

# Article by Larry Butler, Principal Deputy High Representative “You Cannot Spend What You Don’t Have”



## You Cannot Spend What You Don’t Have

There is a core distinction between unsuccessful economies and successful ones. In unsuccessful economies, the people responsible for shaping the business environment focus on *allocating* wealth; in successful economies they focus on helping to *create* wealth.

Changing this focus is the key to getting a country into the fast lane of economic development. Now that the process of forming administrations in Bosnia and Herzegovina is nearly complete, it is imperative that those who will govern for the next four years change focus – from who gets the biggest share of a very modest pie, to making the pie much bigger.

To create more wealth, Bosnia and Herzegovina needs to speed up privatisation, amend its labour laws to create a more flexible recruitment market; and reduce the red tape involved in setting up new companies and winding up unsuccessful old ones. The legislative steps needed to turn this wish list into practical reality have already been negotiated. They include enacting a Law on Obligations, so that a single commercial code can be applied across the entire country, making the

National Fiscal Council fully operational, and centralizing banking supervision so as to strengthen guarantees for savers and free up more capital for investment in jobs.

By enacting these and other agreed economic reforms in the first months of their four-year term the new administrations can lay the foundations for sustained and rapid economic growth. All that is required is political will, common sense and a clear understanding that in order to share wealth you have to create it first.

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