

# **Article by Larry Butler, Principal Deputy High Representative: “Pensioners Ahead of Politicians”**

There are signs at last that the BiH economy is on an upward trajectory. Investment and tax revenue are rising; interest rates are falling; more jobs are being created; Moody's has raised BiH's external debt rating. None of this is happening fast enough, but the fact that it is happening at all shows that after years of frustrating stop-start development there is now a degree of economic momentum.

It is absolutely imperative that the political leadership of BiH does not squander the opportunities that have arisen. They must make sure that BiH moves through the opening that has now been created and that it gets on the fast track to sustainable prosperity.

This is what politics are about – making a country successful, prosperous and safe is the real reward of a political career, something that an elected representative of the people should be proud of..

The parliamentarians of BiH have a very difficult job – they are grappling with enormous challenges; they are called upon to show formidable resources in terms of professionalism and political resolution, and no one has the right to discount the effort that they routinely put into their task. Nor should they be denied material remuneration commensurate with the dignity and the demands of their position.

But we live in the real world.

And in the real world, though its economic prospects are improving, BiH cannot yet afford to pay its elected representatives as generously as it would like – just as it cannot yet afford to pay its teachers or its doctors or its postmen or its construction workers more generously.

Some members of the BiH Parliament recently submitted legislation for debate which would increase their remunerations and pensions substantially and if adopted would mean that beneficiaries of parliamentary pensions could not have these pensions reduced as a result of the implementation of any other legislation.

There is nothing wrong *per se* with parliamentarians seeking to better their conditions – but as the people responsible for enacting the country's budget, they must pay themselves realistically.

The proposed law on rights and duties of representatives and delegates of the Parliamentary Assembly of BiH would allow a member of parliament to enjoy a life pension up to five times higher than average pensions in the Federation and the RS, and (beginning as early as 55 for men and 53 for women) they would be eligible for a pension as much as ten years earlier than most employees in this country, after serving just two years in office. This at a time when many European countries are considering raising the legal retirement age from 65 to 67 or 68 because of budgetary pressures on pension funds.

In addition, families of parliamentarians who are serving long sentences for crimes against humanity, international law or constitutional order would nevertheless be entitled to a family pension. This means that a privileged group of people, even those who have been sentenced for serious offences, would have much higher pensions than ordinary citizens.

The proposed law would allow all parliamentarians who have been elected to the Parliamentary Assembly since 1996 to have

more favourable retirement conditions than any other BiH citizen.

The fact of the matter is that the authorities can only allocate themselves benefits that are consistent with the country's long-term ability to pay. Any parliamentary remuneration package must take into account pay and pensions in the country as a whole. It must also be consistent with a salary and pensions structure that can be applied right across the parliamentary system. It makes no sense for major differentials to develop between the State parliament and the Entity parliaments, or, for that matter, between MPs' remuneration and the remuneration paid to civil servants.

Further economic development will create more scope for higher standards for MPs. When BiH is richer it will have the means to ensure that parliamentarians are compensated more competitively.

It so happens that the issue of parliamentarians' remuneration and salaries is already being dealt with in legislation being prepared by the BiH Treasury Ministry. Parliamentarians rightly urged the Council of Ministers to prepare such a law a year ago. The Treasury Ministry is now completing a Law on Salaries in the BiH institutions, which will rationalize compensation paid to BiH parliamentarians and civil servants and bring these into line with compensation paid by the Entities. This is also an IMF requirement.

The guiding principal of this Law is that parliamentarians cannot pay themselves from funds that don't exist, and that those funds that do exist must be allocated in the most productive way, with the interests of citizens as the principal criteria. (And I don't need to remind you how often regular pensions are paid late to citizens.)

It is a matter of the utmost urgency that the Treasury Ministry completes the preparation of the Law on salaries in

BiH institutions and presents it to parliament. This whole issue of public expenditure has been neglected for more than a decade.

No one is saying that BiH parliamentarians are not worthy of their hire – but what is absolutely clear is that they cannot reasonably retroactively allocate themselves benefits and pensions that are disproportionately higher than the national average and which stretch the capacity of the country's still fragile public finances. Nor should the different levels of authority allocate compensation packages that are significantly different from one another.

Sensible politics means sensible pay for parliamentarians. This is something with which I believe a majority of voters will agree on 1 October.

*Ambassador Larry Butler is the International Community's Principal Deputy High Representative for Bosnia and Herzegovina*