Bosnia and Herzegovina is constituted mainly of three major ethnic groups - Serbs (37% of the population), Croats (14%) and Bosniaks (48%). All three nations share the same language and many similar traditions and cultures. However, the Serbs are Orthodox Christians, the Croats are Catholics and the Bosniaks are Muslims. According to Florian Bieber (2006), Bosnia has no history of independence until 1992, and is therefore linked closely to its neighbors Serbia and Croatia both politically and socially. Muslims and Serbs have traded dominance throughout history, both in terms of political and economic influence.

**Ottoman Empire**

Bosnia-Herzegovina came under the rule of the Ottoman Empire in the mid-15th century. During this time, part of the Croat and Serb Christian population converted to Islam. While non-Islamic communities enjoyed some degree of self-governance under the Ottoman Empire, the administrators and the landowners were predominantly Muslims. Historically, the border between Bosnia, Croatia and Serbia were not well defined, and they all shared a similar language. Therefore, early Croat and Serb nationalist movements often included all three groups. It wasn’t until the late 19th century that the Muslims developed their own unique identity apart from the Croat or Serb nation.

**Austro-Hungarian Empire (1878-1918)**
A Bosnian identity started to emerge during the rule of the Austro-Hungarians. While the Croats hoped to merge with the other Croat lands in the empire, the Muslims and Serbs feared discrimination in the largely Catholic monarchy. However, the Austro-Hungarians actively sought the cooperation of the Muslim elites by delaying land reforms that would be detrimental to Muslim landowners. During this time, many Muslims left Bosnia for other parts of the Ottoman Empire, and Serbs surpassed the Muslims to become the most populous nation. After 1910, Serbs political elites became closer aligned to Serbia in hopes of merging Bosnia into Greater Serbia. The assassination of Archduke Ferdinand in Sarajevo by a radical Bosnian Serb (Gavrilo Princip) triggered the First World War and caused Bosnia's autonomy to be revoked. Bosnia was under Austro-Hungarian control throughout the First World War, and the administration openly repressed the Serbs.

First Yugoslavia and World War Two

At the end of World War One, the Austro-Hungarians handed over power to a national council composed of pro-Yugoslav Bosniaks, Serbs and Croats. Bosnia soon became a part of the newly created Kingdom of Serbs, Croats and Slovenes (later named Yugoslavia). However, Muslims were not recognized as a separate nation at first; they were seen as either Croats or Serbs. Yugoslav government once again delayed land reforms to win the support of the Muslim elites, which disadvantaged Serb peasants.

Yugoslavia was in essence an extension of pre-war Serbian kingdom. Serbians dominated both the administration and the army, and the federal policies were seen to be especially advantageous for the Serbs.

After the assassination of a Croat leader by a Serb deputy in the parliament, King Aleksander declared a “Royal dictatorship” in 1929. King Aleksander established four districts within Bosnia, or banovine, which effectively erased the existence of Bosnia as an independent republic. King Aleksander pushed for Yugoslav nationalism, which promoted the unity of all south Slav tribes. However, in reality, Yugoslavism wasn’t substantially different from prior Serbian nationalism.

In 1941, Nazi Germany declared war on Yugoslavia. The invasion of Germany caused the breakdown of Yugoslavia, and Bosnia was merged into the “Independent State of Croatia.” The new state was controlled by German and Italian military, and governed by the local Croatian fascist group, the Ustasa. The regime forbade any political opposition and openly repressed the Jews and Serbs. Death camps were created, and thousands of Jews and Serbs were massacred. As a result, resistance movements consisted mostly of Serbs, who were against the Ustasa rule and wanted back the old Serb-dominated Yugoslavia or “Greater Serbia.” The resistance movement consisted of two main parties - the Chetniks, which was made up of Serb Royalists, and the Yugoslav Partisans (which was Communist at its core), led by Josip Broz Tito. In October 1994, Tito's Partisans, along with the Soviet army, freed Sarajevo. Unfortunately, by that time, 164,000 Serbs, 75,000 Muslims, and 64,000 Croats have perished because of the war, along with most of the 14,000 Bosnian Jews.

Communist Yugoslavia
Josip Tito, who became the president of the League of Communists of Yugoslavia and subsequently, the president of Yugoslavia, was instrumental in creating and structuring the new Yugoslavia. Post-war Yugoslavia encouraged self-determination of the states. Bosnia was reestablished with the Austro-Hungarian borders as an equal republic. But Bosnia was still a multi-ethnic state with no dominant nation and the Muslims were not recognized as a distinct nation until 1968. However, the new Yugoslavia advocated unity and equality, and the Communist regime believed socialism could create lasting peace amongst previously conflicted countries.

