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Leviathisation or Democracy? The Case of Post-war Bosnia and Herzegovina

Bedrudin Brljavac

“Building a bridge from a dark past to a liberal future is difficult, perhaps impossible. It is on such a rugged terrain that the constructs of nation-building seek firm footing”¹

The Basic Dynamics and Theoretical Framework

Despite widespread enthusiasm and a powerful impulse towards democracy in the aftermath of a third wave of democratisation processes from the late 1980s and early 1990s, a large number of new democratic countries have experienced very serious difficulties with their democratic transformations. For instance, a significant number of transitional and/or post-conflict countries have continuously faced a significant problem of a democratic deficit representing a threat to a stable and well-functioning state apparatus in spite of the extensive and deep democratisation reforms implemented. Put simply, rapid and extensive democratisation reforms in post-war societies have often resulted in weak, failed or near-failed states instead of permanent and successful democratic transitions. As Fareed Zakaria argues, in some parts of the world speedy and immediate democratisation reforms have resulted in regimes of “illiberal democracies”.² In fact, the new democracies demonstrate a variety of specific subtypes and significant pathologies when compared with more established democratic countries.³

¹ Williamson, (2007). “Nation-Building: The Dangers of Weak, Failing, and Failed States”, in *The Whitehead Journal of Diplomacy and International Relations*, Winter/Spring 2007, 16.

² Zakaria (1997), “The Rise of Illiberal Democracy,” *Foreign Affairs* 76 (November–December 1997): 23.

³ Schlosser (2007) *Democratization: The state of the art*, 2nd revised and updated edition. *The World of Political Science: The Development of the Discipline Book Series*. Barbara Budrich Publishers, 15.

Following such democratic failures and the increasing possibility of the rise of failed states around the world, the concept of state-building has been presented as a grand strategy to firmly build democracy in post-conflict countries. In other words, before we can have democratic transformations or economic liberalisation it is critical to design stable and fully effective state institutions.⁴ In fact, the art of state-building has recently attracted substantial attention within academic and diplomatic circles as the precursor to democratic reforms in post-war regions. State-building involves, Fukuyama stresses, the creation of new government institutions and the strengthening of existing ones.⁵

In this light, post-conflict states do not need to become extensive ones in terms of their scope, but they do need strong and functional states with a limited number of the most necessary state functions instrumentally decided. However, in post-war Bosnia and Herzegovina (hereafter Bosnia or BiH), used here as our case study as the perfect experimental ground for state-building techniques and democratic reforms, the international community largely puts an emphasis on a thorough and speedy democratisation process which has so far not resulted in a stable, effective and democratic country as initially expected. According to the Freedom House analysis, Bosnia has had a constant lack of democracy over the last decade, with a democracy score of just 4.16 in 2009, with 1 representing the highest score and 7 the lowest (Figure 1). In addition, Figure 2 clearly demonstrates Bosnia's weak democratic prospects, where it is positioned only within the group of transitional governments or hybrid regimes sometimes also called "electoral authoritarianism".⁶ Last but not least, Figures 3 and 4 show that Bosnia has scored very low in terms of political rights and civil liberties, which is a clear indicator of the lack of democracy.

Accordingly, although today Bosnian citizens can legitimately and freely elect their political representatives through fair and free elections it is very difficult and naïve to assert that democracy has flourished in this country. According to a prominent professor from Sarajevo University, Zdravko Grebo, BiH citizens have

⁴ Fukuyama (2005). "Stateness' first", *Journal of Democracy* 16(1), 2005, 84.

⁵ Fukuyama (2004). "State-Building: Governance and World Order in the 21st Century", Ithaca: Cornell University Press, xi.

⁶ Schedler, (2006) *Electoral Authoritarianism: The Dynamics of Unfree Competition*, Lynne Rienner Publishers, Inc, 4.

not had a real opportunity at least to learn what it means to behave democratically and what are the necessary institutions and procedures for a democratic society.⁷ In fact, there has been a lack of proper institutional mechanisms that would enable ordinary citizens to integrate fundamental democratic principles and ideas into their ordinary lives. Thus, my central argument in this article is that, in the absence of stable and efficient state institutions, it is very difficult or almost impossible to implement successful democratic reforms in post-war countries such as Bosnia and Herzegovina.

To support such an analytical statement, this study will mostly utilise Roland Paris' theoretical framework embedded in "institutionalisation before liberalisation" (IBL) and outlined in his most recent book, *At War's End: Building Peace after Civil Conflict*. IBL is the strategy to transform war-torn countries into liberal market democracies by building effective and functional political and economic institutions before the introduction of a thorough electoral democracy and market economy reforms.⁸ Simply put, the IBL strategy is a modified form of Wilsonianism advocating the idea that speedy political and economic liberalisation in post-conflict societies does not, as expected, bring reconciliation, political stability and economic growth in the circumstances of a serious and troublesome institutional vacuum. Still, it would be a great mistake to conclude that Paris simply rejects democratic reforms since his theory is based on a *raison d'être* that, before political and economic liberalisation processes, it is of the utmost significance to establish the institutional conditions necessary for the later in-depth democratic transformation. In short, the study makes use of Paris' inquiry into whether the predominant models of state-building missions emphasising rapid democratisation and market liberalisation are appropriate strategies to apply in fragile and unstable war-shattered societies. In addition, from time to time we will use Fukuyama's theoretical perspective on state-building as the central strategy for the future of the world order.

Finally, in order to adequately understand and examine our research problem it is critical to choose appropriate and relevant methodological perspectives. Therefore, this study mainly concen-

⁷ Grebo, "Problem demokratije u BiH", at voanews.com, 1.

⁸ Paris, 2004. *At War's End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 179.

trates on quantitative methodology since the data gathered by a variety of institutes, organisations and NGOs seem very relevant and provide clear or explicit answers to the scientific question we examine here. However, it is not enough to simply count numbers because it is vital to understand the whole process or the research problem and this can best be done through the qualitative method. For instance, in the future an extended study could make use of qualitative methods such as interviews with international officials, domestic politicians, some experts and prominent scholars, along with standardised questionnaires with ordinary citizens or bureaucrats working in public offices. Therefore, very often researchers are suggested to combine these two methodological approaches to improve the quality and interpretability of the scientific inquiry.⁹

Nations in Transit Ratings and Averaged Scores

	1999-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Electoral Process	5.00	4.75	4.25	3.75	3.50	3.25	3.00	3.00	3.00	3.00
Civil Society	4.50	4.50	4.25	4.00	3.75	3.75	3.75	3.50	3.50	3.50
Independent Media	5.00	4.50	4.25	4.25	4.25	4.00	4.00	4.00	4.25	4.50
Governance*	6.00	6.00	5.50	5.25	5.00	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.75	4.75	4.75	5.00	5.00
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.75	4.75	4.75	4.75	4.75
Judicial Framework and Independence	6.00	5.50	5.25	5.00	4.50	4.25	4.00	4.00	4.00	4.00
Corruption	6.00	5.75	5.50	5.00	4.75	4.50	4.25	4.25	4.25	4.50
Democracy Score	5.42	5.17	4.83	4.54	4.29	4.18	4.07	4.04	4.11	4.18

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

Figure 1. Freedom House Analysis

⁹ Weiss (2003). Evaluation: Methods for Studying Programs and Policies (second edition). Upper Saddle River, NJ: Prentice Hall, 267.

