

Author(s): Laurance, Edward. J

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Introduction

By the beginning of 1999, the problems associated with the proliferation, availability and misuse of small arms and light weapons, especially those weapons designed for legitimate military use, had become well known and documented in many parts of the world. Non-governmental organizations (NGOs), governments and the international organizations to which they belong had all made studies which showed without doubt these negative effects- increased destructiveness and lethality of conflicts, increased crime, increased cost to societies as they cope with the public health impact and delayed development, and the cycle of fear which sees ordinary citizens acquiring even more arms in an attempt to cope with the lack of human security.

This documentation of effects was increasingly accompanied by action at all levels- NGOs, governments and international organizations. Conspicuously missing from this mix of organizations which has begun to act is the business community. The private sector is very involved from the supply end of the problem (manufacture, brokering, advertising and transporting of weapons and ammunition) as well as the receiving end, where they are faced with increasing costs as they try to cope with the armed violence conducted with these weapons that is negatively impacting their business. This paper is designed to fill that gap, by introducing some practical ways business could effectively join this global effort to prevent and reduce armed violence by focusing on the tools of violence.

Assumptions

Before proposing some of the ways that the business community could assist this global effort, it is necessary to briefly make some basic assumptions. (See Figure 1)

- An increasing number of states, especially those described as post-conflict, are experiencing armed violence that not only has high humanitarian costs but is also

interfering with the economic, social and political development and reconstruction of these states.

- While it is always true that such violence has root causes- poverty, inequities, ethnic rivalries, etc.- it is the ready availability of lethal, military-style light weapons for misuse by a variety of destabilizing forces that is increasingly responsible for this violence and the concomitant inability of NGOs, states and international organizations to assist in reconstruction. These tools of violence, their supply and misuse, are also concrete targets for action.
- The availability of these weapons in post-conflict societies has four basic roots:
 1. Legal production and transfers to a post-conflict state that end up in the wrong hands due to the lack of good governance on the part of the exporting state (e.g., failure to adequately check end-user credentials and control of received weapons), or the importing state (e.g., weapons are redistributed to irresponsible paramilitary groups).
 2. Illicit trafficking of weapons.
 3. An overabundance of these weapons in society, combined with inadequate control and security measures for existing stocks and surplus weapons.
 4. Unlawful possession and use of these weapons due to inadequate laws and enforcement mechanisms.

The Role of Business From a Supply-Side Focus

In some countries that produce and export weapons that end up in conflict and post-conflict societies, it is the government that manufactures the weapon. It is also true that a significant component of the trade is illicit, where the firms involved violate the laws of either exporting or importing states, as well as applicable international law (e.g., embargoes). For the purposes of this paper, it is assumed that these two types of activity represent fifty percent of the production and trade of small arms that will not be susceptible to reduction through private sector initiatives.

In many countries, however, the production of light weapons is the responsibility of the private sector, with exports and sales controlled by governments – laws, procedures, end-user certificates, etc. And, while it is true that much of the trade in these weapons involves surplus stocks, left over from exports to Cold War conflict zones and created in the industrialized world when these armed forces down-sized, even here much of this trade is carried on by legitimate businesses. All of this to say that the private sector controls a large portion of the production, brokering, transporting and promotion (advertising) of the light weapons and ammunition. How might this sector be employed to prevent or reduce the availability of weapons that is increasingly responsible for the disruption of development and reconstruction, especially in post-conflict societies?

Marking of Weapons

There is a growing effort to establish a universal set of standards for the marking of weapons as an aid to reducing their negative effects. It was a major recommendation of

the United Nations Panel of Governmental Experts on Small Arms whose report was adopted by the General Assembly in the fall of 1997. And the private sector is indeed participating in this effort. At a recent meeting in Geneva hosted by Switzerland, members of the current United Nations Panel of Governmental Experts on Small Arms met with NGOs and the private weapons manufacturing sector to discuss the status of marking. The private sector presented recommendations that were very close to those presented by the Swiss government. The limits to how far the industry was willing to go surfaced when some governments and NGOs pushed to mark even more parts of the weapons for purposes of tracing. The industry balked at this point, mainly due to the costs of doing so.

