

# Speech by Principal Deputy HR Donald Hays on “Post-Conflict Reconstruction: The Case of BiH” at the George C. Marshall Centre

Ladies and Gentlemen,

This is an appropriate forum at which to talk about Bosnia and Herzegovina . Because the experience of BiH in the nine years since Dayton offers a modern paradigm for post-conflict reconstruction, half a century after the Marshall Plan launched Europe into the longest sustained period of economic growth in history.

And this is an exceptionally appropriate *time* for this discussion, because questions of nation building – *why* it should be undertaken, *when* it should be undertaken and *how* it should be undertaken – dominate contemporary international relations to a degree that has not been seen since the 1940s.

I say that BiH offers a “paradigm” – I am not suggesting that it offers a fixed model. There is no one-size-fits-all formula for nation building. BiH, however, leads the field in demonstrating that nation building can promote stability, to the benefit of the citizens of rehabilitated states and to the benefit of the global community as a whole. Some of the lessons learned there can be applied in other places.

## **The Argument – enlightened self interest**

In early 1948 President Truman secured popular and congressional approval for the Marshall Plan by laying out –

forcefully and repeatedly – a simple but compelling argument.

This plan serves our interests.

That argument is as valid today as it was in the aftermath of the Second World War – nation building represents a prudent investment on the part of the International Community.

The arithmetic – at least as far as Bosnia and Herzegovina is concerned – remains valid too.

The 13.2 billion dollars disbursed to European Governments by the United States between 1948 and 1951 was a tiny fraction of the United States ' GNP at the time. Yet, in addition to the clear and rapid material betterment it helped deliver to millions of Europeans, the Plan helped secure the United States' major foreign policy goals of the time: containing Communism and fostering viable trading partners across the Atlantic.

The Marshall Plan was value for money, not just for the Europeans but for the US too.

The 5-6 Billion Dollar IC recovery programme for BiH has been equally good value for money, for the people of BiH and for the International Community.

In purely financial terms, rehabilitating a state is an infinitely more attractive proposition than invading or occupying it. If, in order to transform a failed state into a productive and cooperative member of the International Community, we are prepared to intervene militarily at a cost – in the case of Iraq, for example, of \$177 million a day – then we should be prepared to follow through with the essential task of social, economic, political and military transition that is necessary to effect the transformation we feel is necessary and required within its region. The lesson of Bosnia and Herzegovina is that over the mid term the investment in nation building is modest compared with potential military

action.

Lord Palmerston famously noted that nations don't have permanent allies – they have permanent interests. In the context of contemporary nation building this dictum is not as bleak or inherently destabilizing as it sounds, because in a unipolar world no one has anything to gain from allowing failed states to continue failing. Our interests are all the same. This may have been obscured by the lack of unanimity among major states over the International Community's strategy with regard to Iraq , but it is borne out by the coherent and successful international engagement in Bosnia and Herzegovina 's postwar reconstruction.

In BiH, while the need for international engagement is clear, the need for *US* engagement has sometimes been questioned. On 2 December an EU Force will take over from the NATO-led Stabilisation Force, assuming responsibility for maintaining the security umbrella under which peace implementation in BiH can be consolidated. NATO, however, will maintain a presence in the country.

While the Europeans are today demonstrating a foreign-policy and military-deployment capacity that was conspicuously absent during and immediately after the 1992 – 95 war, the logic of continuing US engagement is clear. Nor is this simply a matter of the United States' disproportionate military and logistical capability. Rather it involves the United States' logical support for the *interests* of its allies. The European countries have a direct stake in BiH's recovery. They will derive benefits, in terms of security and trade, from fostering a centre of stability and prosperity in the southeastern part of the continent. The United States can only be strengthened when its allies are strengthened.

The *success* of IFOR and then SFOR has demonstrated that NATO possesses a capacity to develop a new and relevant post-Cold War role. It has also helped to buttress the arguments that

democratic governments must sustain in order to maintain popular support for overseas military deployment. The success of the joint military and civilian intervention in BiH has buttressed the political case for nation building *per se*.

What have been the key elements in this success?

## **The Means**

The International Community has charted a steep learning curve in BiH. The reconstruction process has had to recover from mistaken assumptions in the early years. The following key lessons have been learned.

### **Credible deployment of military force.**

The initial 60,000-strong IFOR deployment was characterized by a visible display of military hardware. Helicopters overhead, extensive patrols by armoured vehicles, combat troops deployed rapidly and comprehensively on the ground. The message sent by this was very, very clear: we are serious. The result was remarkable. A steadily improving security situation, accompanied by a wholesale downsizing of the domestic armed forces, has allowed the NATO-led deployment to be systematically scaled back to a current troop strength in the region of 7,000.

### **Adequate funds, disbursed sensibly.**

In the five years after the war, international aid was manifested in a multiplicity of programs and projects, sometimes duplicating or overlapping with each other and rarely if ever truly coordinated (exactly the opposite of the Marshall Plan's coordinated disbursement structure). Today, there are fewer international organizations on the ground, but more importantly, the Office of the High Representative has evolved, particularly with the introduction of the Bonn Powers in 1997, from being a lobbying agent for change in a war torn country to being, in effect, a regulatory agency. In parallel

the International Community has restructured to a sufficient degree its operations, from the urgent but unmanageable free-for-all of 1996 into a more collaborative and coherent policy-implementation exercise.