Transitional Governments or Hybrid Regimes

Bosnia	4.07
Ukraine	4.21
Georgia	4.86
Moldova	4.96

Figure 2. Freedom House Democracy Score Rankings 2006

Freedom House Ranking (Political Rights)

(1 is best, 7 is worst)

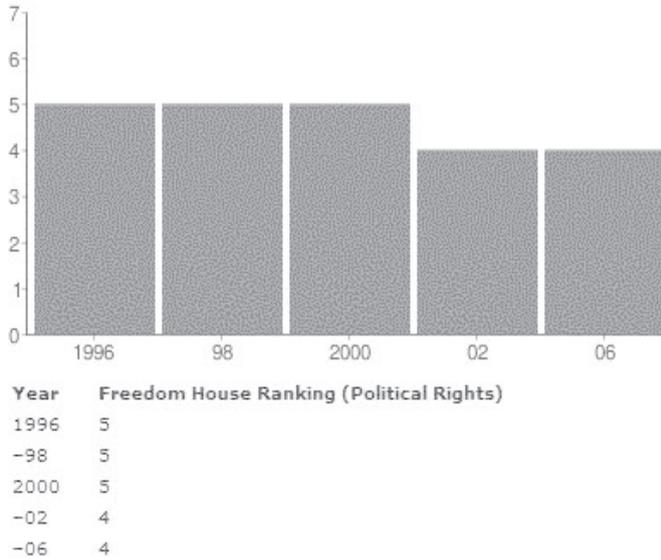
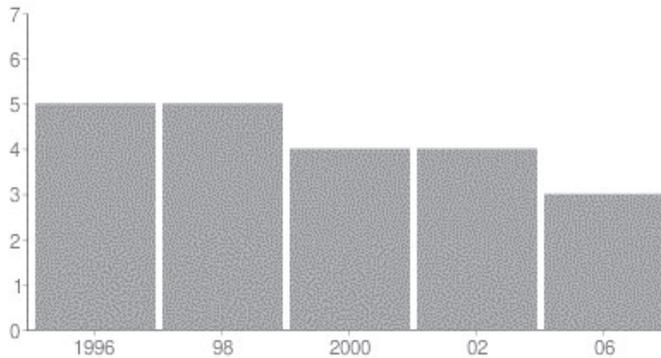


Figure 3. Political Rights Ranking

Freedom House Ranking (Civil Liberties)

(1 is best, 7 is worst)



Year	Freedom House Ranking (Civil Liberties)
1996	5
-98	5
2000	4
-02	4
-06	3

Figure 4. Civil Liberties Ranking

Dayton Peace Accord: A Democratic or Chauvinistic Pact?

The Dayton Peace Agreement (DPA) was signed in November 1995 as the post-war constitutional order establishing BiH as a state consisting of two largely autonomous entities, the Serbian-dominated Republika Srpska (RS) and the Bosniak-Croat-dominated Federation of BiH (FBiH). It is believed that the structure of the constitution and the constitution-making process is an integral part of the political and institutional set-up in transitioning countries.¹⁰ Obviously, the DPA established a highly decentralised state with very weak and insufficient central institutions and very strong entity administrative bodies, thus obstructing Bosnia's future as a genuine multinational and democratic country. The DPA created an institutional framework in which the entities have powers which hinder effective decision-making processes and it thus largely contributes to furthering the ethnic polarisation.¹¹ Such in-

¹⁰ Samuels (2006) "Post-Conflict Peace-Building and Constitution-Making", *Chicago Journal of International Law*, Vol. 6, No. 2. p. 19.

¹¹ Lexau (2004), "Bosnia and Herzegovina: Advisor to the Political Department Office of the High Representative, 2003–2004", NORDEM Report 16/2004, 7.

creasing ethnic hatred following the DPA is reflected in the very low level of social trust among Bosnian citizens as displayed in Figure 5. Thus, the DPA considerably decreased and distorted development of the idea of social capital among Bosnian citizens. Moreover, the DPA failed to resolve the basic issues over which the warring parties had engaged in three years of conflict, thereby only changing the means by which ethnic groups are still fighting for their separate statehood.¹² In addition, the Bosnian institutional set-up substantially increased the scope of state activity while significantly decreasing the strength of state power, which is the position of quadrant IV in Figure 6. In terms of economic performance, such an institutional order is the worst strategy located in quadrant IV where a highly ineffective state has control over a wide range of activities that it cannot perform satisfactorily and orderly.¹³ Further, from the political point of view quadrant IV seems to be the worst position since post-war countries such as Bosnia with ineffective and extremely weak central institutional structures cannot coherently and systematically reduce or at least keep under control the national tensions amongst the BiH citizens. In addition, the concept of “state-ness accounts for a substantial centralisation of public activities” which has not been the case in the post-war Bosnian state that is structured extremely flexibly according to the constitutional order pursuant to the DPA.¹⁴ In fact, a functional and effective state should have significant political autonomy and its own legitimacy and authority.¹⁵

Further, it is believed that the numerous annexes and small print of the Dayton Agreement have limited the international community’s actions and created a complex order of political institutions which hinder the creation of a strong centralised state and thus only continue to enable nationalist political parties to play the dominant role in the policy-making process.¹⁶ In addition, the Dayton Agreement created an institutional framework for state-building policies without explicitly defining what the role and sig-

¹² Woodward, S. (1997) “Bosnia”, *The Brookings Review* 15:2 (Spring 1997), p. 29.

¹³ Fukuyama (2004). “State-Building: Governance and World Order in the 21st Century”, Ithaca: Cornell University Press, 12.

¹⁴ Back & Hadenius (2008). “Democracy and State Capacity. Exploring a J-Shaped Relationship”, *Governance: An International Journal of Policy, Administration, and Institutions*, Vol. 21, No. 1, January 2008, 15.

¹⁵ Carothers (2007) “How Democracies Emerge: The ‘Sequencing’ Fallacy”, *Journal of Democracy* Volume 18, Number 1, January 2007, 19.

¹⁶ Chandler (2006). “State-Building in Bosnia: The Limits of ‘Informal Trusteeship’”, *International Journal of Peace Studies*, Volume 11, Number 1, Spring/Summer 2006, 17.

nificance of the central state would be, and without determining which central institutions should be strengthened at the expense of other units and how the hierarchical order should be designed between the different levels of administration.¹⁷ Such a complex institutional framework has blocked or distorted efficient state-building initiatives and even contributed to the rise of undemocratic actions countrywide. That is to say, no democracy can be established if the state lacks the capacity to control the democratic decision-making process and put its results into practice.¹⁸ Similarly, the idea of democracy is an unaffordable luxury for transitioning countries which prioritise effective and viable government institutions rather than accountable government.¹⁹ It is very difficult for post-war countries to accomplish a successful democratic transition with a serious lack of strong and well-established central state institutions. Perhaps the allocation of power has to be initially centralised in the aftermath of a conflict and then in a later period open competition should be allowed as a basis of a viable democracy rather than a weak state from the very beginning.²⁰

There has been a widespread consensus among international actors and diplomats that the DPA was a treaty structured so as to end a war and not to build a functional state.²¹ In fact, it is now clear that the DPA succeeded in bringing peace to Bosnian citizens, but the problem with the agreement is that it was formulated in such a way that it ignored the fact that the central state institutions had vanished even though its basis was immediate political and economic liberalisation. In other words, the international actors had not decided that it is crucial to establish a stable state and state structures and institutions that can support successful and functional democratic political structures and an efficient market economy.²² This seems to be close to the truth, according to Fuku-

¹⁷ Vogel (2003), "The State of State-Building in Bosnia and Herzegovina". Paper written as part of a fellowship with the Inter-University Consortium on Security and Humanitarian Affairs, New York, 8.

¹⁸ Tilly (2007). *Democracy*, Cambridge: Cambridge University Press. 234 p. ISBN 0-521-70153-8 (pbk), 15.

