

## **Steve Killelea**

Well I'd like to thank you for those kind words. What I thought I'd do is tonight I'd share just a little bit about my background, from there on move into a private charity which my wife and myself have set up and from there I'll move on a journey which took me into Peace which in many, many ways has been transforming to myself and many of the people around me.

So my background is I've started off in IT, developed a couple of IT companies, they've both been global businesses. The first one ended up publically listed on Nasdaq, the second one's publicly listed on the Australian Stock Exchange. I'm still a major shareholder in it and Chairman of the company.

So to give you an idea of the business, last year it derived 97% of it's business off shore, got revenue from 52 different countries, and specializes in tracking down problems in the most highest available living computing systems in the world. So some of our customers are people like the London Stock Exchange, The New York Stock Exchange, major international switches for VISA , American Express, Mastercard. We manage most of the major point of sale and ATM networks around the world.

So in this I spend my whole life travelling. Along the way I've made a couple a hundred million (\$), which is not bad, but it's small by the comparison to some of the people I know. From that we created a private charity. A private charity today has probably got about 100 million (\$) in it. We've got that invested, the interest in dividends we use to fund projects in the developing world. And last year we spent about 5.5 million (\$) in overseas aid. By the likes of Warren Buffett or Bill Gates it's not really a lot of money. But you can really do a lot.

We're active in Asia, Burma, Laos, Cambodia, East Timor, Papua New Guinea and India. Also active in Africa. We operate in places like Rwanda, Kenya, Uganda, Tanzania, Congo. And while travelling these areas, I can't tell you some of the suffering we've seen. But what we've also come to realise is just how far small amounts of money go in curing human suffering. So the kind of projects we really love are things like clean water, cataract operations, rehabilitation of child soldiers, relieving famine and starvation, child maternity projects, and to give you an idea of just how far this money goes it doesn't matter whether we're working in Asia, or whether we're working in Africa, and believe me, this is not going to be anywhere near as funny as....but when working in these places and you want to fix up clean water, it costs about less than \$20.00 a head.

And when you do that you reduce the death rate of children under five, by about 20 or 25%. And that's like bringing it down from 18% to 12%, 12% to 10%. 10% to 8% and so on...and you also knock out about 1/3 of the disease in the society. You look at people who are starving, it's about \$0.40c a day actually to keep someone alive. Generally you only have to do it for about 90 days because by that time the wars either have moved on or alternatively the rains have come back after a drought.

Give someone back their eyesight, and they estimate in the developing world, 1% of the population's blind. 40%-50% of that is cataracts. It costs less than \$40.00 to give someone back their eyesight. I can't tell you what it's like to look into someone's eyes who has been blind for a decade and they've just got their eyesight back. It's like looking into the eyes of a newborn child.

So, one of these experiences for my wife and myself, really have touched us to the bone. We might talk a little bit about the nature of religion in our lives, but I like quite often to think about the nature of happiness in our lives, one of the things I think one experiences with .....is that happiness actually comes when you stop thinking about yourself. So, a lot of the time when you move into these areas; moving into really abject poverty, and immense suffering, your thoughts don't go about yourself, they go to the other people and quite often they are quite compassionate thoughts. And from that you're actually uplifted, you actually feel happy. Come back to the west and you see people preoccupied and depressed because they haven't got something of a minor material nature, and materially are never satisfied.

So, actually if you get engaged and you work in these areas what you get back is more than what you give. I think quite often when you look at Christ and the teachings of Christ, you find, it's based really around compassion, giving and working with the poor.

Something happened actually, something happened. So my wife, myself did a project in northern Uganda and I was working with the rehabilitation of child soldiers which had been captured by a group called the 'Lord's Resistance Army' or LRA. These are probably the most vicious rebel group in the world, so, they mainly capture 7 to 10 year old kids. After capturing them they'll usually murder about 25% of them on the way back to the rebel camps. They'll do that by taking any of the new kids they've got and getting them to beat to death any of kids which cry or slow up the travel. And I'm not going to go into the details. But if you're moving through experiences like this you start to wonder; what is the 'inverse' like? What do the most peaceful nations in the world look like? And is there anything we can learn from that?

