typically so high that one post-conflict regulatory responsibility is ensuring that business does not unreasonably add to conflict risk or otherwise undermine the peacebuilding process. Yet local authorities may lack capacity to manage these dynamics, something compounded by weakness in global frameworks for regulating corporate behaviour.

For some actors, serious conflict of course provides a forum for business opportunities, such as arms sales.
I. Objectives

BUSINESS AND PEACE: POSSIBILITIES

Of course, the potential impacts of post-conflict business activity are hardly all negative. If most business sectors require peace in order to prosper, processes of building and maintaining peace also require businesses to prosper, or at least need to factor-in business interests and impact. Some businesses may provide explicit support to national peacebuilding initiatives or even to the negotiations to end conflict. In any event, almost all business actors will share the broad concerns and objectives of institutional peacebuilders. Indeed, businesspeople may have far more proximate and long-term personal and vested interests in building a deeper peace than transitory international peacebuilding officials. During the conflict, some business sites – such as major mines or plantations – may have acted as relative ‘islands of civility’ providing human security.\(^3\) When conflict ends, these can act as nodes to build trust and hope with and within surrounding communities. More generally, and in addition to their role in economic recovery, business people and enterprises are important social actors that can give substance to policy goals. This includes their role in building, demanding, and monitoring, in public authorities, the good governance vital to public faith in peaceful, capable government. Central to this book is that where state regulatory capacity is weak after conflict, it makes sense to identify and enroll legitimate and effective non-state sources of conflict-prevention, peacebuilding and governance strength. The business community is one such source. However, in order to stimulate and institutionalise the potential for virtue in business, a more deliberate and considered strategy is needed than has existed to date. A major premise of this book is that the period of intense international attention immediately after conflict ends, and during the transition to stability, provides a rare opportunity to reorient patterns and cultures of business conduct and regulation, in order to help to shape and institutionalize a more peaceable political economy. Moreover, this is an appropriate role for outsiders to play.

1. OBJECTIVES

This book is concerned with wider questions of regulating business for peace. However, it selects as the focus of study a narrower issue: a role for United Nations (UN) peace operations in regulating the nexus of business and peace

\(^3\) Mary Kaldor’s concept of islands of civility during violent conflict is discussed in Section 5.2.
where they happen to be deployed. Its central thesis is that temporary external peacebuilding officials can act to shape the social and political impact of the business sector on the process of building sustainable peace after conflict. The status and influence of peace operations gives them a responsibility to mitigate peacebuilding risks arising from business activity. Peace operations may also have many opportunities to maximize the positive contributions of business actors to consolidating peace. Future UN peacebuilding should thus include strategies to maximize its influence on business, including by promoting a culture of conflict-sensitive business practices, and by supporting the early development of a local capacity to regulate these.

Two basic arguments flow from this central thesis. First, during the transition to self-sustaining peace, it may be appropriate and necessary for peace operations to act as temporary regulators of business behaviour. Concerns about the legitimacy and effectiveness of governance by outsiders should not displace the responsibility and opportunity to begin transforming ways of doing and regulating business. Second, the techniques and objectives of transitional regulation are distinguishable from routine state regulation during stable development. Given the problems and possibilities outlined earlier, post-conflict transitional business regulation should be characterized by particular attributes. It should be responsive to the capacity of business to modify its own conduct or to support peacebuilding, and responsive to how other institutions and networks can help to oversee and support this process. Peace operations ought also to be responsible not only in acknowledging their transitional regulatory role, but also by holding business to universal but not-too-demanding standards. ‘Responsible’ regulation also involves principled engagement and dialogue with business actors, to secure their cooperation in achieving peacebuilding objectives. Finally, transitional regulation should be realistic in giving priority to conflict-prevention imperatives, not placing impossible demands on business actors or deterring reputable investors, and progressively empowering local regulators. This work has three main objectives. First is to demonstrate how peacebuilders have failed to realize their potential to regulate business conduct in support of overall peacebuilding goals. Second is to propose a theory of post-conflict transitional business regulation that might assist external peacebuilders consciously to influence business actors while

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4 The focus here is not public policy to engage the private sector as a driver of post-conflict economic recovery. It is what is at stake and involved in engaging business in peacebuilding and managing its impact on that socio-political process. However, the two subjects are clearly linked, or can or should be in policy terms.
starting to build local regulatory capacity. Third is to explore how future peacebuilders might employ this approach in practice.

II. SCOPE

The focus of this book is on transitional regulation of business, by peace operations, in support of post-conflict peacebuilding. This section outlines what is meant here by each of these concepts.