The Serbs were over-represented in both the Communist regime and the army and security forces. But this is not necessarily due to discrimination. The Serbs were the most active in the Communist Party during WWII due to their intense opposition to the fascist regime. Later on, existing patronage and social network gave Serbs an advantage in gaining promotions. However, the Yugoslav constitution was also advantageous for the Serbs. The constitution required top government positions to be distributed equally among the six republics and two autonomous regions. Since Serbs were the majority in Serbia, Kosovo and Vojvodina, they represented three republics and thus was given 3/8th of all top government positions.

However, after the recognition of Muslims as a nation in 1968, the Muslim population grew quickly, mostly because many of the Muslims self-identified as Yugoslavs before the revival of Muslim culture. From 1961 to 1991, the Muslim share of the population increased from 25.7 percent to 43.5 percent, while the Serb population declined from 42.9 percent to 31.2 percent as some Serbs and Croats emigrated from Bosnia. Since the Communist regime used an "ethnic key" to distribute party offices, the recognition of Muslims also led to better political representation. However, the Serbs were still overrepresented in the administration.

**Representation of Different Nations in the Administration in 1991**

<table>
<thead>
<tr>
<th></th>
<th>Muslims</th>
<th>Serbs</th>
<th>Croats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census 1991</td>
<td>43.5%</td>
<td>31.2%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Republican Administration</td>
<td>34.5%</td>
<td>39%</td>
<td>13.70%</td>
</tr>
<tr>
<td>Municipal Bodies</td>
<td>35%</td>
<td>39.7%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Ministry of Interior</td>
<td>35.97%</td>
<td>37.12%</td>
<td>13.75%</td>
</tr>
</tbody>
</table>

Courtesy of Post-War Bosnia (Florian Bieber, 2006)

**Economic Downturn**
After World War II, under Tito’s rule, Yugoslavia was economically and socially stable. Susan Woodward (1995) attributes the postwar stability to Yugoslavia's neutral position in the cold war confrontation and its hybrid economy.

Although Tito was a devoted communist, Yugoslavia was excluded from the Eastern Bloc led by the Soviet Union. Rather, Yugoslavia received assistance from the United States and foreign banks. In return, Yugoslavia acted as a barrier against the spread of Soviet influence. Balancing between the two superpowers of the Cold War was not an easy job, but due to its unique position, Yugoslavia was able to actively trade with both communist and capitalist countries. Yugoslavia borrowed capital and imported advanced technology from western capitalist countries, while at the same time, imported natural resources from second and third world countries, then exported manufactured goods and military supplies. Though the balanced position was one of the keys to postwar stability, Yugoslavia became largely dependent on foreign capital and trade.

The government borrowed vast amount of money to facilitate economic growth. After the two oil shocks of the 1970s, interest rates for US dollars, in which debts of Yugoslavia was denominated skyrocketed. Yugoslav’s economy suffered from its immense foreign debt which was $19.3 billion in 1981. The International Monetary Fund, a main lender to Yugoslavia, exerted pressure to implement further marketization and austerity programs. Yugoslavia was forced to cut domestic consumption, carry out large-scale restructuring, squeeze imports and maximize exports in order to attain a higher current account. As a result, price level rose by 50 percent a year, wages plummeted, savings depleted, and unemployment soared to 16 percent in 1985. Croatia and Slovenia were able to keep the unemployment rate below 10 percent, but in poorer regions of the other republics, ethnic and religious animosity arose.

They increased the use of personalistic criteria in access to jobs and goods, as well as the barriers to collective political action for change. Pressures to employ relatives, finding scapegoats on the basis of social prejudice, antifeminist backlash, and right-wing nationalist incidents became more common. (Woodward, 1995, pp.86)

Especially in Bosnia-Herzegovina, in areas that were both poor and ethnically mixed, nepotism in the job market became prevalent as unemployment worsened. The antagonism caused by the suspicion of ethnic bias deteriorated the relationship between local communities.

Moreover, rapid changes in policies caused conflicts between federal leaders and republican leaders. Leaders of Slovenia and Croatia were not in favor of marketization forced by the IMF. Slovenia and Croatia accumulated wealth by taking advantages of existing policies that granted subsidies and privileges. Republican leaders also opposed centralization of fiscal and monetary decision making. As the confrontation between the federal government and republican leaders intensified, leaders of Slovenia and Croatia began to speak out about independence from Yugoslavia.

