

expected costs of conflict, and raise the costs to their competitors. They can achieve the first by improving their own conflict management capacity, and the second by seeking the establishment of international standards governing corporate responsibility and conflict.

Host governments can help reduce the likelihood of mining-related conflict through commitment to consistent application of social and environmental regulations, and through reinvestment of mineral royalties in social programs that benefit project-affected peoples.

The mining company's home country government can brief company staff on the political situation in the country and related concerns; work with other governments to set international standards for company conduct abroad; and partner with companies in development cooperation initiatives. In cases of suspected complicity in violence, governments can convene independent fact-finding missions. Negative measures, such as economic sanctions and 'naming and shaming' could be balanced with positive inducements such as tax incentives for community investment, or public accolade for exemplary conduct.

NGOs can monitor and 'sanction' the activities of companies, insurgents and governments; assess conflict situations and provide early warning and insight; convene adversarial parties in dialogue; and build community and company capacity for conflict management.

In conclusion, the risk of conflict is a prominent factor in international investment decisions, a threat to capital stock, to reputation, to share price and to personnel. Public relations campaigns, danger pay, insurance, and private security forces are the tools through which companies have managed this risk. Yet these are end-of-the-pipe approaches to political risk management. They do nothing to address the underlying roots of insecurity and of investment risk.

In the field of environmental management, proactive investments in pollution prevention and 'continual improvement' have often paid for themselves by reducing the costs of legal compliance. Proactive investment in community stability might also pay dividends by protecting a mine's 'social license to operate' more efficiently than the 'end-of-the-pipe' alternatives.