While this development is encouraging and seen in the interest of both governments and the weapon manufacturing industry, there are some natural limits (other than cost) to how much it can contribute to the alleviation of problems in post-conflict states. As mentioned above, much of the production of the most damaging light weapons (e.g., assault rifles, hand grenades) is not in the hands of the private sector. For example, at this Geneva meeting China made it quite clear that they have an effective marking system and use it to insure that their production and exports are responsible. There is no need, in their view, for an international system of marking. Also, any marking system that is agreed will only have an immediate impact on current production, a very small part of the problem. It is not clear at all that any such system will apply to the massive number of surplus weapons already in storage and/or re-circulating around the world.

But even given the small number of weapons this might initially involve, it would provide a major signal that the international community was getting serious about preventing or reducing the damage from these weapons.

The Transport Sector

It is well known that legitimate transport firms – trucking, shipping and especially air transport – are the engines that make these weapons available for export and misuse, whatever their sources. If it is true that the profits to these firms from transporting these weapons and ammunition are marginal, given their ability to carry other commodities, they might be induced to cooperate in some way to limit their participation in such trade. One argument might be comparing their marginal profits to the relatively high costs associated with just a few weapons transported into post-conflict societies. It is an argument that is not applicable to the weapons manufacturers, who do not have alternative products and markets.

Ammunition

The 1997 report of the United Nations Panel of Governmental Experts pointed out that “the availability of ammunition is an important independent element, since weapons can be rendered useless without appropriate ammunition. The mass production of modern reliable and effective ammunition requires highly developed and precise industrial tools.” Most of the manufacturing sites for such ammunition are either in the industrialized states

or have been exported from these states through licenses to other parts of the world. The concept of surplus stocks is less applicable to ammunition. Given the finite number of facilities which are producing ammunition which ends up in conflict and post-conflict areas, it may be possible to provide incentives for such facilities to cooperate in restricting production and export of ammunition so as to alleviate the problems in conflict and post-conflict societies.

Lack of Incentives for Producers to Cooperate

There are some basic reasons why weapons manufacturers are reluctant to cooperate in preventing and reducing the negative effects associated with their products from the supply-side. First, as early as the late 1930s, the state assumed the major role in controlling the manufacture and export of weapons, especially weapons designed mainly for legitimate military use. While this norm may have eroded somewhat in the post-Cold War period, attempts to induce firms in Western Europe and North America to increase their costs through voluntary action are usually met with the argument that it is up to the state to take the action. Additionally, in many of these countries the arms manufacturing community has a great deal of influence with the government, due to the employment factor among others.

A second reason why weapons businesses are reluctant to change is the recent downturn in sales of small arms and light weapons. Rising global surplus stocks, along with their lower level of control by states, has meant increased competition for new production, a side effect of which is even lower levels of transparency. It is not a good time to ask for even lower sales.

At the local level, i.e., weapons manufactured or imports brokered in post-conflict societies, these firms can always site the real demand created by law abiding citizens purchasing weapons due to a real lack of human security.

Some new ideas

These factors which currently deter business involvement from the supply side may not always be there. The increased publicity regarding the humanitarian and developmental costs of these weapons flowing to conflict and post-conflict areas may at some point make such cooperation more likely. The current situation in the United States, where gun manufacturers are being sued by cities for irresponsible practices, is instructive. Should such pressure be mounted at the global level, some recently proposed ideas may deserve a look.¹ While all four of these approaches would require national and in some cases international legal instruments, once in place they would use market forces to contribute to preventing and reducing the negative effects from the proliferation and misuse of these weapons.

¹ . The following four ideas were presented by Peter Lock in a research note entitled *Illicit Small Arms Availability* presented at the conference Consolidating Peace Through Practical Disarmament Measures and Control of Small Arms - From Civil War to Civil Society. Berlin, 2-5 July 1998.
Dr. Peter Lock: eartpl@oln.comlink.apc.org

Third Party Liability Insurance

Most of the weapons that end up associated with crime and violence start out as legally produced commodities. The problem is that when these weapons are misused, the original owners are never held liable. Since it is extremely difficult to establish legal negligence in the various steps between legal production and misuse, due to corruption, greed, fraud, etc., one point at which liability can be applied is with the original owner. This would be particularly true if an international marking system were in place. This approach is equivalent to the situation that currently exists in many places with third party automobile insurance. Such a policy would use market forces to make the price of weapons higher, the costs of gun ownership transparent, discourage overstocking, and improve the safekeeping of weapons due to the pressure from the insurance industry to protect its stakes.