¹⁹ Ayoob (1995) *The Third World Security Predicament: State Making, Regional Conflict, and the International System*. Boulder, Colo.: Lynne Rienner, 195.

²⁰ Johnsson (2004) "Democracy in Weak States: Broadening the Understanding of Democratization Mechanisms", Working Papers, 83, Dept. of East European Studies. August 2004, Uppsala University, 15.

²¹ Ashdown, Paddy 2004. "International Humanitarian Law, Justice and Reconciliation in a Changing World", The Eighth Hauser Lecture on International Humanitarian Law, New York, 3 March. Available at: nyuhr.org/docs/lordpaddyashdown.pdf.

²² Paris (2005). "Towards more effective peace building: a conversation with Roland Paris", interview conducted by Alina Rocha Menocal and Kate Kilpatrick, *Development in Practice*, Volume 15, Number

yama, pointing out that state-building is based on the creation of a government that has a monopoly over legitimate power and is capable of deciding on rules and regulations across the whole state territory.²³ Put differently, under the current legal framework it is very difficult for Bosnia to build stable and viable institutions since the government is splintered across several administrative levels including two autonomous entity administrations. In fact, the agreement signed in Dayton failed to provide the newly established Bosnian state with the tools and mechanisms needed to effectively and robustly build its statehood or central state structures.²⁴ As a result, the weak and inefficient government structures have become even more evident as Bosnia strives to integrate into Euro-Atlantic institutions. Noting all of the above and the nearly 15 years of ineffective and dysfunctional rule under the DPA it is obvious that this agreement must be thoroughly redefined or, if domestic politicians agree, completely replaced by a new constitutional framework which would open the way for Bosnia to build strong and fully functioning government institutions leading to genuine democratic changes across the country as a whole. For instance, in Figure 7 the results of the National Survey of BiH from 2007 show that 72% of BiH citizens believe the current system of government is too complicated and should be changed. According to the ICG, if BiH does not acquire and develop the central state structures necessary for a functional, affordable and EU-compatible administration it will continue to face a long, agonising and destabilising period of twilight statehood.²⁵ Namely, for a successful democratisation reform process it is vital for transitioning countries to pay greater attention to the idea of stateness producing stronger and effective state structures.²⁶

6, November 2005, 769.

²³Fukuyama (2005). "Stateness' first", *Journal of Democracy* 16(1), 2005, 87.

²⁴Donais, (2002) "The Politics of Privatization in Post-Dayton Bosnia", *Southeast European Politics* June 2002, Vol. 3, No. 1, p. 3.

²⁵IGC Europe Briefing 29 July 2004: "Eufor: Changing Bosnia's Security Arrangements."

²⁶Sorensen (2008). *Democracy and Democratization: Processes and Prospects in a Changing World*, Westview Press, 65.

Social trust (Others can be trusted in %)	
China	54, 5
Belarus	41, 9
Montenegro	33, 7
Croatia	20, 5
Serbia	18, 8
Macedonia	13, 7
BiH	7, 2

Figure 5. The Silent Majoritz Speaks, Oxford Research International (2007)

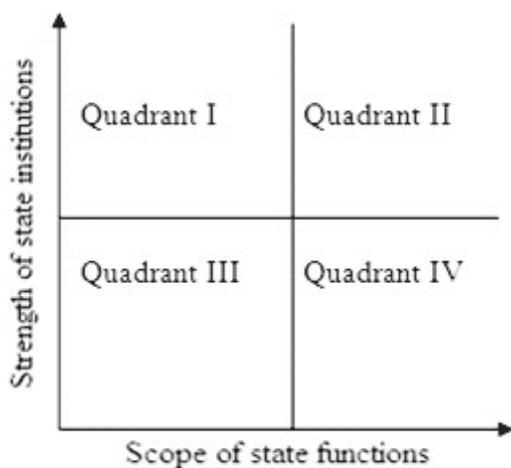


Figure 6. Stateness and efficiency.

Q: Some people think that the system of government in BiH is too complicated and should be changed. Others say it is about right. Which of the following statements is closest to your view?

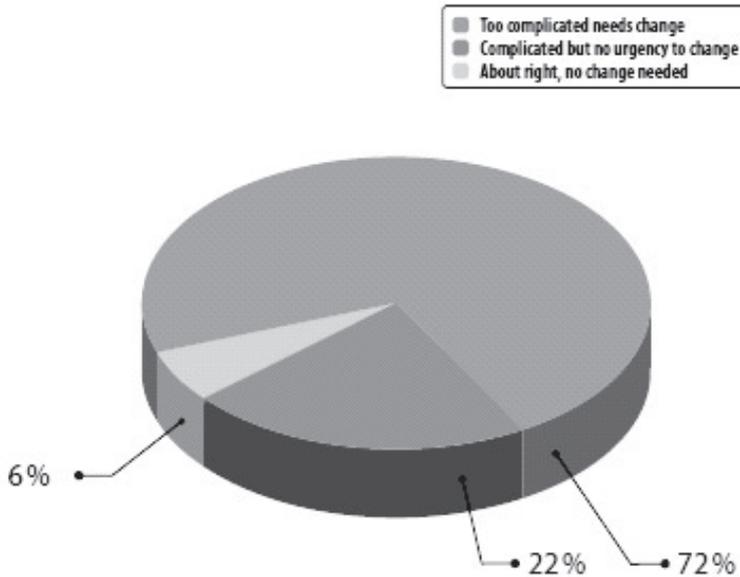


Figure 7. National Survey of BiH 2007

Post-war Elections: The Driving Force of Ethnic Hatred

The political science literature clearly points out that holding democratic elections is one of the milestones of a genuine democratic transition. That is to say, elections are highly visible and usually largely celebrated events: they are one of the most manifest and certain indicators that the democratic transformation is well under way.²⁷ In a similar light, Article 2.4 of the Dayton Agreement required the first elections in post-DPA Bosnia to take place no later than nine months after the peace treaty was signed.²⁸ However, holding very early elections in post-war societies can become counterproductive, thereby further fuelling past ethnic or religious hatred. That is, if political parties participating in elections

²⁷ Sorensen (2008). *Democracy and Democratization: Processes and Prospects in a Changing World*, Westview Press, 56.

²⁸ DPA (1995). "The General Framework Agreement for Peace in Bosnia and Herzegovina", available at www.ohr.int/dpa.

appeal to voters using the language of interethnic hatred and mistrust then such elections can further intensify nationalist divisions that international actors have attempted to mitigate.²⁹ For instance, the international community made a catastrophic and very naive mistake by holding elections in Bosnia in 1996 in the aftermath of the bloody ethnic conflict, the largest one since the Holocaust in World War II. Although international actors believed that holding early elections would strengthen democratic transition and open the way to a stable peace-building process, just the opposite happened as the early post-war elections implicitly legitimised nationalist political parties and thus even deepened nationalist divisions and antagonisms within Bosnian society. In fact, premature democratic reforms can be a fatal mistake as happened in post-war Bosnia by holding early elections, thus significantly strengthening the power and dominance of the ethnic political parties.³⁰

It is often admitted that the introduction of elections is an event that has the capacity to significantly transform political dynamics in a country and thus may bring about critical democratic changes in the future.³¹ However, in Figure 7 we see that the three nationalist parties, the Bosniaks' SDA, the Bosnian Serbs' SDS, and the Bosnian Croats' HDZ received the highest numbers of votes from their ethnic electorates, respectively, thereby renewing their "at-war positions" through different channels. At the time, the three main ethnic political parties largely stressed the important role they played in the war and the possibility of a threat coming from the other ethnic groups.³² This trend of Bosnian ethnic groups preferring strictly ethnic political parties has occurred at each election with the exception of the elections in 2000 when SDP, a multinational political party, won the elections as shown in Figures 7 and 8 below. Put differently, political competition for votes based mainly on extremist rhetoric, the so-called politics of outbidding, has continuously taken place in post-war Bosnia as nationalist parties have cemented their early seizure of power in successive elections.³³ Indeed, it is clear that the rapid democra-

²⁹ Paris, 2004. *At War's End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 189.