So, coming from a computer background I started to search the internet. I couldn't find anything there that talked about the most peaceful nations in the world. So I got a mate called Professor Stuart Reece who runs the Sydney Peace Foundation, so having a beer with him one day, brought it up with him, he scratched his head and said "it's a good question, I'll go and see what I can". He couldn't find anything. So at that point I knew I'd come across something which was slightly different. So the question is what are the most peaceful nations in the world? And at that point it had never been done.

So at that stage I decided to do and launch a project called the major peace index. So I contacted the economist group in London, whom are probably the world's best experts at producing indexes, and they didn't know of anything like it and thought it was a good idea. So then I went around to a number of the top peace institutions around the world and they said they'll back it, and at that stage I did it. So I launched two years ago a study which took at that

stage 120 nations and ranked them by their peacefulness. I did it again this year and ranked 140 nations by their peacefulness. But there is one really simple question which comes out of all that, and simple business men like myself who wander through the backblocks of Africa and wonder what's the most peaceful nations in the world and it's never been done: what does that tell us about how much we know about peace?

So the first thing I learnt on this journey is that we are ignorant on peace. Highly knowledgeable on conflict, highly knowledgeable on war, even if you go to most peace and conflict centres you'll find 80-90 percent of the studies actually conflict, not much of it's actually peace. But it's an analogy of peace, and analogies will help. So, we go back to the 50s and look at the work which was done in pathology was exceptionally good at isolating and curing disease. So we could knock out a whole range of diseases – cardiovascular, people starting to get cancers, etc. But it wasn't until we got into the 80s and started to study people who are really healthy; did we understand how do we actually stay healthy? In other words, how do we prevent disease? We found out that through regular exercise, right weight, and mental regime and what we eat, good diet. Very very different, we would have never learnt that from pathology. So with peace and war it's the same thing.

So, one of the reasons no-one had actually done an index on peace is that no one has never been able to really define peace. So if I asked everyone in this room 'what was peace?' I'm sure you'd all come up with, I don't know, maybe 200 people here, well people would come up with 220 different definitions of peace. So we need to start with a definition of peace and we started with something really simple that was the absence of violence. And that was something most people can actually agree on as being a definition of peace and what's more is something which can be measured. So firstly, if you can't measure something you can't understand it, and if you can't measure it how do you know if the actions that you take are actually moving you towards or away from your goal?

What's also remarkable in what we did is we came up with a definition of peace which worked internally inside the nation as well as externally. So the indicators that we got that we measured, there were twenty-four, twelve of them were internal measurements of peace, twelve of them were external measurements of peace. So when looking at peace internally in a nation we looked at the number of police, the number of people in jail, the number of murders, the levels of violent crime, state sponsored terror, levels of organised crime, the availability of guns and other things. Externally, we looked at the percentage of GDP spent on weapons, the number of soldiers per 100,000 in population, you'll look at the number of conflicts, the number battlefield deaths, and the size of the arms export industry. So these all come together to give quite a composite measure.

But having understood peace what is really important is to understand what actually creates peace. So if you like this concept of negative peace, which is what we do, which is the measurement of peace on the absence of violence, and then there's positive peace which are attributes within a society which

actually create peace. So what we did then was correlated, would have been about 120 different indicators from different indexes to find out what actually correlated with peace. Religion is one of the ones we attempted to correlate with peace. There is no relationship between how religious a society is and peace. But there are many many other things which did correlate and correlate well. One of the strongest correlations is corruption. The less corrupt a society is the more peaceful it will be, the better its relationships with its neighbours is the more peaceful it will be. Education is really important, the higher the levels of education the more likely the people are to be peaceful. The one which really stood out, and now lots of research is starting to happen around the world, is per capita income actually increases with peace. So for every ten places that a nation rose up the global peace index per capita income, that's income per head of population, increases by US\$3,000 a head. We then started to drill down into consumer markets, see I love all this stuff having a business background, as we started to drill down into consumer markets what we found is for every ten places that a country rose up the global peace index expenditure on things like footwear and clothing increased US\$79 a head, expenditure on food and non-alcoholic beverages went up US\$165 a head. So we knew at this stage we had something which was really significant for business, something which no-one had ever looked at.

