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Partnership with the Business Community for Institutional and Human Capacity Building
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Preparing for this session, I recalled my first experience with this organization. It was 1970 and I had just returned from my position as second secretary in the American embassy in Moscow. I was between assignments and the Department of State, trying to give me something to do, sent me to a meeting in the State Department to react to a Soviet proposal to hold a pan-European security conference.

The mood was extremely hostile to the idea. Everyone denounced the Soviet proposal as a Trojan horse, designed to split Western unity. After I listened for over an hour to one doomed proposal after another designed to kill the idea, I finally took the floor to say that I thought that we should operate on the premise that the Soviets would succeed in gaining support for their proposal because it was not inherently a terrible idea. In other words, there probably would be a security conference in Europe at some point. Rather than fighting the idea until the last desperate moment or until it became clear that there was overwhelming support for the idea, we would better use our time to figure out what the West might want out of such a conference.

The reaction to my intervention was extremely hostile. No one rose to my defense on that day or for months to come. Fortunately, as the years passed, others in the U.S. government, under pressure from Europeans to be more flexible, came to the same conclusion, namely, that the US should try to figure out what it wanted from such a conference since its convening was inevitable. Pushed by the Europeans, the US decided that one objective of such a conference should be a robust basket three, which covered the human rights provisions of the Helsinki Act.

In retrospect, we can see the impact that the Helsinki process had on the security of Europe. It enabled people all over Europe to understand their rights and emboldened them to press for their implementation. It raised the standard of dignity and democracy around which the people of goodwill could rally throughout Europe. It helped to change fundamentally the political and economic map of the European continent. And it inspired similar calls for decency and freedom all over the world.

Everyone in this room can be proud of the organization that they are part of.

Yet this is also no time for complacency. Everywhere there are fundamental shifts in the political landscape in countries where the OSCE works. Immediately after the Berlin Wall came down, the reform agenda seemed clear: Organizations like the OSCE would assist countries in making the transition from communism to free market democracy. Officials in the new transition societies were anxious for assistance. They were eager to join the ranks of democratic, free market states. They were eager to “join Europe.” Overwhelmed with new governance issues, they were open to the views of outsiders who were there to explain to them this new world of economic and political freedom.

Many minority and border issues surfaced and again the new states were anxious to receive guidance. Several former colleagues of mine had some of the more interesting periods in their professional life during this period, assisting new governments in confronting the problems of transition.

But we have gone through more than a decade of revolutionary change in much of Central and Eastern Europe. Radical change in the political, economic and social fields has coursed through these societies. After ten years, new institutions and new practices have begun to gel. There is the air of semi-permanence becoming permanence in the air.

What a number of states have achieved in many cases stands quite some distance from formal OSCE standards but states have developed a vested interest in the institutions and on-going practices that they have, not the ones we believe they ought to have. They are less and less inclined to accept the views of outside experts on “how it is done elsewhere.”

There are other important changes taking place that may affect the work of the OSCE. First, it seems to me that the OSCE is here to stay and we should be thinking about how to strengthen its institutions and improve its work. The fact that many states are more resistant to outside advice does not mean that the effort to establish common standards through the region should cease. On the contrary, we must think of new ways to pursue our agenda. The organization needs to consider ways to strengthen its secretariat, develop an adequate budget, formulate long term strategies. A colleague of mine who held a high position in the OSCE in Bosnia has pointed out that unique among international organizations, the OSCE has insisted on a secretary general with limited political authority and a small staff focused on management and administration. Leadership rests with the chair in office, who changes every year. The changes faced by the OSCE suggest that this organizational pattern should end.

Another change is necessary. States face a new challenge in the form of mass terrorism. This challenge poses questions about the proper balance between civil liberties and security. In the early 1990s it was felt that the focus of OSCE should be entirely toward the East but we may soon face difficult governance questions in all democratic societies under attack. There may be a role for an organization like the OSCE to help states determine where a constructive balance between liberty and security lies and to hold the line against demands for more extreme security

measures that over time will undermine the kind of open and free society that OSCE members state they wish to promote.

Finally, it is increasingly clear that there may be a role for the OSCE in other parts of the world as example, mentor and even implementer. Already, the OSCE has cooperative partnerships with several states outside the Eurasian region. In the Islamic world, there is a need for the development of processes and standards that can help the states in the region develop a more peaceful and prosperous order for their citizens.

Which brings me to our specific topic for today—Partnership with the Business Community for Institutional and Human Capacity Building.