³⁰ Fukuyama (2005). "Stateness' first", *Journal of Democracy* 16(1), 2005, 88.

³¹ Munck (2007). "Democracy Studies: Agendas, Findings, Challenges", in Dirk B.S. (2007) *Democratization: The state of the art*. 2nd revised and updated edition. *The World of Political Science: The Development of the Discipline Book Series*. Barbara Budrich Publishers, 48.

³² Borden (1996), "Bosnia's Democratic Charade", in *The Nation*, 23 September 1996, 2.

³³ Jarstad (2006). "Dilemmas of War-to-Democracy Transitions". Paper prepared for presentation at the

tisation efforts in the form of early post-war elections in Bosnia have not achieved their fundamental objective of a genuine democratic transition but only legitimised and fuelled ethnic hatred and increased mistrust among Bosnian citizens.

As Roland Paris asserts, moving quickly towards elections may help institutionalise the dividing lines that defined the previous ethnic conflict.³⁴ Therefore, as one of the most basic elements of the IBL strategy a possible solution to the problem would have been to postpone the elections for some period of time until the necessary conditions had been created for a genuine democratic transition. Obviously, in post-conflict societies it is very difficult to apply Dahl's conception of polyarchy mainly based on contestation (including elections), wide public participation and basic human rights.³⁵ Further, one possible alternative could have been for the international players to shoulder more direct responsibility for governance of the war-shattered country before democratic elections were finally held. However, here the crucial question is whether and for how long is it possible and legitimate in the eyes of ordinary citizens to talk about democratic reforms without holding any elections. As Carothers outlines, "in many countries democracy can barely live with elections, but in no country can it live without them".³⁶ Still, we should remember here that postponement of the elections in war-torn countries is only a temporary measure before necessary institutions are set up. Furthermore, one might ask whether is it better for the democratic future of the whole country to allow radical political movements such as fascist and ultra-nationalist political parties to participate in early elections and thus implicitly legitimise their political projects of ethnic homogenisation.

Given all of the above, although the postponement of elections for some time may seem illegitimate in the eyes of citizens in the short run, it is the most suitable strategy in the long run until the proper institutional framework has been established. The best policy would be to delay elections at all levels until the

conference "State, Conflict, and Democracy", 12-13 May 2006 at Lund University, Sweden, 16.

³⁴ Paris (2005). "Towards more effective peace building: a conversation with Roland Paris", interview conducted by Alina Rocha Menocal and Kate Kilpatrick, *Development in Practice*, Volume 15, Number 6, November 2005, 185.

³⁵ Dahl (1971). *Polyarchy: Participation and Opposition*. New Heaven: Yale University Press.

³⁶ Carothers, Thomas (2007) "How Democracies Emerge: The 'Sequencing' Fallacy", *Journal of Democracy* Volume 18, Number 1, January 2007, 12.

minimal social and political conditions are in place.³⁷ Put differently, the challenge for the international community is to design proper methods in order to establish a market democracy in war-torn countries while avoiding the pathologies of political and economic liberalising reforms.³⁸ For instance, it is necessary to frame electoral laws which prohibit the active political participation of political parties and politicians which support a chauvinistic and fascist doctrine of ethnic cleansing as happened in Bosnia. In other words, one of the international community's greatest challenges is to make moderating political parties and politicians welcome and rewarded and to sanction extremist voices.³⁹ However, in Bosnia the international electoral officers made a great mistake by allowing war criminals to implicitly have a strong influence on the post-war elections. That is, the refusal of IFOR to arrest indicted war criminals until after the elections demonstrated the international community's poor commitment to Bosnia's democratic future and thus guaranteed that the elections would lose their democratic underpinnings.⁴⁰ In addition, it happened just at the end of 1997 that the international community decided to break the continuing ethnic threats coming from Republika Srpska and to isolate the war criminal Radovan Karadzic from political circles.⁴¹ Last but not least, one alternative solution could be to formulate constitutional and electoral rules that compel political representatives to gain significant political support from each ethnic group.⁴² Still, such rule would have to gain acceptance in the national parliament from all three ethnic parties, which seems very improbable for the time being.

³⁷ Borden, Anthony (1996), "Bosnia's Democratic Charade", in *The Nation*, 23 September 1996, 3

³⁸ Paris, 2004. *At War's End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 185.

³⁹ Horowitz (1990b). "Making Moderation Pay: The Comparative Politics of Ethnic Conflict Management," in Joseph V. Montville, ed., *Conflict and Peace-making in Multiethnic Societies*. Toronto: Lexington Books, 452.

⁴⁰ Borden (1996), "Bosnia's Democratic Charade", in *The Nation*, 23 September 1996, 3.

⁴¹ Delamer & Rabkin (2006), "Democracy in Bosnia and Herzegovina", in *Transitions to Democracy-Bosnia and Herzegovina*. The Centre for the Study of Democracy, Queen's University, 23

⁴² Paris, 2004. *At War's End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 194.

	1990		1996		2000	
	%	Seats	%	Seats	%	Seats
SDA	29.6	43	37.9	19	18.8	8
SBiH	-	-	3.9	2	11.4	5
SDS	23.5	34	24.1	9	17.8	6
SDP	17.5	27	5.7	2	18.0	9
HDZ	14.4	21	14.1	8	11.4	5
SNSD	-	-	5.7	2	5.1	1
FDP	-	-	-	-	6.4	2
Others	13.7	5	8.6	-	9.7	6
Total	-	130	-	42	-	42

SDP: Social Democratic Party; SDA: Social Democratic Action; SBiH: Party for Bosnia and Herzegovina; SDS: Serbian Democratic Party; HDZ: Croatian Democratic Progress; SNSD: Alliance of Independent Social Democrats. Sources: Centralna Izborna Komisija (<http://www.izbori.ba>); OSCE (<http://www.osce.org>); own compile

Figure 8. BiH Parliament Voting Rates (1990-2002)

Summary of the 1 October 2006 House of Representatives of Bosnia and Herzegovina election results v - d - e

Parties	Federation			Srpska			Total
	Votes	%	Seats	Votes	%	Seats	
Party of Independent Social Democrats (<i>Stranka nezavisnih socijaldemokrata</i>)-Milorad Dodik	7,265	0.85%	0	262,203	46.93%	7	7
Party of Democratic Action (<i>Stranka Demokratske Akcije</i>)	217,961	25.54%	8	20,514	3.67%	1	9
Party for Bosnia and Herzegovina (<i>Stranka za Bosnu i Hercegovinu</i>)	196,230	22.99%	7	23,257	4.16%	1	8
Social Democratic Party of Bosnia and Herzegovina (<i>Socijaldemokratska partija Bosne i Hercegovine</i>)	131,450	15.40%	5	11,822	2.12%	0	5
Serbian Democratic Party (<i>Srpska demokratska stranka</i>)				108,616	19.44%	3	3
Croatian Democratic Union of Bosnia and Herzegovina (<i>Hrvatska demokratska zajednica</i>)-Hrvatska koalicija-HNZ	68,188	7.99%	3	1,145	0.20%	0	3
Croats Together (<i>Hrvatsko Zajedništvo</i> , coalition led by HDZ 1990)	52,095	6.10%	2	591	0.11%	0	2
Bosnian-Herzegovinian Patriotic Party-Sefer Halilović (<i>Bosanskohercegovačka Patriotska Stranka-Sefer Halilović</i>)	37,608	4.41%	1	866	0.16%	0	1
Party of Democratic Progress (<i>Partija demokratskog progressa RS</i>)				28,410	5.08%	1	1
People's Party Work for Betterment (<i>Narodna stranka Radom za boljitak</i>)	27,487	3.22%	1	5,533	0.99%	0	1
Democratic People's Alliance (<i>Demokratski narodni savez</i>)	232	0.03%	0	19,868	3.56%	1	1
Democratic People's Community (<i>Demokratska Narodna Zajednica</i>)	16,221	1.90%	1	321	0.06%	0	1
Total			28			14	42

