Post-Conflict field is relatively new and as a consequence it is full of crap. Science is only just catching up and policy makers have meanwhile persuaded themselves that what they want to believe is true.

So there is a lot of nice sounding waffly crap, which in other fields of policy has been driven out by hard science, but is still saturating this topic. And this topic is bloody important. So we got to drive all the crap out. And that will be painful. You have to unlearn a lot of what you think you know.

What I am going to talk about is based on hard science, study of 66 post-conflict situations around the world. It is comprehensive. That’s it.

The first message. I guess, is: get real.
The agenda is ludicrously overloaded with every damn advocacy group pressing its own candidate of what is really important. And most of it is trash. In other policy areas, as I say, all this stuff is crowded out by serious analysis. It will happen in post-conflict, but is hasn’t happened. So get real.

What I am going to say is based on hard evidence, go to my website, download all the scientific papers. There are a lot of new papers.

Post-conflict situations are nasty situations. First of all, governments in post-conflict situations are typically really incompetent and really bad. They start with really bad policies. Fortunately the situation is pretty fluid, so you can get pretty rapid policy change. But the idea that these are sovereign governments, entitled to do what they want is absolutely crazy. These are very dangerous situations, not just for the people in the country. Most of the costs of conflict are for neighbours and the wider community. And so, we can’t allow sovereignty. We have rights. Other countries in the region have rights. So we got to think in terms of shared responsibility, shared sovereignty.

The post-conflict situations are distinctive in that you have to navigate in two objectives. One is, of course, economic recovery and there is a lot to play for. The dispersion of outcomes in the post-conflict decade in terms of economic performance is massively wider than in a normal situations. You can very fast recoveries and you can get continued falling apart, so policy choices make much more difference in this decade than they do otherwise.

Second thing you got to navigate on is risks of conflict reversion. The typical conflict country has a 40% chance of going back into conflict within a decade. So these are highly dangerous. Far higher risks than in other situations. So we got to try and navigate to bring those risks down. That has got to be the number one objective.

The two things are related, the high risks interfere with the economic recovery, if we can get the economic recovery that helps to bring down the risks. Growth is going to be, as I will show, one of the big drivers of conflict reduction.

Let’s move on to what we know about private sector and what we can do.
First of all these post-conflict situations are highly opportunistic. People are opportunistic. Much more so than otherwise. That has all sorts of implications. One is, for example, credit markets, will just not work. Forget credit markets, it is just not going to be a priority. People won't pay the money back. There isn't a culture of repayment. There is a culture of opportunism. Actually it doesn't matter very much because one thing that doesn't happen during conflict is investment. People save their money. They bring it abroad. There is huge capital flight during conflict. So, off shore, domestic firms are very liquid, on average. They have much money off-shore. So if they want to invest they can finance it, they can bring money back. But credit is not the thing to lead with in post-conflict situations. Got to build a culture of credit by gradually bringing the opportunism down. That takes time.

Secondly, where the culture of opportunism really interferes with economic recovery is investment, because you do not have secure property rights. You typically got confused and contested property rights as a legacy from conflict. So the first thing to sort out, as far as private sector development is concerned and sort it out fast is what property rights are. And fast is the word. The model here in my view is do it as Uganda, how not to do it is Ethiopia. Let's not think what Ethiopia did, they just messed up, but let's think what Uganda did and got it right. Post-conflict deeply confused and contested property rights, all sorts of opportunists claiming all sorts of things, so, of course no investment because you could not be sure that you owned the land on which you were going to build anything. You couldn't be sure that if you bought a building it would actually be yours. So what the government did, it knew its court system was a mess, it couldn't rely on it's court system. So it set up special courts, transparent systems bringing foreign judges to the matter, just saying 'if you got a claim to any asset in the country, put that claim in by a deadline. If you put a claim in by that deadline it will be heard and adjudicated. If you miss that deadline, forget it, never valid.' So, you get closure. Then you have very fast and very transparent adjudication. And that is politically painful. For example, in Uganda it meant giving property back to Asian Ugandans living in London and evicting African nurses from their homes. Painful, but it was necessary. Ugandans got it through just in time for the coffee boom which happened in 1994. And which enabled that coffee boom to be translated in big private investment. So, fix the property rights.

Second, you got to bring the risks of conflict reversion down. As whilst there are these huge risks, who on earth will invest in an environment where there is a 40% risk of going back to conflict. So how do you go about bringing those risks down. Well, economic, political, and military. Everybody fusses about the politics, because that is fun isn't it and that is what we can all chat about. And unfortunately it has got no traction whatsoever on the risks. Democracy does not help. Post-Conflict elections, doesn't help. It actually makes things worse, especially when they are over. DRC, at the moment, second round of elections on October the 29th. Do you know the date for bringing out European troops from DRC? October 30th. In my analysis, typically in these post-conflict elections the risks explodes after the elections. They will have to bring those troops back in. The military know it is crazy but it is the politicians who take these decisions.

So there isn’t a quick political fix to bring risks down. It just isn’t there. All political solutions, however nice to us, are contestable. And not everybody is going to like them so they will be contested. Doesn’t mean don’t do it but don’t think that is going to be the solution to peace. It isn’t.

If we can get economic growth that really is going to bring risks down. But it takes a long time – at least a decade. Economic growth works twice over. It directly brings risks down and cumulatively it raises the level of income and that brings risks down. So the economy does deliver peace but takes time. There are no quick fixes in economics.

That leaves the military. The typical post-conflict response is that governments themselves have big militaries. That is disastrous. That actually pushes the risks up. There is no
alternative to external peacekeepers. I am able to show that international peacekeepers significantly and substantially bring risks down. We need big forces in the typical post conflict country and we need them there for a long time. It is a nasty swipe at my invitees but Germany is the biggest country in Europe, you have got to involve into a major peacekeeping role in these post-conflict situations.

So you got to bring these risks down, there is no alternative to military. As the risks come down, then you can expect private sector investment to increase.

Two good things to navigate, and this is my closing point, one is the level of capital flight. In the typical post-conflict situation capital flight is enormous. It continues, there is big capital flight during conflict, there is even more capital flight in the decade after conflict. But is doesn’t have to be like that. The capital flight is the big opportunity for post-conflict countries. If you can get it back that finances a lot of investment. Uganda managed it. By the mid 90s capital repatriation was bigger than exports. So you can if you do the right things swing from capital flight to capital repatriation. That is the biggest thing to navigate on for economic recovery. Related to that, and a little bit more arcane is the demand for money. Typically during the war there is a flight from domestic currency. Typically, that flight continues in amplified ways. That really squeezes the fiscal options because one source of revenue for a government is what is called seigniorage, the fact that it is issuing money. Can’t do that in post-conflict situations because people do not want to hold the money. They do not trust the government. So there are these two things to navigate on: if you are getting it right you are getting a swing from capital flight to capital repatriation and a swing from a reducing demand for money to an increasing demand for money. Both of those are about confidence and confidence is ultimately about security.