### Economic Condition of Each Republic

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosnia</td>
<td>2,124,319</td>
<td>2,365</td>
<td>4,516</td>
<td>76.2</td>
<td>67.8</td>
<td>24.4</td>
</tr>
<tr>
<td>Montenegro</td>
<td>2,062,042</td>
<td>2,484</td>
<td>644</td>
<td>73.9</td>
<td>71.1</td>
<td>25.6</td>
</tr>
<tr>
<td>Croatia</td>
<td>3,234,631</td>
<td>4,468</td>
<td>4,685</td>
<td>116.0</td>
<td>127.8</td>
<td>22.1</td>
</tr>
<tr>
<td>Macedonia</td>
<td>1,790,902</td>
<td>2,282</td>
<td>2,131</td>
<td>64.2</td>
<td>65.3</td>
<td>30.9</td>
</tr>
<tr>
<td>Slovenia</td>
<td>5,529,722</td>
<td>7,610</td>
<td>1,953</td>
<td>198.3</td>
<td>217.7</td>
<td>19.3</td>
</tr>
<tr>
<td>Serbia</td>
<td>2,523,329</td>
<td>3,379</td>
<td>5,849</td>
<td>90.5</td>
<td>96.7</td>
<td>25.0</td>
</tr>
<tr>
<td>Kosovo</td>
<td>1,062,039</td>
<td>854</td>
<td>1,983</td>
<td>38.1</td>
<td>24.4</td>
<td>27.7</td>
</tr>
<tr>
<td>Vojvodina</td>
<td>3,166,398</td>
<td>4,320</td>
<td>2,048</td>
<td>113.6</td>
<td>123.6</td>
<td>26.5</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>2,788,443</td>
<td>3,496</td>
<td>23,809</td>
<td>100.0</td>
<td>100.0</td>
<td>24.5</td>
</tr>
</tbody>
</table>

Courtesy of Bosnia’s Civil War: Origins and Violence Dynamics (Kalyvas and Sambanis)

### Rise of nationalism
Nationalistic sentiments continued to grow in the face of an unstable economy and an unequal political system, which created the perfect opportunity for nationalist leaders to seize power. These leaders pursued national interests regardless of welfare of Yugoslavia and channeled anxiety of people into hostility toward other nations. By the late 1980s, nationalist leaders Slobodan Milosevic (Serbia) and Franjo Tudjman (Croatia) had rose to power in their respective countries. One of the most important player in the Bosnia and Herzegovina conflict is Slobodan Milosevic, a former communist who became the 14th President of the Presidency of Serbia in 1989. He was an enthusiastic nationalist who hoped to create a ‘Greater Serbia’ by merging the territories of Croatia, Bosnia-Herzegovina, and Kosovo. Milosevic backed the political unrest in Kosovo and used the Serb-dominated Yugoslav army to attack Slovenia and Croatia after they declared their independence. Another nationalist extremist, Radovan Karadzic, rose to power as the leader of SDS in Bosnia. Karadzic advocated for the secession of parts of Bosnia, and was behind much of the atrocities that occurred in the ensuing war, including orders of ethnic cleansing. The chief of the Bosnian Serb army, General Ratko Mladic, was also an extremist who believed that the war serves as revenge for the Muslim occupation of Serbia. Trouble was also brewing in Croatia, where Tudjman seems to be reviving nationalism and even fascism, and enacted laws that discriminated against the Serbs. At the time, Serbs in Bosnia-Herzegovina and Croatia feared that their rights would be suppressed since Bosniaks and Croats exerted larger and more direct controls over their republics.

It's important to note that the average Serb was not necessarily hellbent on war. In fact, the famous demonstration in Sarajevo on April 5, 1992 (during which civilians were killed by Serb snipers, prompting full scale war) contained many Bosnian Serbs. Anxiety about the deteriorating economic and political conditions had turned citizens to nationalism to protect their interests, but the Serbs were fully aware of the cruelty of warfare. The Serbian and Croatian government launched large scale propaganda in the early 1990s that attempted to convince their citizens that they're under threat from other ethnicities. The media campaigns accused other ethnicities of cheating Serbs or Croats out of jobs, reminded the citizens of historical rivalries, and played on people's insecurities during a time of uncertainty.