Figure 9. BiH Parliament Voting Rates (2006)

Rapid Privatisation as a Threat

In the aftermath of the decline of the Soviet Union and the consequent crash of the state-run economy, it has become a widespread view that an open market economy is currently the most efficient type of economic system. Following such a trend, the international community has tended to implement rapid economic

liberalisation reforms in transitioning countries in order to stimulate their economic growth and build a market democracy at the end. For instance, in the aftermath of the Bosnian war international economic experts immediately started deep and rapid privatisation reforms transforming state-run enterprises into private companies, in the belief that such reforms would work spontaneously through the ideal of the “invisible hand” as in Western industrialised countries. However, Figures 10 and 11 make it clear that after the deep liberalisation reforms Bosnia still scores very low in terms of economic freedoms and economic openness. Further, international actors had paid little attention to the fact that political stability was still non-existent or at least too fragile for any efficient and serious economic transformation. As Callaghy points out, reforming economic liberalisation without paying enough attention to domestic political stability is very likely to disrupt successful economic and political adjustment.⁴³ Put simply, without stable and peaceful political conditions it is very risky or naive to start thorough economic reforms across the whole country since old warlords and nationalists dominate every facet of the public life. In addition, the international community missed the point that almost all of the Bosnian economic infrastructure and institutional capacity had been destroyed or seriously degraded during the war.

In other words, war-shattered countries are most of the time left without the proper institutional capacity to successfully and programmatically accomplish market-oriented reforms.⁴⁴ Similarly, in post-war Bosnia it was only in chaotic and confusing institutional circumstances that any serious privatisation process started, unlike the case with any developed and established Western democracy. The fundamental privatisation reforms in Bosnia were believed to have been successful even before a thorough and in-depth economic transformation and institution-building process was fully underway.⁴⁵ Namely, without mature and robust institutional structures increasing privatisation reforms were initiated in order

⁴³ Callaghy, (1993) “Vision and Politics in the Transformation of Global Political Economy: Lessons from the Second and Third Worlds”, in Robert O.S., Barry M.S., and Steven R.D., eds., *Global Transformation and the Third World*. Boulder, Colo.: Lynne Rienner, 165.

⁴⁴ Paris, 2004. *At War's End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 201.

⁴⁵ Donais, (2002) “The Politics of Privatization in Post-Dayton Bosnia”, *Southeast European Politics* June 2002, Vol. 3, No. 1, p. 5.

to stimulate economic progress and demonstrate to the world that a market democracy had been installed. In the presence of an institutional deficit, the process of privatisation can and most often has resulted in serious stagnation and decapitalisation rather than producing better economic results and increased efficiency and productivity.⁴⁶ It was after the widespread privatisation that the black market economy flourished in Bosnian society since there were no robust and sophisticated institutions to watch over the ongoing economic transformations. In addition, one great problem was that the World Bank and the IMF had expected that markets in post-war regions could organise themselves spontaneously, and therefore pushed hard for economic liberalisation reforms in the obvious vacuum of so strongly needed governmental and legal structures.⁴⁷ As a result, the post-war rapid liberalisation reforms in Bosnia made in the serious absence of effective and stable institutions only increased the power and dominance of the clientelistic and mafia-based political economy.⁴⁸ In fact, state firms passed into the hands of warlords and powerful mafia bosses who were very close to the three nationalist parties rather than being bought in a transparent and fair manner by new capitalist owners.

Therefore, the privatisation process has become another field where ethnic groups and their leaders have struggled for their narrow interests. That is to say, Bosnian ruling ethnic leaders did not support some kind of neutral, professional, apolitical and technocratic privatisation process and instead used the economic reforms for their own political interests.⁴⁹ As a result, the privatisation of state-run companies was a great opportunity for ethnic parties to enrich themselves and their loyalists since there the necessary institutional bodies to enforce the laws and regulations did not exist. Giving support to economic liberalisation without having designed stable and secure legal structures leads to a malfunctioning and inefficient market economy in which the natural boundaries between business and criminal activity are lifted, as

⁴⁶ Nellis (1999) "Time to Rethink Privatization in Transition Economies?" IFC Discussion Paper No. 38 (May 1999). Accessible at www.ifc.org/economics : ix.

⁴⁷ Kolodko, (2000), "From Shock to Therapy: The Political Economy of Post-social Transformation". Oxford: Oxford University Press. In Paris, Roland. 2004. *At War's End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 202.

⁴⁸ Pugh 2000a. "Protectorates and the Spoils of Peace: Intermestic Manipulations of Political Economy in South-East Europe." Copenhagen Peace Research Institute (COPRI) Working Paper no. 36. Copenhagen, 2.

⁴⁹ Donais (2002) "The Politics of Privatization in Post-Dayton Bosnia", *Southeast European Politics* June 2002, Vol. 3, No. 1, p. 6.

happened in the Russian economy in the 1990s.⁵⁰ Thus, what international economic experts believed to be an apolitical, effective and programmatic privatisation process has turned into a corrupt, ethnicised and great struggle for power which has done little to increase or stimulate economic progress or promote inter-ethnic peace and reconciliation.⁵¹ In fact, the rapid post-war economic liberalisation has caused more bad than good in terms of the economic and political results. Therefore, it would be better to delay extensive economic liberalisation reforms until the governmental and legal structures needed to regulate and manage a market economy are constructed.⁵²

In addition, Adam Smith and other classical liberal economists suggested that a successful market economy requires a stable rule of law; that is, a legal framework which guarantees everyone known, predictable and clear rules and regulations which are then enforced in a consistent, neutral and disinterested manner. Simply put, it is obvious that the rule of law is probably more important than privatisation.⁵³ However, in the last decade the results for the judiciary in Bosnia are very low as shown in Figure 12. Singer believes that “the criminalization of the Bosnian body politic now represents the single greatest threat to the implementation of the Dayton agreement, concluding that instead of the expected shift from ethnic nationalism and war to political pluralism and economic liberalism, there is only a tightening vice of corruption and cronyism”.⁵⁴ Due to the lack of proper and reliable institutions, the rapid and non-transparent privatisation has mainly produced results such as the black market, increasing corruption rates and widespread inequalities across Bosnian society. Figure 13 shows that corruption records for post-war Bosnia are very negative since they range between 4.25 and 6.00 over the last decade according to Freedom House, with 1 representing the highest score and 7 the lowest.

⁵⁰Nellis (1999) “Time to Rethink Privatization in Transition Economies?” IFC Discussion Paper No. 38 (May 1999). Accessible at www.ifc.org/economics: 95.

⁵¹Donais (2002) “The Politics of Privatization in Post-Dayton Bosnia”, *Southeast European Politics* June 2002, Vol. 3, No. 1, p. 2.