So I mentioned earlier on that if simple business men like myself can come up with a concept of a global peace index what do we know about peace? So what we did then is started to look inside most of the major academic institutions in the world and when you do that you find that there is no course on the literature of peace, there is no course on the history of peace, nor is there any chair on the economics of peace. So peace is really poorly understood, so is it any wonder that we have so much unpeacefulness? But the more stunning factor actually, and this is contrary or counter-intuitive to everyone in the room's views is that in the last twelve months the world has actually become slightly more peaceful. And one startling fact is the actual percentage of expenditure, and percentage of government income, and expenditure on arms globally has actually dropped in the last twelve months and has been dropping since 1984. The number of conflicts being fought has been on the decline for the last twenty years, the number of battlefield deaths, the number of civilian deaths, a lot of this has been due to improvements in Africa, but still at this stage it's a global trend.

Now I'll just pose a couple of really simple questions a couple of really simple concepts just to start to bring home just how economic we are on peace. So I was talking to the defence industry, everyone in this room understands the defence industry, they understand probably the industry segments in it, and probably many of the companies which make it up. If I was to talk to you about the peace movement, what would you think? You might think of some NGOs and maybe some Buddhist monks selling incense, but what I'd say to you is peace is the invert, or that the peace industry is actually the inverse of the defence industry. So to create a peace industry it'll be far better to recognise the industries segments that make it up. They are things like financial services, insurance, tourism, retail, airlines and I can keep going.

The actual revenues of all those industries far exceed the defence industry, but again it just drives home how little we actually know about peace and the effects on peace.

So we've got relationships with the UN global compact, that's the part of the UN which interfaces with most of the major international corporations on corporate social responsibility, they have about 5,000 companies as members. So they are doing a survey and we got a number of questions put into the survey. So I'll give you the outcome of three of those questions. The first one is 'do you believe that the markets you operate in increase in peace?' – 80% of respondents said yes. We said 'do you believe that your costs decrease with increase in peacefulness?' – 79% of respondents said yes. Now we said 'do you know of any information which can help you understand peace in the markets you operate in?' – only 13% of companies said yes. Now you can actually show, which we are doing in this research, that there is a relationship between increasing the size of businesses' markets and reductions in costs by increasing their peacefulness. Won't business now work in its own self interest to create a more peaceful world? And that's the research we are offering.

So I'm not going to go on for a long long long while, what I might do is open it up for questions. Any questions?

Q: Steve I'd just like to ask whether in fact the relationship between peace and economic growth is not a chicken and egg situation, that in fact if you have more affluent countries then you tend to have less social imbalance and social tension, you have less of an inclination to go to war, apart from the fact that the American defence establishment has a major part in 75% of research in America, I still wonder whether in fact it's not a chicken and egg situation that the more affluent the society the less inclined it is to go to war?

A: I think there's many many different factors which come into it. For the US which we'd rate 97 out of 140 countries, it's a long way down, the UK it rates 44, France rates I think about 37, Germany is about 13, Japan is 5. So I've just hit most of the G8 countries then, Canada is up fairly high it's in the top ten as well and it's another G8 country. So there is certainly a relationship, 15 of the top 25 countries are western and central Europe so there's a strong correlation there. We call it a virtuous cycle rather than a chicken and egg, at different stages of moving towards peacefulness different events are reported. So we think about an absolutely conflicted warzone, you're not going to get any investment until the war actually stops, so at that stage peace precedes any economic growth. Now once you have actually created a stable environment and then you actually invest in the environment, now people's wealth starts to increase and grow. What happens then is the focus moves towards a positive future and violence is seen as being counterproductive to what most people want. So yes there is certainly a relationship and it helps, but the other thing which one needs to think about is just the growth of capital over time and the return on the capital. So your most wealthy nations probably will be the most peaceful nations because they have kept their peace for a long long while.