Ammunition Tax

As noted above, ammunition supply is the key factor in many conflicts. What is proposed by Lock is a tax on ammunition by concerned states and perhaps the international community, due to the negative external effects on the common welfare. In line with other taxes which are levies on goods like alcohol and tobacco, a tax on ammunition would be aimed at changing consumption patterns. Government consumers of these weapons would also pay such a tax, as it would be offset by the additional revenues. To be effective this tax would have to be agreed on at the international level, a potential starting point being the NATO and G-8 countries.

A recycling deposit

As with an increasing number of products made in environmentally conscious states, the cost of recycling a product is added to the original price of the commodity. Consumers can then recoup this added price by recycling the product. The effect would be to elevate the economic threshold to acquire weapons, as well as reducing the average life cycle of the existing stock of weapons and thus their availability in general. In a sense this is the same principle of a gun buy-back program, except that it is ongoing.

Restrictions on advertisements

Many governments which purport to support preventing or reducing the effects of these weapons continue to accept the advertisement of sophisticated military weapons, knowing that the readers cannot legally purchase these weapons unless they are legitimate military or police forces of a government. The result is the generation of demand that can only be satisfied through illegal means, adding unnecessarily to the already large stocks available for misuse. Based on the precedent of restricting advertisement for certain other products, the aim would be to limit advertisement of those weapons that are legally restricted to military use only.

The Role of Businesses Being Impacted in Post-Conflict States

Some of the above ideas have merit, and may well become more feasible if and when the clamor for preventing or reducing the effects of military-style light weapons becomes more global. But the fact remains that at the moment the opportunities for businesses, acting in their own interests, to contribute to lowering the supply of these weapons is not very promising. One exception may be the transport industries. However, when we look at businesses that are trying to cope with the armed violence that exists in post-conflict states, the potential for their contributing to the prevention or reduction of this violence looks much more feasible and increasingly imperative from their perspective.

Impact of Armed Violence on Business

A cursory review of the impact of armed violence on the private sector in post-conflict societies reveals a variety of impacts.

- First, businesses that require customers to travel to their place of business are impacted by violence on transportation routes. As an example, travel on buses is very dangerous, both in urban and rural areas. The response of customers is to stop traveling.
- Second, the assets of the private sector become targets for criminals increasingly better armed than the government and private security forces charged with protecting these assets. Assets may be attacked (money in a bank) or customers at the site may be the target (mass robberies at an entertainment site).
- Third, many businesses, such as agriculture and extractive industries, must transport their goods or production to a port or city for further distribution. These goods become the target of armed criminals, who have the additional advantage of attacking at a place of their choosing, not a fixed site that can be better protected.
- Fourth, the business activities conducted at a fixed site can be disrupted by armed violence outside the site. Examples include the cutting off of natural resources and electricity needed for production.
- Fifth, armed violence in the society as a whole may impact on the firm's ability to recruit adequate qualified labor to continue operations.

The Response of Business to Armed Violence

In general, business has responded to the above impacts in several ways. First, the recent rise in armed violence in post-conflict societies has seen a concomitant rise in the use of private security forces hired by these businesses. Second, businesses put pressure on their governments to provide security for these businesses. Third, businesses often organize for the above two purposes, pooling resources. Fourth, businesses have to spend more time educating their workers on safety measures when at the site and while traveling to and from work. (See Figure 3)

What businesses rarely do is invest in programs which attack the causes of armed violence in the society as a whole. This is particularly true of programs directly related to preventing or reducing the availability, accumulation, proliferation or misuse of the tools of violence, especially the military weapons which are more lethal and effective against both private and states security forces. Businesses view the alleviation of problems related to weapons the business of the state.

The Case of the Tourism Industry

The response of the tourism industry is particularly instructive. This industry is more vulnerable than most for several reasons. First, their assets are fixed and normally cannot be relocated like a factory. Second, it takes very little in the way of publicly known armed violence to stop tourists from visiting a tourist spot. The correlation between violence and tourism is very well documented. Third, the violence that deters tourists is that of the society as a whole. For example, the oil industry needs only to insure the physical protection of its site with armed guards or state security forces to achieve its goal of continued production. In some cases they must protect pipelines, a more challenging task. But in the case of tourism, the mere sight of such armed protection, or even a rumor of its presence, will deter all but the most hearty of tourists. Fourth, many governments regularly apprise their citizens of the armed violence in countries that have tourist sites, as a matter of its state responsibilities. These “travel advisories” deter a significant number of tourists. In this sense the tourist industry is not in control of defining the level of armed violence.