⁵²Paris, 2004. *At War’s End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 204.

⁵³Friedman, Gwartney & Lawson (2002) “Economic Freedom of World: 2002 Annual Report” (Washington, DC: Cato Institute), in Fukuyama, 2004. *State-Building: Governance and World Order in the 21st Century*, Ithaca: Cornell University Press, 19.

⁵⁴Singer (2000) “Bosnia 2000: Phoenix or Flames.” *World Policy Journal* 17:1 (Spring 2000): 31.

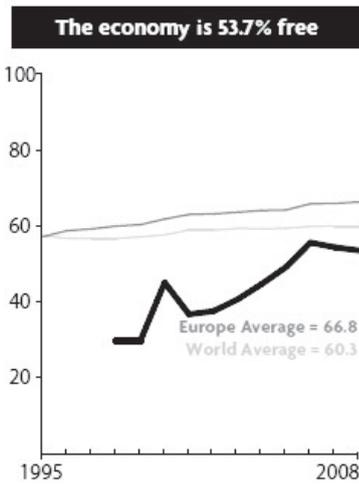


Figure 10. Economic Assessment for Bosnia at heritage.org/index

BOSNIA & HERZEGOVINA'S TEN ECONOMIC FREEDOMS

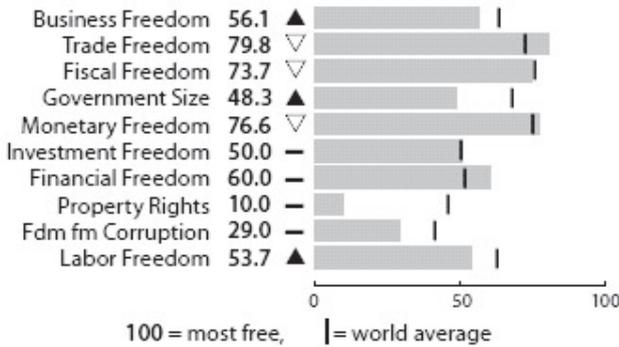


Figure 11. 2008 Index of Economic Freedoms at heritage.org

Judicial Framework and Independence

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
6.00	5.50	5.25	5.00	4.50	4.25	4.00	4.00	4.00	4.00

Figure 12. Freedom House Assessment of the Judiciary in BiH.

Corruption									
1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
6.00	5.75	5.50	5.00	4.75	4.50	4.25	4.25	4.25	4.50

Figure 13. Freedom House Assessment of the Corruption Rate in BiH

The OHR: A Threat to Domestic Institutions?

It is well known that the Office of the High Representative (OHR) has played a very significant role in decision-making processes in Bosnia from the very end of the conflict. According to Article V of DPA Annex 10, the High Representative is “the final authority in theatre regarding interpretation of this Agreement on the civilian implementation of the peace settlement”.⁵⁵ After a weak start by the High Representative in 1997 its powers have been significantly extended and are customarily referred to as the “Bonn powers” which include the power to remove elected officials, impose legislation and pronounce administrative rulings. Given such extraordinary powers of the High Representative a large number of analysts note that Bosnia is virtually ruled undemocratically by an unelected international official who cannot be a genuine representative of ordinary citizens. The “Bonn powers” of the HR are very often exercised in an imperial way, while the dismissals of public officials have breached the most basic principles of the rule of law.⁵⁶ That is to say, the substantive powers exercised by the HR have created a “European Raj” where international experts place decisions on the agenda, impose them and punish all those who refuse to put them into effect.⁵⁷ However, such a statement seems extremely exaggerated since the international administration in Bosnia was built with the legitimate agreement of Bosnians themselves as one of the implementation aspects of the DPA.

⁵⁵ DPA (1995). “The General Framework Agreement for Peace in Bosnia and Herzegovina”, available at www.ohr.int/dpa.

⁵⁶ Marko (2005). “Post-conflict Reconstruction through State and Nation-building: The Case of Bosnia and Herzegovina”, European Diversity and Autonomy Papers EDAP 4/2005, at www.eurac.edu/edap, 17.

⁵⁷ Knaus & Martin (2003), “Travails of the European Raj”, *Journal of Democracy* Volume 14, Number 3 July 2003, 2.

In other words, in the aftermath of the war the international community has had a duty under UN auspices to help rebuild the Bosnian state and establish a stable and functional democracy. It would be “not just heartless, it is foolish” to choose a policy of standing to the side and watching post-war countries struggling with a variety of problems.⁵⁸ International actors such as the HR have just carried out their activities within the legal framework of the peace treaty signed in Dayton by the representatives of three Bosnian ethnic groups. Further, given the polarised post-conflict ethnic positions it was crucial to have an international mediator to act outside of politics in an effective and integrative fashion in order to maintain order and stability whenever domestic politicians could not reach an agreement on important issues. Lord Paddy Ashdown, one of the HRs, in his inaugural speech in May 2002, clarified the Bosnian *real politik* stating:

“I have concluded that there are two ways I can make my decisions. One is with a tape measure, measuring the precise equidistant position between three sides. The other is by doing what I think is right for the country as a whole. I prefer the second of these. So when I act, I shall seek to do so in defense of the interests of all the people of Bosnia and Herzegovina, putting their priorities first”.⁵⁹

The OHR largely used its Bonn powers to efficiently realise the most fundamental state-building policies: identity symbols and integrationist legislation of the state (such as the citizenship law, the flag, the national anthem, currency, license plate etc.) and to dismiss local officials who obstructed the return of refugees and other integrationist policies.⁶⁰ Therefore, the HR played a very critical role in the creation of integrationist policies making significant contributions to genuine reconciliation and stability across the whole of Bosnia. In addition, the OHR introduced new property and housing legislation to encourage the return of refugees and internally displaced persons and also initiated an extensive media reform, involving media restructuring and regulation under the newly established Independent Media Commis-

⁵⁸ Collier (2003). *Breaking the Conflict Trap: Civil War and Development Policy*. Washington, D.C., and New York: World Bank and Oxford University Press.

⁵⁹ Ashdown, Paddy (2002). “Inaugural Speech by the new High Representative for BiH”, BiH State Parliament, 27 May 2002. Available at: www.ohr.int/ohr-dept.

⁶⁰ Lexau, (2004), “Bosnia and Herzegovina: Advisor to the Political Department Office of the High Representative, 2003–2004”, NORDEM Report 16/2004, 5.

sion (IMC), the encouragement of independent and alternative media and public information campaigns (OHR). The OHR concentrated mainly on strengthening state institutions and has thus made significant progress in improving the functioning and work of the Council of Ministers and in staffing new ministries.⁶¹ Obviously, if we remember the recent unsuccessful visa liberalisation reforms carried out by Bosnian officials who could not carry out the necessary reforms because of their different political interests then it becomes crystal clear what an important role the HR played in both initiating necessary decisions over the last decade where the public power regulation has been based on a vertical order as seen in Figure 14. As Fukuyama argues, post-war countries have such weak state institutions that it is necessary to allow outside powers to exert authority in order to avoid or decrease calamity and stalemate.⁶² That is, a sort of muscular approach to state-building held to be necessary to deal with fragile countries in which democratic forces have been marginalised by authoritarian rule was practiced in Bosnia during Ashdown's mandate.⁶³ Still, international involvement in the form of the OHR has been a short-term strategy for post-war Bosnia and the long-term plan is to pass the ball to domestic politicians who can use institutional structures made mainly by the HR and also build new ones when necessary. It is the right time to remove the OHR and establish more horizontal order based on partnership relationships whereby Bosnian politicians will shoulder more responsibility for political decisions and the HR will have a more consultative rather than legislative role as outlined in Figure 15. Probably, the new public power regulation could be achieved with the transition of the OHR to the EU Special Representative in BiH as recently envisaged by the international community.

