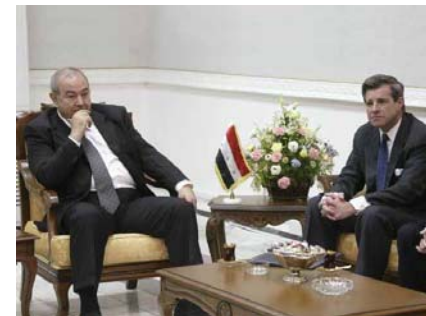
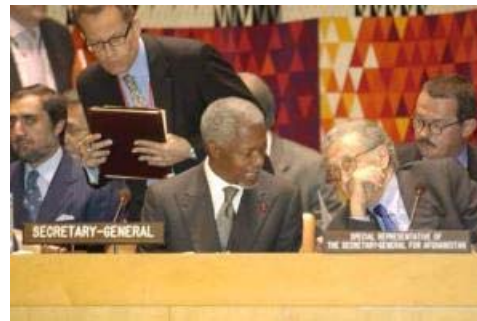


# A Presentation to USAID EGAT Post Conflict Seminar

October 16, 2008

## Some Observations on What to Do and Not Do in Making Post-Conflict Policy Decisions

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Driving progress. Delivering prosperity.

# In this Presentation we will discuss:



- **The Need to Focus on Economics**
- **Iraq: Some Major Mistakes**
- **Kosovo: Important Early Decisions**
- **Afghanistan: Some Good Economics**
- **Europe 1946: Admitting Mistakes**
- **Some Conclusions**



# The Need to Focus on Economics

- **Economics Matters**
- **Political Imperatives do not change the consequence of ignoring economics**
- **Early on human capital matters most**
- **Early on Fiscal and Monetary Policy matter almost as much**
- **Admitting mistakes allows economic policy to correct itself**

# Iraq: Some Major Mistakes

- **Oil for Food (OFF)—good recommendations, no follow-up**
- **OFF—anti-corruption policies emphasized over economic growth policies**
- **De-Baathefication—ignoring the human capital rule**
- **Punishment is wrong**

# Kosovo: Important Early Decisions

- **Umbrella Program – focused economics**
- **Replace lost human capital immediately**
- **Resist nationalism—good monetary policy (or the lack thereof)**
- **Capital and Current Budgets—Donors don't always help**
- **Staying the course despite politics**

# Afghanistan: Some Good Economic Policy

- **Early Planning—the budget process**
- **Fiscal Policy first, monetary policy second**
- **The Central Bank’s focus on the poor**
- **Concentrating on the regions early in the process**



# Europe 1946: Admitting Mistakes

- **Funding**
- **Problems**
- **What Truman did**
- **Why it mattered**
- **Can we compare?**

# Some Conclusions

- **Economics Matters—no matter what the situation**
- **What you have available is probably more than you think**
- **Human Capital Matters more than any other capital**
- **Good Governance can overcome old habits**
- **Umbrella economic programs do best**