Similarly when you look at peace you look at the cost structures. Cost structures reduce as you actually increase the peacefulness. So if you think about retail for example, and we'll think about retail here in Sydney for want of anywhere better to go, and what you'll find is as you move into the more unstable suburbs of Sydney you need more security and that increase your costs. Where shopping is really a highly pleasant experience as you increase the violence in the area where the shops are it becomes a less and less pleasant experience until it becomes life threatening. You don't actually get that in Sydney but you can feel uncomfortable going shopping in the wrong parts of Cabramatta. Management's time now starts to get soaked into worrying about the security of the shop rather than worrying about how to compete in its markets and how to grow. So you get all sorts of costs which actually get built into unpeacefulness. So, does that answer the question?

A: Yes

Q: Steve, specifically for Australia what are your suggestions or what do you see the path that Australia should go on in specifics to get further up the scale from where we are now, 21?

A: I think Australia is 27<sup>th</sup> this year, 25<sup>th</sup> last year, New Zealand was 3<sup>rd</sup>, so New Zealand has done pretty well. So in some ways what is the difference between Australia and New Zealand? Now when you get up into about the top 30 nations what separates them is actually not a lot. It's quite interesting small things go a long way. So one of the things is ethnic tension in Australia, so the Cronulla riots actually affected the levels of conflict in Australia, so they recorded a negative so as they go out over a couple of years that will actually increase provided we don't have anymore ethnic tension of that kind of nature. Jail rates, Australia could decrease the number of people it's got in jail, which would actually improve against a lot of the western European nations, and that doesn't just mean letting people out of jail because then they commit crimes, it means looking at the social fabric underneath it which actually creates the violence, and they're complex questions and quite often they're situational so I'm not going to have a throw away answer for that. Australia's involved in, and this is absolutely key, Australia's involved in Iraq and involved in Afghanistan so those involvements count. Australia's expenditure as a percentage of GDP on arms has actually gone up quite a bit over the last five years, which is contrary to most of the other peaceful nations again, because a lot of them are actually dropping particularly around the EU.

So if you look at things like NATO, and we hear a lot about things like NATO in Afghanistan, and NATO getting new countries coming on board and things like that, but if we go over the last six years defence expenditure in US dollars has only gone up about 14.5%, whereas global average is about 60%, a lot of that being driven by places like China, Russia, and US. One of the other things you'll find with peacefulness is big countries tend to throw their weight around, smaller countries have a need to cooperate more. So if you look at

most of the major nations like Russia, China, and US they don't often compare well, or India for that matter.

Q: Farming out the war effort to allied nations consequently I was just wondering if your research has shown some rise in the index of small and medium nations like Australia to the engagement by US and lenience by US foreign policy on those nations?

A: I think if you look at the major allies of the US, Australia is probably more abnormal and I think that came about because of the last government and just the deputy sheriff syndrome or whatever you want to call it. But one of the things which is happening is globalisation, and globalisation is happening everywhere. The defence industry is the same. So what happens is you've got source supplies for different points of the arms industry, just like you've got sourcing points of supply for other different industries and they do local competencies. In some areas Australia has got strong local competencies and that is why we've had quite a steep increase in the last seven years in arms exports. But the interesting thing is the government hasn't published them for the last three years, so it will be actually interesting to see whether the new government actually steps up to the mark in that area.

But one of the things I've just hit on which I didn't actually hit on earlier in the talk, and you've just prompted me with that, is the position of peace in the 21<sup>st</sup> century, and peace is very very much different in the 21<sup>st</sup> century than, is this mic working? I just felt like I couldn't hear myself that's all, so peace in the 21<sup>st</sup> is very very much different than peace in any other stage in history. So what major issues we've got today really revolve around sustainability, everyone knows about climate change, but on top of that we have ever decreasing biodiversity, we've got full use of freshwater on the planet, we've got ever decreasing arid-able land on the planet this is particularly true in places like India, China or Africa and underpinning all that which people rarely rarely talk about is overpopulation. All these problems are global and I think the stuff we are hearing about in the paper, the problems are even more severe and more manifold than we are actually getting, and I don't think the impact which is truly substantial isn't a long way away twenty thirty years. If we're ever going to get any chance at being able to solve these problems we need to be able to operate at a global level therefore we need to grow which is quite capable at levels of cooperation, inclusiveness, social equity which we have never actually experienced before. Now let alone the global institutions we have got to create, which will create the policies to manage all this, we then have to govern the policies. Therefore in my view, peace is a prerequisite of the survival of society as we know it in the 21<sup>st</sup> century.