⁶¹ Ibid.

⁶² Fukuyama (2005). "Stateness' first", *Journal of Democracy* 16(1), 2005, 86.

⁶³ *Washington Post*, (2002). "After the War", editorial, 24 November.

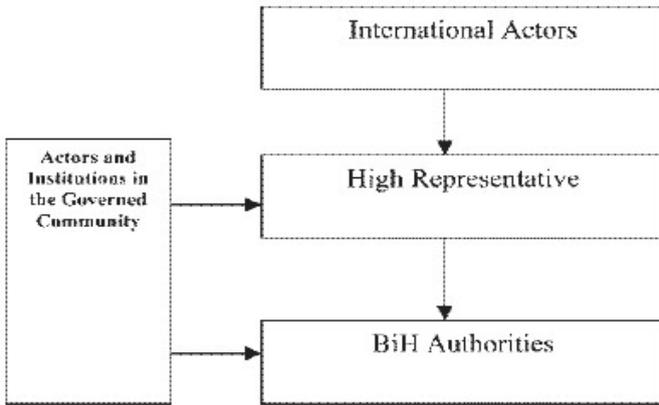


Figure 14. Public Power Regulation in BiH post-conflict (arrows denote regulation)

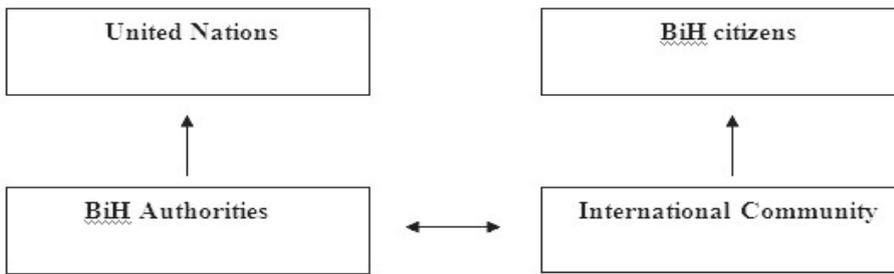


Figure 15. Public Power Regulation in BiH (post-OHR version)

The EU: Pushing the State-Building Agenda

During the war and in its aftermath the European Union did not play a very significant role in the democratic transition of Bosnian society due to its internally divided interests regarding this troubling part of the world. However, from the late 1990s the EU changed its politics towards the Balkan region and started to influence its domestic political and economic agenda through tentative partnerships in the form of Stabilisation and Association Agreements (SAA). For instance, by 2005 the EU had virtually taken part in almost every level of Bosnian policy design and its implementation and annual Bosnian government work plans

were being framed in order to meet the necessary SAP criteria.⁶⁴ Thus, after meeting the necessary requirements of the Road Map on 16 June 2008 the Bosnian authorities signed the SAA thereby further strengthening the country's institutional relations with the EU. The Road Map established 18 key conditions presupposing reforms concerning elections, the civil service, state institutions, border services, the judiciary, trade regulations, foreign direct investment, property laws, and public broadcasting.⁶⁵ Obviously, the EU has been interested in strengthening state institutions and increasing state capacity in order to prepare Bosnia for future EU membership. That is to say, for the EU it has been crucial to rebuild or improve Bosnian state institutions in order to bring about effective and functional administrative structures which is clearly in line with Paris' IBL strategy. Put simply, the European Commission has recently played a very remarkable role in carrying out functional and vertical reviews of government institutions, hence putting a significant emphasis on the state-building enterprise.⁶⁶ Further, the 2005 report released by the International Commission on the Balkans (ICB) firmly recommends that the EU take over direct management of the Balkan region rather than continue with the previous role of mere state-supporting activities and assistance.⁶⁷

Frankly speaking, there are both moral motives and pragmatic reasons of self-interest to emphasise state-building in this part of Europe since an unstable and weak Bosnia directly threatens the stability and progress of EU member states.⁶⁸ Therefore, it is essential for the EU to build robust and efficient state institutions in Bosnia and then, if necessary, to concentrate on the democratic reforms. Pragmatically speaking, the weak and unstable state institutions present a threat to both Bosnia itself and the neighbouring countries including the EU, but a fragile democracy is a greater threat to Bosnian citizens than to the region and the EU. Moreover, the lack of democracy in Bosnia has not been perceived by the EU

⁶⁴ Chandler (2006). "State-Building in Bosnia: The Limits of 'Informal Trusteeship'", *International Journal of Peace Studies*, Volume 11, Number 1, Spring/Summer 2006, 33.

⁶⁵ EURM (2000) EU "Road Map", reproduced in *Europa South-East Monitor*, Issue 11, May. Available at: ceps.be/files.

⁶⁶ Lexau, (2004), "Bosnia and Herzegovina: Advisor to the Political Department Office of the High Representative, 2003-2004", *NORDEM Report 16/2004*, 6.

⁶⁷ ICB (2005). *International Commission on the Balkans, "The Balkans in Europe's Future"*. Available at balkan-commission.org.

⁶⁸ Williamson, (2007). "Nation-Building: The Dangers of Weak, Failing, and Failed States", in *The Whitehead Journal of Diplomacy and International Relations*, Winter/Spring 2007, 15.

as an obstacle to EU membership and, in fact, the EU supported the continuation of a highly limited political sphere with a new mandate for the EU's Special Representative in 2002.⁶⁹ Again, it is clear that the EU leaders give priority to the ideas of efficiency and effectiveness rather than to the ideal of democracy in the current Bosnian accession process. In fact, the EU's short-term interest in Bosnia is to build an effective and robust institutional framework while its long-term interest is clearly democratic stability, which is one of the three principles of the Copenhagen criteria. What is needed in a war-shattered and unstable country is not rapid democratic and market changes but political stability and the building of an effective and robust administration across the whole of the country.⁷⁰ Therefore, the Brussels-era of Bosnia accounts for the period when state- and capacity-building will be emphasised and given the utmost priority and attention.⁷¹

In addition, Knaus and Cox state that the European Union has a very remarkable and attractive mechanism it uses during the EU accession process when certain criteria must be met before final membership, thus providing candidate or potential candidate countries an incentive to shoulder more responsibilities for state-building reforms.⁷² Despite some failures, this proved to be true during the recent visa liberalisation and constitutional changes as leaders of three ethnic groups showed a greater commitment to working together. To be more precise, together they passed around 150 important laws necessary for Bosnia to be accepted for the EU's free-visa regime. In addition, rather than state-building, the European Union will focus on "member-state building" in the Balkan region, thereby creating countries which never have to deal with a substantial problem of "unconditional sovereignty".⁷³ Indeed, this EU strategy has perhaps become the most successful exercise of soft power in the world today.⁷⁴ That is to say, the EU's

⁶⁹ Chandler (2006). "Back to the future? The limits of neo-Wilsonian ideals of exporting democracy", *Review of International Studies* (2006), 32, 491. British International Studies Association.

⁷⁰ Paris, 2004. *At War's End: Building Peace After Civil Conflict*. Cambridge, UK; New York, NY: Cambridge University Press, 187.

⁷¹ Petritsch (2006). "My lessons learnt in Bosnia and Herzegovina", 9th International Conference, Balkan Political Club. "Bosnia and Herzegovina: Crossing from Dayton's to Brussels Phase and the Role of the IC", Sarajevo, 6 May 2006, 7.

