

Dialogue and Events

Forum for Economic Dialogue

Forum 2015 on “The Economics of War and Peace”

After the devastating attacks in Paris, this year’s UBS Center annual Forum for Economic Dialogue took on an unexpected and somber significance. A packed auditorium in Kaufleuten attended an event featuring a list of famous keynote speakers and panelists, including Nobel Peace Prize Winner Mohammed ElBaradei, Federal Councillor and Swiss Foreign Minister Didier Burkhalter, and best-selling author Steven Pinker.



Mohamed ElBaradei during his keynote lecture

On War and Peace

The headline keynote speaker Nobel Prize Winner Mohammed ElBaradei opened this year’s forum with a powerful and moving address. He argued the world is facing a crisis of governance as faith and confidence in global institutions crumble and nations pursue their own interests often to the detriment of others. He sees this as unsustainable, as we live in an increasingly interconnected world, where traditional notions of security and sovereignty are being challenged. The solution he advocated for is a global social contract based on inclusion and fostering solidarity.

As for the ongoing crisis in the Middle East, ElBaradei identified several underlying causes for these conflicts, including the lack of democratic culture, good institutions, and social cohesion. In particular education will be key in making progress on all those fronts. However, he also made clear that no part of the world can be quarantined from these conflicts any longer, and that the West has an important role to play. He thus ended his address

with a plea to rebuild international structures of cooperation, conflict prevention, and humanitarian and development aid, stating that

“we either swim together, or sink together.”

The Economics of War and Peace

The first panel took on the forum’s main theme “The Economics of War and Peace.” German Ambassador Wolfgang Ischinger argued the nation state is a failed institution no longer capable of providing security and prosperity to its citizens. At the same time, international peacekeeping and conflict resolution structures are anachronistic and reflect power structures of the Cold War. Above all, the UN Security Council must reflect modern geopolitical realities and include nations such as India and Brazil.

Professor Edward Miguel offered a statistical analysis and found a remarkable correlation between increases in temperature and conflict. Persistently high temperatures also had a negative impact on economic growth and agricultural productivity that led to political instability. Miguel also pointed out that the outbreak of civil war in Syria 2011 was preceded by three years of heat waves and severe drought, so that extreme weather conditions seem to have been a contributing factor for the Arab Spring. This connection between climate and conflict does not bode well for a future in which global temperatures are projected to rise markedly. Such adverse impacts are likely to affect already hot and instable regions – particularly Africa – first. However, the economic impacts from global warming may be felt far beyond such conflict zones, as one



Panel discussion with Wolfgang Ischinger, Livia Leu, Hans-Joachim Voth, and Edward Miguel (f.l.t.r.)

study estimates that a two-degree temperature rise may reduce global GDP by 23%.

The Economics of Terrorism

Following the outrage in Paris the previous Friday, the second panel discussion took on an ominous significance. Professor François Heisbourg from the International Institute for Strategic Studies recalled how he had initially questioned the subject's timing, but then added: "That question has received a brutal and clear answer."

The panel members set about dismissing many of the myths and stereotypes surrounding terrorism. Contrary to popular belief, terrorists do not come from the lower ranks of society or the economically deprived. Evidence suggests many terrorists, including suicide bombers, are not only well educated, but come from affluent backgrounds.

Often the response it provokes is more disruptive than the terror act itself.



François Heisbourg (left) and Ethan Bueno de Mesquita (right) discuss the economics of terrorism

Tim Harford of the *Financial Times* posed the unexpected and provocative question, "Why does terrorism matter?" Compared to other forms of death in western society, the risk from terrorism is microscopic, approximately the same as being struck by lightning, in other words 1:10,000,000. Even the economic impact is exaggerated. Extreme events like 9/11 produced no more than a short-lived dip in economic activity.

Terrorism is low-cost warfare whose impact is more psychological than material. Its goal is to provoke



Didier Burkhalter during his keynote address

a greater and more destructive reaction by undermining an opponent's reason and self-control. The panel was unanimous in advocating the need not to be manipulated by terrorists into doing what they want us to.