So if we look at peace in the past we can say it's the domain of the altruistic, and the realists would say 'Well look, you've got to look at the way the world works. Great empires were built on great wars. America beat the British, beat the French, beat the Spanish in the first second world wars and look at where they are today.' But what I'd argue is that in the 21<sup>st</sup> century peace is in the self interest of everyone, because unless we can actually operate as a global community which is inclusive we actually won't supply, part of that comes back to the globalisation we are so interdependent. If you look at the nature of international politics in nationed states, they compete. It's really a zero sum game that they play, I win you lose. That's the nature of



international politics, and the way the governments are setup is they're only responsible to the local constituency. We look at the slowness of action on climate change, or even better still just look at in Australia the Murray Darling. The solutions to it have been known for a decade or more and really are pretty simple they've just got to turn the taps off on a few farms upstream.

Q: Steve in part you've answered the question with your answer to that question, but I was going to ask you where you source sustainability? But also as a marketer, how do you see peace being marketed in the 21<sup>st</sup> century? I was intrigued the other night on the Australian answer to *Yes Minister* – *Rather Hollow Men* where they were trying to encourage the defence force, recruitment to the defence forces they couldn't really find the solution in the television advertisement that they were proposing, and I'm just wondering how do you sell given our current technology and obstructions such as peace to the general masses?

A: Okay so I'll start with me specifically then I'll move out to generalise a hypothesis. So look at the global peace index, so what we did really started off for me as a question and getting an answer to a question, and I guess the entrepreneur in me said well hell I have got an answer to a question that's actually not enough, and wanted to/need to let people know the answer. So we hired a PR company called Edelin in the UK. So this year or first year we got coverage in over 100 countries. This year again we have 1500 newspaper articles in over 100 different countries. We have got coverage on CNN, BBC, CNBC, BBC World and a number of other international networks. The website we've got ended up with a quarter of a million unique visitors within the first four days from 202 countries, just to know how many that is that's five more than the members of the United Nations. So individuals can have impact, what we're doing now is creating and moving with business. If you look today there are 40 companies which have got more revenue than 150 member states of the United Nations okay so international business the size of it and its forward thinking too and it is in accord (31 min 45sec think he says accord) nationalistic jingles. So it's great being able to show that business, sorry that peace, is in the self interest of business. Businesses will then start to work with the governments to try improve the conditions in the markets that they want to operate. So we're moving with a very very pragmatic work.

One of the things which is happening with the media it's fragmenting, okay so and like and we all know this and like there's all sorts of things I could quote on but I won't. But with the fragmentation one then needs to think how do you then actually best move in this? One of the things you can think about, lots of small groups really interested in some of the peace initiatives which I heard about earlier on from May, I just thought some of them were stunning. But by global standards and compared to a military nation its very very small, its almost like ant to a sledge hammer and ants cant fight sledge hammers. But if you think about a swarm okay and you think about philosophies swarming as such, different groups of individuals all moving with a common purpose and all adjust to the movement of the others. So if you think of 100 thousand million individual groups focussed on peace in their own way on their own

initiative being small quick and nimble think of a swarm mentality and the age of fragmentation in the media just may work.

Q: Can I ask you who is number one, please?