⁷² Knaus & Cox (2005). "Building Democracy After Conflict: The "Helsinki Moment" in Southeastern Europe", *Journal of Democracy* Volume 16, Number 1, January 2005, 51.

⁷³ Keohane, (2002). "Ironies of Sovereignty: The European Union and the United States", *Journal of Common Market Studies*, Vol. 40, No. 4, (2002) p. 756.

⁷⁴ Fukuyama (2005). "'Stateness' first", *Journal of Democracy* 16(1), 2005, 86.

principle of conditionality has proven very successful in making candidate and potential candidate countries work more efficiently to meet necessary criteria in order to enter the EU. In fact, the EU has applied the principle of conditionality in the provision of macroeconomic support in return for recommended economic and political reforms.⁷⁵

Accordingly, today a vast majority of the people from the three ethnic groups and their political representatives want and hope to see Bosnia in the EU at some stage in the future. As Figure 16 shows, the hopes and expectations regarding EU membership are very high so this could be a great opportunity to unite the polarised ethnic groups so as to work together towards realisation of the common objective. In short, while the EU wants to see the leaders of Bosnian nationalist parties co-operate and thus build functional and well-established state institutions, the majority of Bosnian citizens hope to enter the EU in the future. Therefore, this would represent a win-win game where both sides pragmatically intend to achieve their envisaged objectives. It has so far been clear that EU diplomats generally want a Bosnia with strong and functional institutions. However, from time to time leaders of the EU do not speak with one voice and are highly divided along national lines in trying to defend their respective spheres of interests, but this is a topic for some other study and needs its own special examination and assessment.

⁷⁵ EC (2004a) European Commission, "Commission Staff Working Paper: Bosnia and Herzegovina Stabilization and Association Report 2004", SEC (2004) 375, Brussels, undated. Available at: europa.eu.int/comm, 3.2.

Q: Irrespective of what you think may be possible from today's perspective: ideally, what or where should BiH be in twenty year's time?

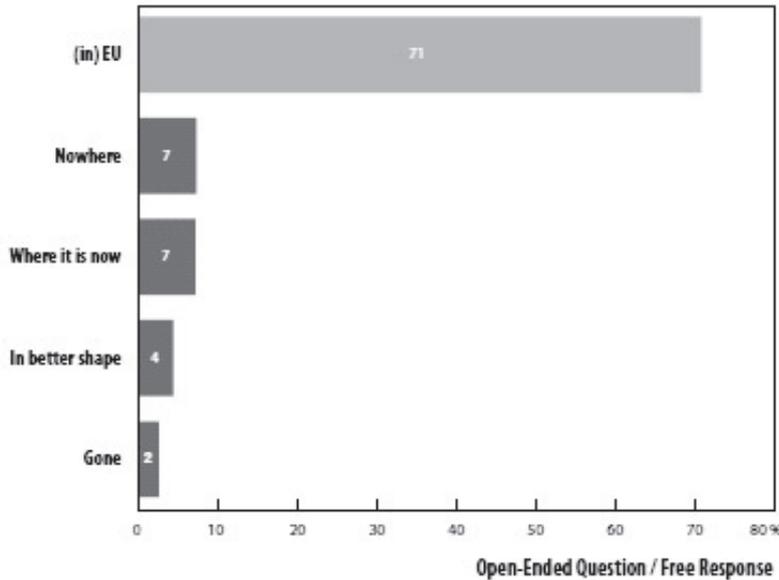


Figure 16. National Survey of BiH 2007

Concluding Remarks and Lessons Learned

Despite the widespread enthusiasm in the aftermath of the third wave of democratisation in the 1990s, today many transitioning and/or post-conflict countries still face serious and deep democratic deficit problems. One such country is Bosnia and Herzegovina in which free and fair elections are held regularly but where it would be naive and oversimplified to assert that democracy has flourished in the country. In my opinion, the main problem behind such democratic failures is that the emphasis in post-war Bosnia was on a rapid democratisation process rather than building stable and fully functioning state institutions. Therefore, my central argument has been that in the conditions of a serious institutional vacuum it is very difficult or almost impossible to carry out successful political and economic liberalisation reforms in post-war societies such as BiH. For that purpose, I have employed Roland Paris' IBL theory which supports the idea that

it is crucial in post-war societies to construct effective and stable political and economic institutions before thorough liberalisation reforms are initiated.

In 1995 the war in Bosnia was successfully terminated by the Dayton Peace Agreement but pursuant to this legal framework it has proven very difficult for Bosnia to build stable and viable institutions since the government is splintered across several administrative levels including two highly autonomous entity governments. While the *raison d'être* of the DPA has been speedy economic and political liberalisation it has not paid enough attention to the state-building enterprise, thus making Bosnia a failed or near-failed state. Therefore, after almost 15 years of the ineffective and dysfunctional Dayton era it is vital to redefine the agreement or completely replace it with a new constitutional framework that would open the way for Bosnia to build strong and fully functioning state institutions leading to long-lasting democratic changes. Further, the international actors advocated a rapid democratisation process in the form of early post-war elections rather than constructing strong and effective government institutions. However, those early elections did not strengthen the democratic transition as expected, but just the opposite happened as they implicitly legitimised the nationalist political parties and thus even deepened nationalist divisions and increased nationalist hatred within Bosnian society. Therefore, one of the alternatives would have been to postpone the elections until the necessary political and electoral conditions had been established. Although postponing elections for some time might seem undemocratic and illegitimate in the eyes of citizens in the short run, it is the most appropriate strategy in the long run until the proper institutional framework is put in place. In addition, the speedy privatisation process in post-war Bosnia initiated by international economic experts has not resulted in a real and efficient market economy but instead produced an extensive black market economy, strengthened nationalist leaders and their loyalists, and increased the rate of corruption in the country. That is, the post-war Bosnian rapid liberalisation reforms carried out in the circumstances of a troublesome lack of effective and stable institutional framework have only increased the power and dominance of clientelistic and nationalist political economies. Thus, extensive economic liberalisation should be delayed until the necessary governmental and legal mechanisms

have been established which then could regulate the functioning of the market economy.

Still, in post-war Bosnia a number of very successful policies have significantly contributed to the building of a strong and effective state institutional framework. For instance, despite strong criticism concerning his authoritative and undemocratic position the High Representative has played a very constructive and critical role in building the most fundamental state institutions. Namely, whenever domestic politicians have been unable to agree on certain political issues it has been the HR who has used his legal competencies and resolved the stalemate. I therefore firmly believe that the HR has played a strong integrationist role amongst the Bosnian ethnic groups and accounted not for the threat to domestic institutions but strengthened the most necessary state structures. However, international involvement in the form of the OHR has been a short-term strategy for post-war Bosnia, whereas the long-term strategy is to give domestic politicians more responsibility after the requisite institutional structures are in place. Further, it was the European Union that played a very significant role in terms of building strong and functional Bosnian state institutions and increasing the state's capacity. In other words, EU leaders acting pragmatically have emphasised the art of state-building in Bosnia rather than deep democratic reforms since an unstable and weak Bosnian state is a serious and direct threat to EU member states, while the same cannot be said for the fragile Bosnian democracy. In fact, the EU's short-term interest in Bosnia is to build effective and robust state institutions, whereas its long-term interest is democratic stability which is one of the three principles of the Copenhagen criteria. As a result of all of the above, it is clear that the EU has significantly moved in the direction of the IBL strategy by making extensive contributions to the institutional framework of the Bosnian state. It would therefore be a valuable avenue of future research to examine the state-building or "Leviathisation" contributions of the EU in the Bosnian state rather than its role and influence in the democratisation process.

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