

High Representative Calls for “Bonfire of Bureaucracy”

Speaking at a seminar this morning organised by the Sarajevo University School of Economics, the High Representative, Paddy Ashdown, called on the people of BiH and their leaders to focus their efforts on urgent economic reform.

“We need a bonfire of bureaucracy,” the High Representatives said. “A revolution of reform. We need to drive a bulldozer through our systems to sweep away the barriers that destroy business.”

The High Representative was highlighting his intention to shift Economic Reform up a gear.

He said that BiH bureaucrats and politicians routinely make it difficult for companies to create jobs and raise living standards. This explains why unemployment is so high, why almost half the population lives close to the poverty line: one in five citizens live on less than 5KM a day – one in four in the Republika Srpska. He noted that BiH’s national wealth stands at less than half its pre-war level and foreign direct investment is lower than anywhere in Central and Eastern Europe except Albania.

“The reasons are many, but they all come down to one thing,” the High Representative said. “We have not reformed anything like enough, or fast enough.”

He noted that in a market economy, governments cannot create jobs by decree, but they can provide a legal framework that makes it easy for businesses to set up; they can provide a light and efficient tax structure, and they can clear away obstacles, so that business can operate as freely as possible in the marketplace. That way, they create conditions in which jobs are created naturally.

The High Representative said the system of government in BiH must be made leaner, cheaper and more effective. Public administration must be made transparent, responsive, and cost-efficient. The revenue system must be revamped, with the introduction of a modern VAT system organised at the State level, and reforms must be instituted in the “rotten, corruption prone customs administrations.”

The High Representative said it was crucial that the finance ministers appointed in the new administrations be people of the highest probity and calibre, and he called on all ministers to ask themselves each morning: “What can I do today to make this country a better place in which to do business and a more welcoming place for foreign investors?”

The High Representative also invited the people of BiH to take the initiative in economic reform and not to wait for their leaders. He challenged potential entrepreneurs, saying “If you have an ambition, pursue it. If you’ve spotted a niche in the market, fill it. If you’ve ever dreamt of starting a business, of running your own show, then get out there and make it happen.”