To make the matter worse, the European Community had taken the approach of using referendums to decide the legitimacy of self-determination, which gave nationalists the motivation to expel people from their homes and create an ethnically pure area prior to a vote. However, note that the conflict is a national conflict and not an ethnic conflict. Serbs or Croats who were against Milosevic or Tudjman were reclassified as the enemy. Jennifer Hiscock (2001) noted,

> Predator leaders used nationalism and war to deflect attention from needed economic and political reforms which threatened their basis of power and political position. (Hiscock, 2001, pp.19)

Indeed, in the late 1980s and early 1990s, there were growing movements in Serbia for multiparty elections and free market reforms to save the ailing economy. However, Milosevic vehemently defended the socialist system and resisted political movements that called for multiparty elections. In the end, the ensuing war in Bosnia was a fight centred around territorial control and not ethnic differences. Woodward concluded,

> The war was a competition to create new nation-states- citizens and loyalties, strategic assets, and borders defined by the perceived right to national self-determination within the territory of a former state. (Woodward, 1995, pp.222)

### International Response

The international community encouraged the principle of self-determination, and saw the Bosnian war as the result of an ethnic conflict or aggressive nationalism. The acceptance of Croatia and Slovenia's independence signified that nations have the right to determine their own sovereignty. However, the West did not understand that Yugoslavia was built on the premise of multi-ethnic groups living together as one. According to Woodward, by accepting the secession of Croatia and Slovenia, the European Community caused the breakdown of Yugoslavia and gave the Serbian nationalists a chance to realize their “Greater Serbia” dream. A new competition over territory and international recognition began. What started as an internal political and economic conflict turned into a fight for territory. But the European Community was inconsistent in its decisions. Logically, if Croats and Slovenes can decide (as a nation) to secede from Yugoslavia and create their own nations, than Serbs in Croatia and Bosnia should be allowed to do the same. The European Community seemed to pick and choose the nationalist movements that it finds acceptable. The EC didn't consider that self-determination comes in more than one form. Ethnic minorities of the seceding republics who identified themselves with another nation should also have the right to choose to accept the secession or not. The inconsistent treatment caused the Serbs to feel slighted and distrustful of the international community. Knowing that the international community wouldn't protect them from local discrimination, they turned to nationalism to protect their benefits.

The biggest mistake that the West made was misunderstanding the conflict as an internal ethnic conflict or civil war. The Europeans and the U.S. firmly opposed any military action through much of the war, preferring to act as mediators of the conflict instead. The West did not care about what political agreement the Yugoslavs decide on, as long as there is no use of force. Additionally, the United Nation was not concerned about
stopping the war, only offering to provide humanitarian assistance to the civilians. The provision of humanitarian assistance only mitigates the damages of war, but no attempts had been made to actually solve the problem. To make matters worse, as the UN was opposed to the use of force, it was difficult for the peacekeeping troops to deliver the aid to Bosniaks. Woodward also mentioned that unfortunately, Bosnia and Herzegovina was not an area of interest for the Western powers, which made it difficult to motivate the West into military action. For much of the war, the international community preferred to limit their involvement in the conflict to economic sanctions and arms embargo. As the Yugoslav People's Army was dominated by the Serbs and the Bosnian Serbs had the backing of Milosevic, the arms embargo hurt the Bosniaks more than it hurt the Serbs. In the end, the West's refusal to get involved only emboldened the Serbs and invited more war.

Overall, recognizing the independence of Croatia and Slovenia had set off a race to create new republics out of the old Yugoslavia, yet the international community had failed to understand the war as a fight over territory. As Woodward concluded,

> The tendency to revert to historical explanations of the Yugoslav conflicts revealed a lack of understanding about the persistent element of territorial and strategic insecurity in parts of the world that are not geopolitically free from conflicts over land, borders, supply routes and vital physical resources such as wear and tear in the way that North America and western Europe have been, more or less, for some time. (Woodward, 1995, pp.399)

Scream Bloody Murder: https://www.youtube.com/watch?v=VQxXekP_bSs Part II: https://www.youtube.com/watch?v=8IYXS9pmiZQ

**Fall of Communism**

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The death of Tito in 1980 signaled the beginning of the end for Yugoslavia. Tito was the key decision maker in Yugoslavia (especially in the early years), acted as a mediator between the different republics, and fought for the equality of all republics and autonomous regions. After his death, the decentralized Yugoslav government could no longer effectively govern Yugoslavia. The call for independence in Slovenia and Croatia, and growing Serb nationalism hastened the breakdown of Yugoslavia. By 1991, Slovenia and Croatia had declared their independence and elected non-communist governments. Yugoslavia had bloodlessly collapsed.