A cursory review of how the tourism industry has responded fits well with the above model of the general response of business. Both governments and the tourist industry concentrate mainly on safe practices for tourists, education and on-site security. Some governments have created special tourist police (unarmed) who have the mission of trying to help tourists avoid dangerous situations and deter crime before it occurs. The World Tourist Organization has promulgated a policy which is heavy on educating the tourist, trying to convince them that things are safe at their destination. Both governments and the industry regularly publish tips on how to avoid trouble.

Moving The Private Sector and the World Bank Toward Addressing the Tools of Violence

The time may be right to have post-conflict governments and the industries which operate in these states begin to work together at the national, regional and international level to attack the causes of armed violence, and get beyond building a wall between business and the armed violence. The costs of paying for private security at some point will be prohibitive, and is already becoming counterproductive, as we saw in the case of tourism.

The first step would be to recognize that there are two causal factors that can be attacked with programs, the root causes of conflict and the tools of violence. There is some movement in the direction of companies becoming “good global citizens” by donating funds to the human rights and poverty alleviation programs of various United Nations

organizations such as the UN Development Program.² A second step would be to get business to participate in the second set of programs designed to directly attack the tools of violence.

Programs Focused on Preventing and Reducing the Negative Effects of the Proliferation, Availability and Misuse of Light Weapons

Corresponding to the two basic causal factors for armed violence in post-conflict societies, root causes of conflict and the tools of violence, are two sets of programs which address each of these factors. (See Figure 2)

World Bank Programs to Alleviate Poverty

The programs shown in Figure 2 which address the root causes of conflict— trade, investment, education, etc – are taken from the World Bank’s array of programs in Africa. Conflict prevention and good governance are rather new in this array and reflect recognition that violence must be directly addressed in order for the other development programs to be effective.

Programs Directly Addressing the Tools of Violence

The programs which directly address the tools of violence have emerged only in the past few years, as the problems associated with these tools have begun to gain global attention.³ There are at least five approaches that are now being practiced at the local, national, regional and international level, by the full range of actors. (See Figure 2) It should also be noted that there is a growing consensus that these approaches must be practiced in parallel, and make up a necessarily comprehensive approach.

- Demobilization and reintegration: Former combatants are professionals in the use of the tools of violence, and must receive priority in reconstruction efforts, lest they return to their former profession using the abundance of weapons still available.

- Legal Trade: The proliferation of these weapons into the wrong hands often results from the lack or poor enforcement of laws and procedures such as marking of weapons.

- Illicit Trafficking This type of trade may represent as much as 25% of the transactions that put these weapons into the hands of those destabilizing post-conflict societies. States need capacity building and cooperative regimes to combat this aspect of the problem.

² . See www.un.org/partners.

³ . The literature on this is extensive, including the preceding chapters in this volume. Two excellent examples of the full range of these programs can be found in two publications that were prepared for governmental meetings for developing policies to address the weapons problem:

- Joseph DiChiaro, *Reasonable Measures: Addressing the Excessive Accumulation and Unlawful Use of Small Arms*. Brief 11. Bonn International Center for Conversion, August 1998. (<http://bicc.uni-bonn.de>)

- *Southern Africa Regional Action Program on Light Arms and Illicit Trafficking*. Saferworld and the Institute for Security Studies (South Africa). May 1998.

- Existing Stocks: Often it is the mere volume of weapons circulating in a society that impedes development. Programs must be designed to lower these surplus stocks through destruction and enhances security of storage locations.
- Weapons in Civil Society: Conflicts often result in the possession of military weapons in the hands of individual citizens. Laws must be established and enforced which make it clear who may possess a military weapon. In addition, efforts must be made to create programs whereby these weapons can be voluntarily turned in to authorities, in exchange for tangible rewards at the individual and collective level – food and clothing, roads, schools and enhanced security.