A: Oh, now that'll just turn into a bunch of jokes. I can't tell you. No actually Iceland came in number one this year. Denmark came in number one the prior year. I can't tell you the jokes we get about Iceland, well what else is there to do but to read books? It's so cold it's so dark who wants to go outside? But actually (a few words I cant make out @33min 56secs) from memories in about the thirties, yeah thirties, yeah okay and the reason for that is there have been some levels of civil unrest within. So they have been switching from a monarchy over to a democracy and that has caused some tensions and the crime rate by international standards is not high but is above what you'd get in Western Europe.

Q: Singapore?

A: Singapore is I think is in the thirties from memory as well. Can't understand 140 nations and don't get them all. But it's, you'll find that high level of arms export, high level of police, and fairly high jail population too.

Q: I'm tempted to ask whether you believe in God but I'm not going to. My actual question is with your overseas aid projects how do you ensure that your money is well spent?

A: Well actually that's an excellent question. What I'm going to do is I'm going start by talking about corruption, and I'm going to say that a level of corruption is endemic right through most developing countries. So if we look at the relationship to peacefulness we look at corruption, we know that it goes down as peacefulness decreases, and as you get into a lot of the aid countries that we work in particularly like Burma, Laos, Cambodia and east and central Africa, they are pretty stressed places so corruption is endemic. So now if you keep someone alive for 40c a day and the grain you supply half it disappears to the war lords along the way in tax would you still pay 80c to keep someone alive? To cure someone's eyesight of blindness 25% of the medical supplies disappear in the hands of the nurses which they then sold to supplement their income and it now costs \$50 to cure someone of blindness would you pay \$50? So now having past that and I think they are very very good questions the next time someone hits you up about corruption in Africa and the money is all wasted, think about those kinds of sums and information. But having said that we've got a whole series of processes we put in place. So the first thing is we work with major aid organisations in the main, we've got a few which are outside, but generally we work with major aid organisations which have got really long term proven track records. We visit all the sites before we actually implement it, our project plans which get built up. We do monitoring yearly, and then we have short monthly reports, we monitor quarterly reports which have got milestones before the next payments are made. That's about as good as we're doing. But we do have some

projects all over, but hey if you're a business man you're an entrepreneur you'll always have a few start-ups fall over won't you?

Q: I'm not disagreeing with anything that you've said but I think if you look at the last fifty years of history, when we look at it we come to the conclusion that America is regarded as the economic engine of the world and its been driving the economy and yet conflict is a major thing which has been driving a large part of their economy, we then look at technological development we also find that the last fifty years which has been filled with conflict is also the time when most technological development has occurred. So really there is a bit of a conflict there to try and say that peace is driving us forward when conflict is equally able to put forward the same arguments.

A: Well I'd say your facts are pretty much mistaken. The last century even though 150million people were killed and we had major exterminations from Hitler, Stalin and Mao, it's probably the most, as a percentage of the population, it's probably the most peaceful century in human history, that's my personal view. And certainly the start of this century it's getting more peaceful. I don't know whether you've studied international relationships but that would have been the study of war, so what we do because we don't study peace is we've been indoctrinated with this concept of war. You start to look at your return on investment in conflict what you'll find is your concept of return on investment and the horizon of safety which you can see. But the best, these are really simplistic examples, but if you look in a war zone and war stops you might invest in the seeds to plant a crop you should be pretty safe for 3 or 6 months. If you're going to invest in a high tech industry which is doing future research quite often you're looking at twenty years for the R&D to pay off, so you want a stable environment to get the return on investment. I'd say that high tech development and peace go hand in hand. If you think of just minor levels of obstruction in infrastructure have massive negative impacts on the economy, and that comes back to the build up of the asset base over long periods of time. One of the reasons that the EU came into existence and is so strong and made Western Europe so peaceful is because of the consequences of the first and second world war, they really do understand it. We don't actually know how peaceful America was 50 (I think its 50 @ 39min 58secs) ago compared to other nations, I hypothesise but we don't actually know as we haven't actually got the data as we've only just started measuring peacefulness. One of the things we were keen to do originally was trying to extrapolate it back into the past to try and work out the correlations of peace(two words that I cant hear @ 40mins 18secs), but we didn't have enough statistical data to do that is the best answer I can give you.