(a) Peace Operations

One aim of this research has been to identify which entity or entities have had or should have the authority, responsibility or opportunity to coordinate efforts to shape business’s social impact during post-conflict recovery. The decision to focus on the regulatory role and potential of UN peace operations reflects the view that these are likely, where deployed, to be the most appropriate entities for this task. Of course, peace operations vary greatly in their mandates, attributes, and deployment circumstances, and in any particular setting a peace operation’s actual capacities and influence may be modest. It is also true that a range of other actors are typically involved during post-conflict recovery and capable of exerting regulatory influence and support to businesses and local regulators. However, the UN Charter gives the Security Council peak responsibility for global peace and security, and the Council sponsors peace operations. The UN has unique convening power: perhaps it alone has “the uncontested legitimacy to rally diverse actors and enjoy their trust.” As high-profile guarantors of security and ambassadors of universal values, its missions have special claim to authority. This status is the source of regulatory legitimacy and of regulatory responsibility.

5 This focus excludes direct attention to situations, such as post–2003 Iraq, where invaders act for a time as post-conflict authorities; see Paris, R., *At War’s End* (Cambridge University Press, 2004), 39. Unless otherwise stated, the book uses “peace operation” as shorthand to denote all field creations of the UN peace architecture.

6 See Section 2.1. This book does not dwell on operations’ internal arrangements or relations to other UN agencies (see A/50/60-S/1995/1, 3 January 1995, [38]). Part III argues that UN peacebuilding should harness others’ regulatory inputs; Part II shows how the UN peace system has generally seen engaging business as something for other institutions.

7 Article 24(1) of the *Charter of the United Nations*, done at San Francisco, 26 June 1945. The UN’s role as the peak global body for conflict prevention and resolution is constantly reaffirmed: see, for example, A/62/881-S/2009/304, 11 June 2009, [5]. (This book uses the UN’s documentary referencing system format.)

(b) Peacebuilding

The apparent simplicity of terms such as ‘peacebuilding’ and ‘statebuilding’ conceals not only the extreme difficulty such undertakings, but also wide disagreement about what they mean. This book uses ‘peacebuilding’ to mean civil and military activities, where hostilities have substantially ended, aimed at preventing the recurrence of violence, consolidating peace settlements, and ensuring the conditions for sustainable peace. The focus here is on ‘top-down’ efforts by external actors aimed at creating the time and space for the sorts of multiple inclusive ‘bottom-up’ processes that may be vital to sustaining peace settlements. Conscious that operations’ mandates vary considerably, this book does not dwell on constantly distinguishing ‘peacekeeping’ from ‘peacebuilding.’ This book describes peace operations personnel as ‘peacebuilders’ because they tend to be involved in “identifying and supporting structures and behaviours which strengthen, solidify and institutionalise peace and help avoid new conflict.” UN policy frameworks have accepted overlaps between merely keeping and actually building peace. Part II shows that peace operations in fact often take

9 See, for example, Jenkins, K., and Plowden, W., Governance and Nationbuilding: The Failure of International Intervention (Edward Elgar, Cheltenham, 2006), 1.
II. Scope

on early statebuilding activities, but this book uses ‘peacebuilding’ not ‘statebuilding’.¹⁵

This conception of peacebuilding is related to what counts as ‘success’ in this book’s theory of transitional business regulation.¹⁶ Clearly, peacebuilding involves a notion of ‘positive peace’ beyond simply an end to violence.¹⁷ However, as used here, it does not entail resolving for all time the root causes or drivers of conflict in a society. The approach is that regulation of business behaviour should be part of a strategy of conflict transformation, understood as reducing drivers of conflict and strengthening mitigating factors, while building host societal capacity to manage political and economic competition through peaceful means.¹⁸ Part III explains that peacebuilders are effective transitional business regulators where they take reasonable measures to ensure that business activity does no harm to the peace consolidation process and to fundamental protective standards. Indeed, ideal transitional regulation goes further. It proposes that because of conflict prevention imperatives and the relevant problems and possibilities associated with post-conflict business activity, peacebuilders’ overall responsibility and opportunity should include catalysing conflict-sensitive and responsible business practices and cultures.


(regulating businesses to become peacebuilders in their own sphere) and stimulating capable local regulatory networks. This includes evaluating omissions: what might have been achieved and the opportunities not seized.29

This book thus examines the potential for UN peacebuilders to assume a temporary role in persuading businesses to self-regulate in ways that reduce the likelihood that their conduct might create or aggravate the risk of renewed violence. To do so it uses shorthand concepts of minimizing ‘conflict risk’ and maximizing ‘protection’ of fundamental norms. The propensity for violence relating to business activity may vary considerably in each setting, and must be assessed relative to other sources of risk requiring UN attention, and to the livelihood benefits of allowing business activity to continue despite conflict risk. ‘Protection’ is used as shorthand for regulating business respect for basic standards on human rights, the environment, and corruption. These are important peacebuilding ends in themselves, but one can also accept the potential links between their violation and short- or long-term conflict risk without needing to attempt universal statements on what tends to drive armed conflict.