Russia and the West – an Economic Perspective

Following Federal Councillor and Swiss Foreign Minister Didier Burkhalter's keynote address on Switzerland's role in the world, the audience was treated to a lively debate between Professor Sergey Karaganov and Professor Vaira Vike-Freiberga on the tensions between Russia and the West.

Their sharp but good-humored exchange went down well with the audience, who punctuated it with applause and laughter as the argument swung back and forth. But the differences were, and remained, rather stark. For Professor Karaganov, the root cause of the deterioration in the relationship is the West's exploitation of Russian weakness in the wake of the downfall of the Soviet Union. As a result, Russian sentiment and interests were in his view completely disrespected, as exemplified by the continuing eastward expansion of the European Union and the NATO. From a Russian perspective, a red line was finally crossed when the European Union tried to associate the Ukraine, which he sees as having belonged to Russia's sphere of influence for many centuries. According to that logic, Russia only intercepted that attempt, so that "80% of the fault for the Ukraine crisis lies with the West." Professor Vike-Freiberga rejected that line of argumentation all around: Russia had repeatedly given assurance, including in international treaties, of the territorial integrity of the Ukraine. That Russia then disregarded international law and legitimized

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Zurich Lecture of Economics in Society

an invasion with an alleged sphere of influence is in her view alarming: “We should not sleep well at night, as this logic can be applied to many nations.” When Mr. Karaganov stated at one point that he did not always agree with President Putin, Ms. Vike-Freiberga retorted ironically, “How dare you!” While this exchange again exposed the differences between the two camps, it also showed that some common ground remains, including a shared history and culture.

Zurich Lecture of Economics in Society: A History of Violence

Award-winning author Steven Pinker from Harvard University closed off the forum with a tour de force on the history of conflict and violence, presenting an absolutely impressive amount of historical data that historians, criminologists, economists, anthropologists, and other researchers had been collecting and producing over the past few decades. The main message that this data conveys is that violence has been in decline over millennia and that – completely contrary to the picture we get in the media and in public discourse –

the present is probably the most peaceful time in the history of the human species.

He then revealed a dramatic decline in all sorts of violence: war deaths; homicides; genocide; torture; criminal justice; violence against children, homosexuals, and animals; and hate crimes against racial and ethnic minorities. He also showed that the recent increase in violent deaths is nearly exclusively due to the conflicts in the Middle East (especially Syria) and that these increases are – while very tragic – very small when compared to historical levels of violence.

This dramatic overall downward trend in violence was, however, neither linear nor uninterrupted, but happened in distinct waves and historical process. A first pacifying impact was due to the transition from the anarchy of hunting, gathering, and horticultural societies to the first agricultural civilizations with cities and governments, which greatly decreased the high rates of violent death that characterized life in a state of nature. Another important factor was the rise and expansion of nation states and the “Hu-



Steven Pinker shows that violence has been in decline over millennia

manitarian Revolution” during the European Enlightenment in the 17th and 18th centuries. World War II was another watershed, as it seems to have stopped states from waging war against each other. Simultaneously, the so-called “Rights Revolution” has witnessed an increasing focus on human and civil rights, thereby greatly reducing violence against ethnic minorities, women, children, homosexuals, and animals.

Professor Pinker concluded his presentation by looking at some behavioral explanations from the perspective of an evolutionary psychologist. He pointed out that aggression and violence are part of human nature and that the most common motives for violence are simple exploitation, the dominance over other individuals or groups, but also utopian ideologies, such as militant religious beliefs or extreme nationalism. However, there are other forces that can orient people away from violence – Pinker calls them “our better angels” – including self-control, empathy, moral sense, and reason. Rather reassuringly, he concluded that over the course of history, institutions and norms increasingly have brought out our “better angels.” This is also why – if he would have to make a prediction – his best guess would be that violence will not dramatically increase again in the future.

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