

## Free economies will choose the money over the gun

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Flames and smokes belch out from a Pakistani military air base after an attack by militants in Karachi earlier this year. Photo: AFP

### Democracy of itself is not the key to a less conflicted world.

WE LIVE in an age of world peace. To be more specific: a "neoliberal" age of world peace. Certainly it doesn't seem like it. The 21st century opened with a terror attack that sparked wars in Iraq and Afghanistan. The latter seems to be getting more violent.

But the data is unambiguous. The world is fighting fewer wars. And the wars that are being fought are less deadly than at any time in living memory.

A Canadian non-profit, the Human Security Report Project, has been tracking the number and intensity of conflicts in the past 50 years. Between 1950 and 1959, there was an average of 6½ international conflicts per year - the vast bulk of them fought between states. In our decade, the average has been less than one, almost all civil wars.

Sure, after the fall of communism, internal conflicts sharply spiked, as a decaying Russia and disengaging United States withdrew support for many petty tyrannies in the Third World. But the number of conflicts has since resumed its long-term decline.

War is also becoming less deadly. In the 1950s, the average international conflict killed 20,000 people per year. The average conflict in the 2000s killed a 10th of that. You'd think this would be widely recognised and celebrated. But it's entirely at odds with the impression of escalating global violence we get from the nightly news.

So, war is now rare. Take a moment to celebrate. Then think of the simple ideological narratives these observations upset.

Anti-capitalist intellectuals from Lenin to Naomi Klein have associated competition in the marketplace with competition on the battlefield. Yet while the world is more commercial and more globalised than at any time in history, it's more peaceful too.

Foreign policy realists long claimed the post-Cold War world - without two superpowers holding the globe together under a threat of mutual nuclear destruction - could be unstable. But if anything conflict has declined faster in the past two decades.

So what accounts for all this world peace? If we want war to be even less common, we'd better figure out what's causing its demise. Many people would credit democracy - if citizens are given a chance to vote, they'll elect pacifists. But as American political scientist Patrick J. McDonald pointed out in his 2009 book *The Invisible Hand of Peace*, democracy is not immune to war mania.

McDonald finds that during the 19th century democratic states were more likely to go to war than autocratic ones.

This is not an academic question. If we want Middle East peace, focusing on democracy at the expense of everything else won't succeed. And we shouldn't pin our hopes for the peaceful rise of China solely on elections.

The other big theory on the causes of peace focuses on commerce. Nations that trade with each other don't fight. War is bad for business. But this theory doesn't quite work either. What about World War I? European commerce was booming early in the 20th century, but 37 million people still died.

McDonald argues it isn't the volume of commerce or the extent of globalisation that creates peace. It's the domestic institutions that promote commerce - that is, the "neoliberal" policies of low trade barriers, limited government ownership, and private property - which eliminate the incentives for war.

By studying hundreds of interstate conflicts over the past two centuries, McDonald finds that only economic freedom is closely correlated with peace.

That's because regulatory barriers to trade spark international political conflict, not co-operation. And businesses that enjoy trade protection like military conquests. It's how they expand their markets.

These are general rules and it's a messy world. America's free markets and democracy did not stop it invading Iraq.

Yet a 2005 study by the Cato Institute, an American think tank, found "economic freedom is about 50 times more effective than democracy in diminishing violent conflict". If we want the age of world peace to last, that's what we need to focus on.

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