For years, the aid flow – together with the International Community's focus on political rather than economic consolidation – meant that necessary but difficult economic reforms were postponed. This, inevitably, is a temptation to which most interventions are subject. Faced with a devastated infrastructure, a traumatized and substantially displaced populace, and entrenched and antagonistic political groupings, the first thought of a provisional administration is not to prioritize the establishment of a tax office or secure the urgent introduction of VAT.

Yet, creating a sustainable economy – as opposed to an aid-driven economic lifeline – is as important, over the long term, as depoliticizing the police and getting honest judges on the bench.

### **International Community cohesion.**

The international political and economic engagement has been coordinated by a European official, the High Representative, working with a US deputy, and has involved the active participation of 55 countries and organizations. In BiH today we have 15 or 20 active international organizations with their own reporting links, websites, mandates, procedures, spokespersons and bureaucratic priorities.

This has not simply been a matter of facilitating inter-agency cooperation in Sarajevo . Core organizations, on what we call the Board of Principals, which the High Representative chairs every week – include delegations from the European Commission, the OSCE, the World Bank, and the IMF. However, these organizations report to head offices elsewhere and in their greater organizational perspective BiH may be but a modest cog

in a very large machine. Likewise, their institutional thinking on BiH is likely to be influenced by, and vulnerable to, the often opaque and frequently shifting currents of global strategy.

The point is that coherent intervention in the field cannot be cobbled together solely by those *in* the field – it has to be built in Washington and London and Brussels with further support from our capitals.

### **Focus on regenerating institutions.**

We are in BiH to *rehabilitate* the country, to help build and *strengthen* State institutions, not to substitute for local authorities where and when they can or should be exercising their own responsibility. So it has been necessary to address the perception that the International Community's disproportionate resources necessarily reduce the scope for action by local politicians and undermine their very fragile credibility, thus producing a mindset that asks, "why should we vote for someone who isn't in charge of anything?"

Among other things we have begun to see the virtue of building from the inside. It takes longer but the results are longer lasting and infinitely more satisfactory. By building from the inside, I mean resisting the impulse to hire the best and the brightest and pay them salaries disproportionately greater than the country norm, but instead fund positions inside ministries, which are competitively rewarded (to keep talented people in the country and in the public sector) but not exorbitantly so (to maintain organizational cohesion in the civil service).

It is therefore necessary to build a very active partnership with the government and the civil service to buttress their capacity and their credibility.

Because of the early focus on emergency recovery and the need for political trade-offs, the IC paid far too little attention

to the structure of the State and the urgent need for reforming and strengthening the judicial system.

This proved to be fatal for the rule of law. You can train as many police as you want but if the judiciary is intimidated or corrupt then the law cannot be served.

A lesson we learned late in the process in BiH is that you won't get political, economic or social progress until citizens assume that most judges cannot be bought and that most politicians and wealthy businesspeople are not above the law.

In the case of BiH this required a wholesale overhaul of the system; drafting and introducing new civil and criminal procedure codes and training and vetting the police and judiciary, and weeding out the most corrupt, criminal and politically compromised officials.

### **Identify and foster civil society.**

The ultimate mechanism, anywhere in the world, for keeping politicians on the straight and narrow – and therefore in the case of recovering states the ultimate mechanism in sustaining the political will for progressive policies after the International Community has disengaged – is a robust and articulate civil society.

Expanding and strengthening the role of civil society in nation building and transition means going to work on the very fabric of a country – it means changing attitudes, altering cultural perceptions, engineering change so profound that it makes itself apparent on game shows and at football matches. This is not an undertaking that can be encompassed in a six-month action plan or a one-year commitment of funds and personnel. It is not something you can craft neatly around a timeline and benchmarks. You need to approach such efforts with a more sustained commitment. In other words – we need “an end state, not an end date mentality.”

## Take time.

You can do failure in a year, but success takes time. In BiH, we started to see significant dividends only eight and a half years on. If we had known then what we know now, the IC might well have taken the time immediately after the signing of the Dayton Peace Agreement to develop *a comprehensive, multi-year plan*, with a robust administrative and political structure in order to *implement* that plan and with the full and coherent support of the international agencies and countries involved. This is something we need to calculate into our plans in future.

We *didn't* know then what we know now because *people* learn lessons, but *institutions* rarely do. This, I believe, is an inadequately understood strategic element in international intervention. There has been a damaging and costly tendency to reinvent the wheel with each new intervention, and with dispiriting regularity (every year or so) lessons have been learned and *relearned within* interventions, because reforms are not systematized and the means of implementing and maintaining those reforms are not institutionalized.

Much of our recent work in Bosnia has been aimed at systematizing and institutionalizing.

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When President Kennedy rallied the nation and vowed that America would “pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty” he was using Cold War rhetoric that required decisive global US engagement. Today, the U.S. and the rest of the world are faced with a very different kind of global confrontation, in which military engagement is clearly only a part of the answer. If America and/or its allies are to assure the survival and the success of liberty, we *must* come to grips with the mechanics of



rehabilitating failed states – that means understanding the causes of conflict and collapse – responding to particular social, cultural and organizational requirements, and institutionalizing and creating programmatic responses in order to facilitate comprehensive solutions, sustainable recovery and not just partial remission that will require renewed engagement in the future.

The rehabilitation of failed states is infinitely more cost effective than contending with the political, criminal, economic and social fall-out of allowing states to continue to fail. The Marshall Plan delivered benefits, not just for the Europeans but for the United States . The BiH paradigm shows that mutual benefit remains a key sustaining element in contemporary nation building

Thank you