Some Examples of Business Addressing the Tools of Violence

In El Salvador, the business community was the moving force behind a program which directly attacked the tools of violence. This program, the Movimiento Patriótico Contra Delincuencia, is a voluntary weapons collection program which provides incentives (vouchers for food and clothing) for citizens to turn in weapons. After two years and eighteen weekends for turn-in, the program has succeeded in collecting and destroying more weapons than were turned in and destroyed as part of the UN peace process in 1992.⁴

More importantly, the planning and half of the funding for this program came from the private sector. The founders of the program make it clear that their motivation was first and foremost related to their loss of business due to crime with mainly military weapons. Once started the government participated by promulgating the laws necessary to allow citizens to legally turn in illegally possessed weapons, providing police at the churches where the weapons were turned in, and the military expertise to destroy the weapons. The business community has viewed the results as a valuable return on their investment.

The Way Forward

Businesses will probably continue to donate money to poverty alleviation programs. But they will do so more in an attempt to be seen as “good citizens” and not necessarily as the best equipped actor to deliver the type of development programs funded by the World Bank and other international agencies.⁵

But as the case of MPCD indicates, there may be cases where the private sector, acting in its own interests, can contribute to the larger goal of lowering armed violence by getting directly involved in attacking the tools of violence. In general the results from such programs are necessary before the longer term root causes programs to begin producing

⁴ . For a complete description and evaluation of this and other similar programs, see the web site of the Program for Arms Control, Disarmament and Conversion (PACDC) at the Monterey Institute of International Studies. (<http://pacdc.miis.edu>)

⁵ . This donation of funds to agencies like the UNDP’s Global Sustainable Development Fund is not without controversy. Critics see this as a way for companies and businesses to change their image without changing practices which violate human rights and pollute the environment. See www.oneworld.org.

results. Therefore business will see a return on their investment more quickly than simply “donating” money to longer-term programs.

Some suggested actions include:

- The aforementioned voluntary weapons collection programs. Many of these programs being conducted world-wide have incentives provided by the private sector. In addition businesses could lend their expertise in the planning, accounting and management to such programs.

- The advertising industry can play a major role in changing post-conflict societies via campaigns that emphasize the negative effects of armed violence and even target youth who regularly carry and use weapons.

- Insurance and other risk management firms currently reward firms on an individual basis when they take steps to make their businesses safe. This reinforces the type of actions that business currently take- fences, guards, safety classes, etc. Risk management could be induced to expand their rate structure to include rewarding those businesses which attack armed violence through the tools of violence.

- Firms located in post-conflict societies could make a special effort to employ those ex-combatants who are most at risk to take up military weapons. This also would apply to the youth of these societies, since most of the misuse is with people in the 16-26 age group. There are many examples of youth gun violence prevention programs that businesses could sponsor or participate in directly.

- Many global businesses in post-conflict societies have a vested interest in a non-corrupt border control and customs system. Direct investment by these businesses in building this capacity, for example high technology detection machines, would enhance the capacity to detect illicit arms trafficking. At the same time it would enhance the overall capacity of the state to adequately control its borders.

- Since one of the goals of a tools of violence program is to lower the number of weapons in circulation, businesses that could participate in weapons destruction could participate directly, for a profit. This may apply specifically to arms manufacturers no longer fulfilling orders or to the larger recycling industry

- Many businesses and industries are global in nature and organized that way. Examples include oil and gas, tourism, coffee growers, and a host of others that are the epitome of globalization. These business cartels already are integrated and can add this question to their agenda. It makes sense for these global entities to attack the tools of violence, since it has been established that the proliferation and misuse of these tools is a global phenomenon. For example, the tourism industry has members in both post-conflict and industrialized states. If a state in the latter category is known to be irresponsibly exporting arms to the post-conflict state, the World Tourist Organization could use its international clout to address that issue. The mission of the WTO is to “promote and develop tourism as a significant means of fostering international peace and understanding, economic development and international trade.” They seem ideally placed to take the lead in demonstrating how these programs can contribute to a more profitable environment for the tourist and types of industry.

- In general it can be said that an increasing number of public or state sector businesses and industries are being privatized. One can conclude that this increases the

opportunities, indeed the likelihood that these businesses will rely less on the state to be responsible for lowering armed violence. An example is the transportation industry. In the newly privatized bus system in Mexico, special secure buses have been created that will provide safe trips for those that can afford it. As armed violence increases against these buses, the private bus companies have more of an incentive to participate more directly in the lowering of armed violence.