(c) Post-Conflict

Attention is mostly limited to cases in which an operation has been deployed after serious armed conflict.20 The premise here is that there is (or should be) something distinctive and exceptional about transitional post-conflict policies.21 The early post-conflict period provides a window of opportunity, assuming thresholds for intervention are met, for responsible external interveners to help initiate transformative strategies.22 Experience suggests that the

19 See Caplan 2005, 228–9, 237, 246.
20 Subsection 1.1.2 and Section 1.4 canvass policies and literatures on the role and regulation of business in zones of ongoing conflict or fragility. These are relevant because post-conflict areas are at high risk of resumed conflict.
21 Collier, P., ‘Post-conflict Economic Policy’ in Call 2008, 103; also ‘Introduction’ (editors) in Junne, G., and Verkoren, W., (eds.), Postconflict Development: Meeting New Challenges (Lynne Rienner, Boulder, 2004), 2. However, there is no consensus on what these policies ought to be and how to apply them.
“break in the political equilibrium” and fresh external attention may make the introduction of innovative policies and significant reform relatively easy: post-conflict periods can thus be a good time to catalyse accountability and social responsibility before patronage and self-interest (again) takes hold. A major theme of this book is thus that peacebuilders should explore opportunities to reorient cultures of business practice and regulation to make them more conducive to stability and respect for fundamental standards, especially where dysfunction in this regard marked the political economy of the conflict. The term ‘post-conflict’ requires caution. There are no uniform types of setting requiring prescribed interventions. All post-conflict settings are ‘conflict-affected’ and ‘fragile’ (the prevailing policy making terms), but not vice-versa. Social conflict and violence may continue manifesting in other ways in ‘post-conflict’ settings. Chapter 6 shows that there are principled reasons to disown approaches that treat post-conflict societies as blank subjects for experimental social engineering. In any event, practical reasons exist for not seeing them as regulatory vacuums, ignoring potentially useful local and informal norms and mechanisms.

Section 6.3 accepts that terms like ‘opportunity’ raise questions about appropriate roles for outsiders ‘fixing’ so-called failed states.

The related concept of transitional periods (and regulation) reflects a focus on temporary situations distinguishable from routine development, yet intended
to enable ‘arrival’ at such a state. Peace operations may have enhanced official regulatory authority and influence during defined periods of formal political transition. However, this book also explores those longer undefined periods when the operation retains its major role precisely because it is widely understood the country is still ‘transitioning’ towards self-sustaining peace.  

Thus the term’s intended use is analogous to the established field of post-conflict transitional justice, which encompasses exceptional measures (such as blanket amnesties) that would not necessarily be adopted in routine development but which are necessary in order to move towards ‘normality.’  

Whether a situation is considered ‘transitional’ may be a highly political question, at least within the UN system where it will influence which agency has the institutional lead. The term also requires caution. It wrongly connotes processes that are smooth, uncontested, inevitable, and linear, and in which local actors are passively carried along.  

The theory is not limited to shorter-term crisis situations: some peace operations (notably Cyprus) remain in place for years, ostensibly to enable a return to ‘normality.’

(e) Business Sector

This book mainly deals with profit-oriented actors and enterprises likely to have or be granted formal registration status. One should really think of sectors (plural) because social-environmental and governance footprints, risk appetites, and regulatory characteristics vary considerably by industry or sector.

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26 This book follows the definition of the ‘Working Group on Transition Issues’ (UNDG-ECHA, New York, 2004), 12, [13], as the period when external assistance is most crucial in supporting still-fragile processes by helping to create conditions for political stability, security, justice, and social equity. For one thorough (300-page) policy framework see ‘Handbook for Transition Assistance’ (JICA, Tokyo, 2006) (it omits to consider regulating business for peace). Agencies such as USAID’s ‘Office of Transitional Initiatives’ reflect policy recognition that these periods dictate unique approaches.

27 See also O’Donnell, G., and Schmitter, P., Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies (John Hopkins University Press, Baltimore, 1993), 6. Where relevant, the research for this book has also considered analogies from the literature on transitions to democracy or free-market economies (mainly around the post-Soviet economies), and the ‘relief to development’ continuum.