The next phase of change in Eurasia is no longer going to be revolutionary. Throughout Eurasia, the trend politically and economically is toward consolidation and control. A campaign for constructive change, if it is to succeed, therefore must reflect the concerns of a domestic constituency. This has been the case for a while, but now it is imperative. Effective efforts at reform will require rather complicated alliances between constructive forces within a country and without. Success will depend on strategic sophistication and some degree of good fortune.

Moreover, most leaders in Eurasia are now much more interested in change designed to keep them and their followers in power than they are in change more exclusively oriented toward immediate, constructive reform in their country. For many, “political reform” now turns out to mean opportunistic amendments in the constitution that serve to maintain those in power. In one country such amendments might strengthen the legislature. In another, the amendments might enhance the powers of the new president. The aim in both cases is the same, maintain or increase the influence of those now holding power. Where the actuarial tables intervene with this kind of constitutional career planning, family dynasties may emerge.

In the formally democratic states leaders work to ensure that they can maintain their hold on power through elections that are not rigged but heavily influenced—“free but not fair” in the judgment of the OSCE with regard to some recent elections in the Eurasian region. In the less democratic countries, the degree of election manipulation is much more overt.

Economically, the region is finally beginning to emerge from the shock of the disintegration of the unified Soviet market. The problems remain enormous but the positive change in direction has begun to restore confidence. Kazakhstan, Russia and Ukraine have all enjoyed strong growth rates for several years. Even some of the Central Asian states have enjoyed recent, robust growth rates but their longer run success will depend on their ability to end their isolation. Their larger neighbors must open their markets and facilitate access to the outside world.

Another issue is labor migration. Today millions of citizens of countries in the Caucasus and Central Asia are working abroad, primarily in Kazakhstan, Russia and Ukraine but also in Europe and the Near East. They need protection.

In this new era of change, partnership with the business community can be critical to the task of maintaining the agenda of progressive change. Businesses, to prosper, need open borders and open minds. Governments that may not be so inclined to adopt measures promoting either, solely on philosophical grounds, are prepared to consider appropriate steps in the interest of their country's welfare. They do want their people to benefit from the international market. They want their children to be able to compete in that market. So a partnership with the business community can encourage governments to continue to press ahead with reform measures that they might otherwise postpone for a later day.

Business also understands a lesson that I think more of us in the non-governmental community need to learn. If one looks at major companies around the world, increasingly they consist of a coalition of talents. Americans run Japanese automobile companies; foreigners rise to the top of American companies; Indians are acquiring a leadership role in the field of software design not just in India but elsewhere.

Businesses also understand the need to shape their products to reflect local tastes and customs. They know that neglecting to do this means failure.

Businesses also partner with others when this will bring added strength.

Given the role that business will play in the coming years, the OSCE might consider establishing a separate directorate to promote this area. This will become all the more important as others pull out of the area before the job is done. Recently, several major countries and foundations have announced their intention to end their assistance programs in key parts of the former Soviet Union. OSCE cannot substitute for these large players but it could make sure that the torch was not completely extinguished.

Yet I hope that whatever the OSCE does, it will approach matters in a new spirit. Too many efforts at assistance still rest on the shaky assumption that the foreigner possesses all the wisdom and the recipient all the need. In fact, the most effective foreign aid program in history, the Marshall Plan, rested on the opposite assumption: It put decision-making, under carefully audited conditions, in the hands of the recipient, not the donor.

There is also too little cooperation among donors. They urge cooperation on the recipients but in the quest for credit engage in little cooperation of their own.

The Eurasia Foundation has tried to chart a new course. We have entered into partnerships with several different governments and international organizations. We have an intense partnership with the OSCE, more than \$300,000 in joint projects from Kamchatka in the Russian Far East to Central Asia and Ukraine. Moreover, we have entered into a far-reaching partnership with Javier Solana, the European Union High Representative for the Common Foreign and Security Policy, to establish a new foundation in Russia to support civil society. We have entered into partnerships with a number of major business concerns throughout Eurasia.

Reflecting the central insight of the Marshall Plan, the Eurasia Foundation has intensified an effort to strengthen our local offices both through our hiring policies and through our

institutional development efforts. We are transferring more and more authority to our local staff and local boards of directors.

The coming few years will be crucial for the countries in the Eurasian region. Clearly, for all save perhaps Georgia the revolutionary period of the 1990s has closed. The question will be whether the path to constructive reform is also closed. It is clear that change will no longer be radical and sudden as it has been the past several years but it is important for the future and security of the region that the prospects for change not close altogether.

The mission of the Eurasia Foundation continues to be one of siding with those who want to make a difference in the democratic and open development of their community and country. We know that on the side will be the OSCE and its important work.

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