Summary

This brief treatment has demonstrated that there are incentives and some specific programs in which business can contribute directly to the alleviation of armed violence by attacking the tools of violence. It should be remembered, however, that for this to happen businesses must first be convinced of the role that the tools of violence play in the level, lethality and frequency of violence. This means that those working for the prevention and reduction of armed violence as a precursor for development must continue to demonstrate and publicize this reality. Without this effort the only causes to be attacked are the root causes of conflict, which are necessarily long-term. This is a recipe for hopelessness and even more of the same actions that merely throw up a wall between the violence and businesses. Both citizens and businesses in post-conflict societies plagued with this armed violence are crying out for a solution. With the help of the international community, they can and must act.

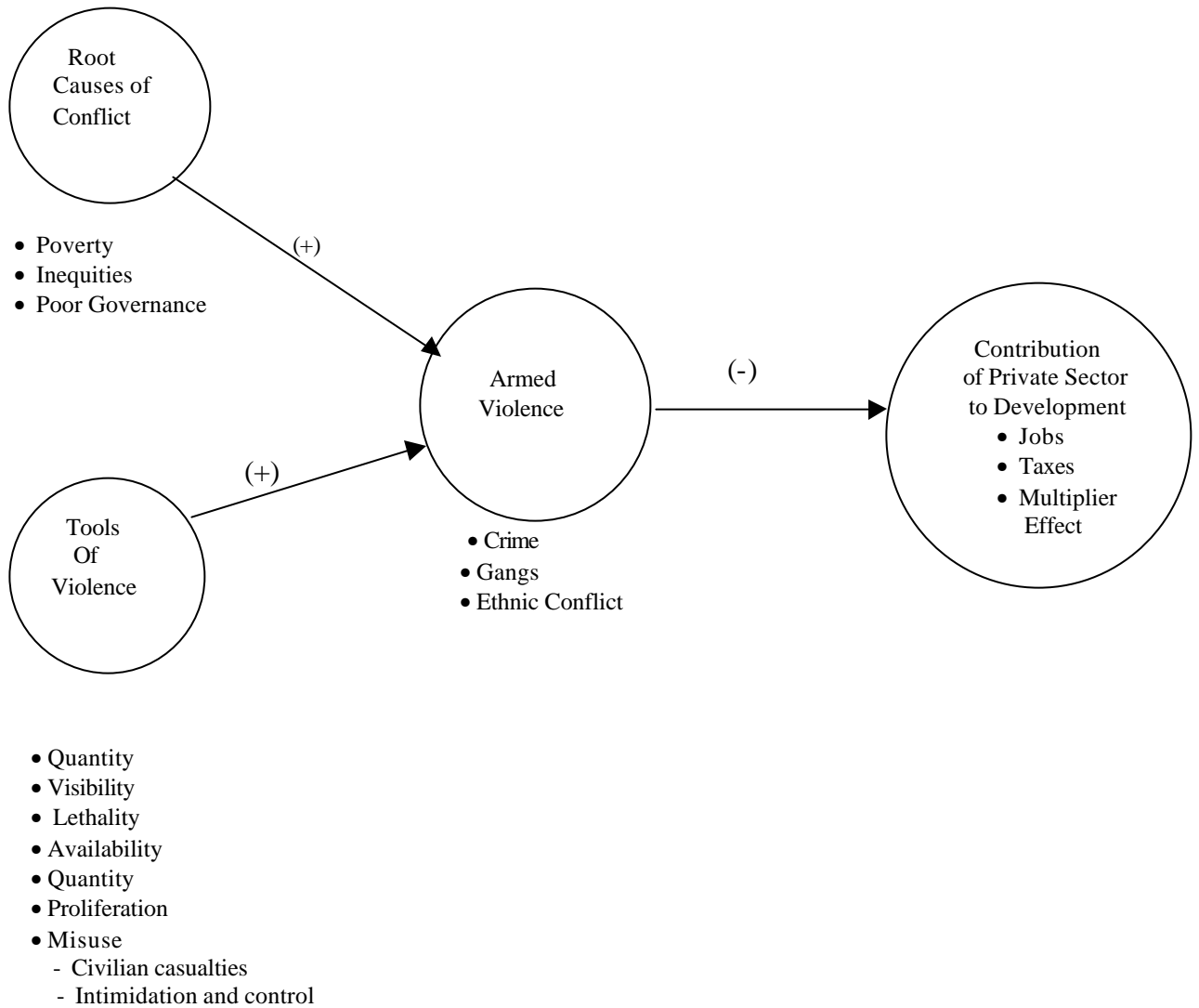


Figure 1

Basic Relationship Between Root Causes of Conflict, Tools of Violence, Armed Violence, and Private Sector Contribution to Economic Development

Laurance- The Role of the Business Community...

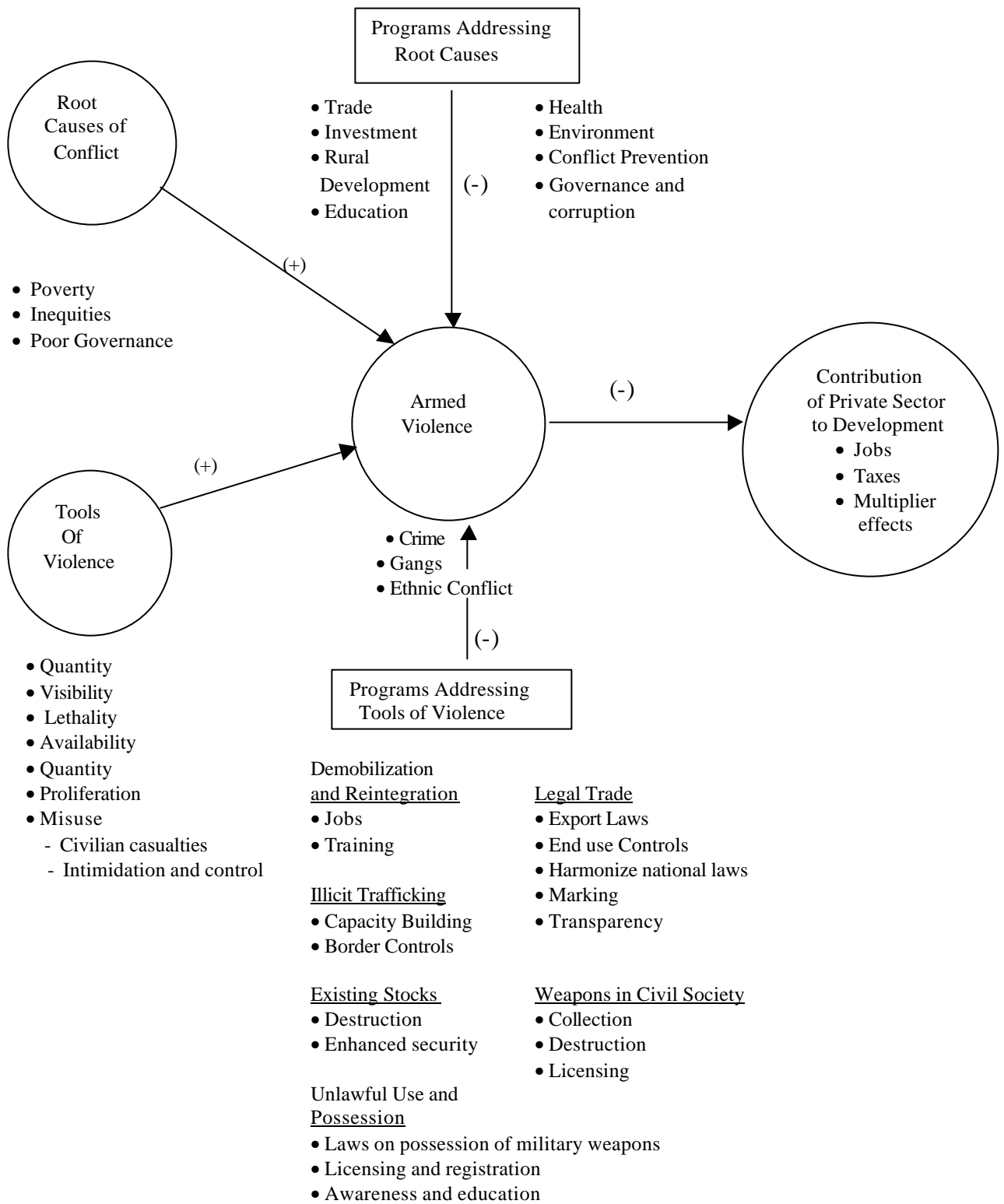


Figure 2
Programs Focused on Preventing and Reducing the Negative Effects of the Proliferation, Availability and Misuse of Light Weapons

Laurance- The Role of the Business Community...

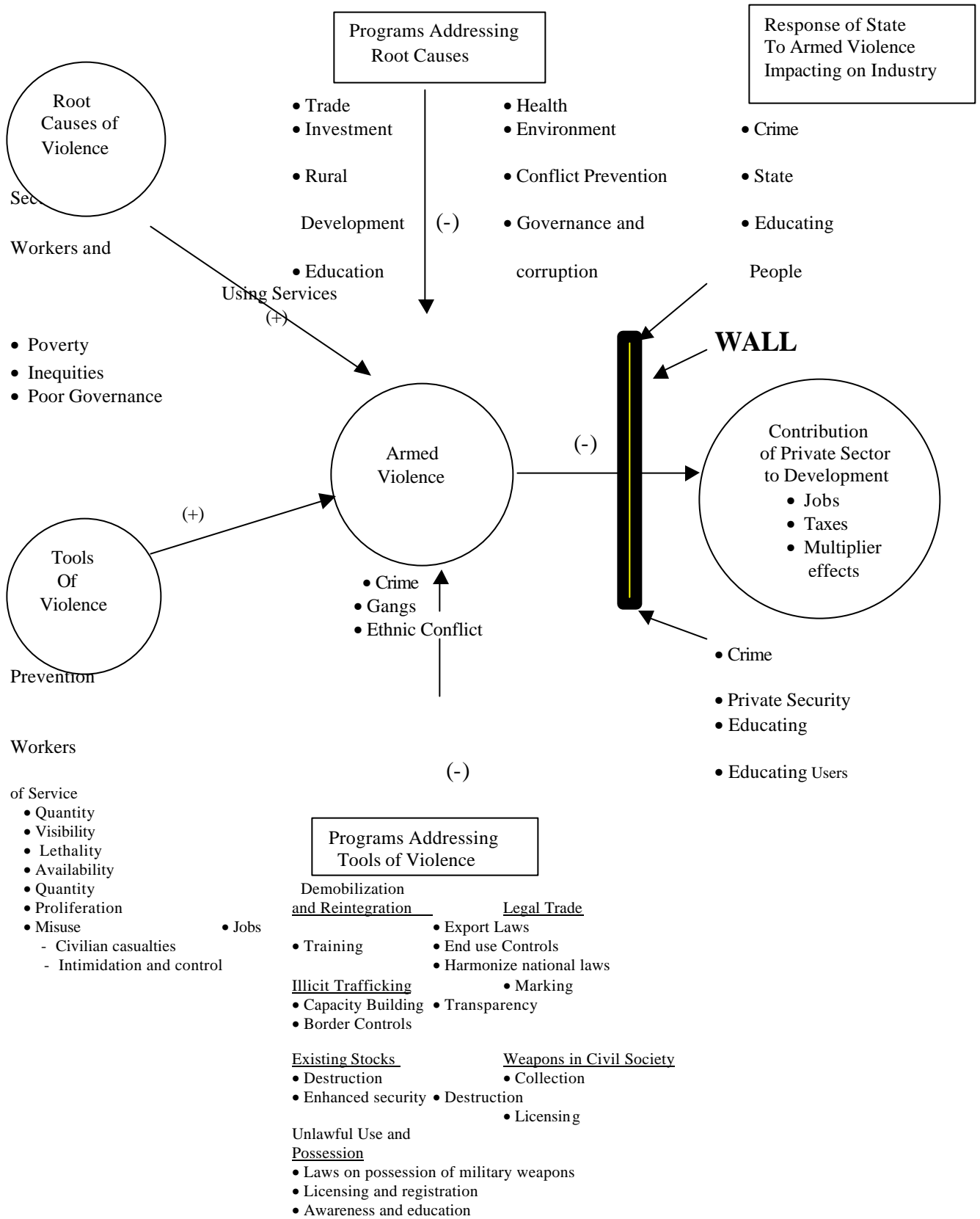


Figure 3
Current Response of Businesses and Industry to Armed Violence
In Post-Conflict Societies