After the fall of communism, Bosnia had five dominate political parties:
- Socialist Democratic Party - Formed by the League of Communists, who had lost favour among the people and could not govern effectively in the last year of the regime
- Alliance of Yugoslav Reform Forces in Bosnia - Led by former Yugoslav Prime Minister Ante Markovic, who was a Bosnian Croat. Markovic was a popular figure because his economic reforms resulted in higher living standards and lower inflation.
- Party of Democratic Action (SDA) - Led by Alija Izetbegovic, who was a devout Muslim
- Serb Democratic Party (SDS) - Led by Radovan Karadzic, the party already had branches in Croatia and has the backing of Serbian president Milosevic.
- Croat Democratic Party (HDZ) - The initial Croat party was nothing more than a branch of the HDZ in Croatia led by President Tudjman

While the first two parties were multi-ethnic parties, the last three were national parties who were more interested in national movements than particular political ideology or policy. The moderate wings of all three national parties were marginalized before the election. At first, the three parties supported each other and jointly attacked multi-ethnic parties, especially the League of Communists. Pre-election, multi-ethnic parties were more popular, but in the end, the national parties won at every level. The 1990 election resulted in a parliament composition that was mostly proportional to the ethnic composition of Bosnia. An important reason for the citizen's shift to national parties is their fear that if any one of the other national parties were elected, their interests wouldn't be protected under a multi-ethnic party.

Electoral Results 1990 and Census 1991 in Comparison
The three parties tried a power sharing arrangement where each of the party leaders were appointed president of the presidency (Izetbegovic of the SDA), prime minister (Jure Pelivan of the HDZ) and president of parliament (Momcilo Krajsnik of the SDS). However, the coalition was unstable and could not agree on any political or economic reforms due to their fundamentally different visions for the future of Bosnia. The SDS was focused on strengthening its power over “Serb” municipalities, with secession as the eventual aim. The dissolution of Yugoslavia further complicated the situation. Both the SDA and HDZ wanted independence for Bosnia, but the SDS was adamantly against any moves that would further sever ties between Bosnia and Serbia. The SDS walked out of the parliamentary debate on the future status of Bosnia in October, 1991 and removed the Serb deputies. Instead, the Serbs set up a “Serb National Assembly” in Banja Luka. A month earlier, the SDS already started the process of creating a Serb Autonomous Area in regions dominated by Serbs. Similarly, the areas under HDZ control also yielded very little to federal command; in fact, two areas in southwestern Bosnia and Herzegovina also tried to declare autonomous regions status in November, 1991. The Bosnian government had essentially became powerless even before the war.

In January 1992, the SDA, SDS and HDZ discussed the possibility of a referendum to determine the issue of independence. After the recognition of Slovenia and Croatia’s independence, the European Community had invited Bosnia and Herzegovina to apply for independence as well. However, the SDS wanted to divide Bosnia into territories with considerable autonomy, while the SDA and HDZ wanted to wait for the result of the referendum. The referendum on independence took place on February 29 to March 1st. Bosnian Serbs had predicted that their insistence against independence of Bosnia-Herzegovina would be outvoted in the referendum, so they had been preparing for military fights to separate the predominantly Serb areas. Only 64.31 percent of the registered voters participated, as the SDS suppressed the Serbs under their control from participating. However, of those voted, 99.44 percent were in favour of an independent Bosnia. By the time the internationally community had officially recognized Bosnia’s independence on April 6, 1992, war had already broken out.
Bosnian Serbs finally took military actions and fired the opening shots on March 15, 1992. While the Croats and Bosniaks were initially united against the Serbs, the fragile alliance broke off as HDZ supported the secession of Western Herzegovina, a predominantly Croat territory. The battles among the groups intensified after a sniper killed a Bosniak civilian demonstrating in Sarajevo on April 5, 1992. The Bosnian government was not sufficiently prepared for war because the SDS had used every means to hinder their military preparations. Therefore, about 70 percent of the Bosnia-Herzegovina territory was under the control of Bosnian Serbs by October 1993. The arms embargo limited the effectiveness of the Bosnian army, and the breakdown of the Bosniak-Croat alliance only made matters worse. By early 1993, fights broke out between the Croat and the Serbs, most notably in Mostar, which resulted in the destruction of the famous Stari Most, a bridge built during the Ottoman Empire.

In June 1993, the UN sent the United Nations Protection Force to the six designated “safe areas,” but the small number and substantial delay of the military aid disappointed Bosniaks. As devastating war continued, NATO threatened with air strikes but the UN Secretary General Boutros Boutros Ghali’s veto allowed Bosnian Serbs to continue to push. On February 5, 1994, a bomb killed 68 and injured over 200 civilians in a marketplace in Sarajevo. In response, NATO warned Bosnian Serbs that any heavy weapons within the Sarajevo exclusion zones would be targeted by air strikes. On Feb 28, 1994, NATO finally took military actions after the Serbs violated the no-fly zone imposed by the UN. However, NATO’s air strikes only targeted limited area and were largely ineffective.

Under the pressure of the US, Tudjman agreed to create a federation of Bosniaks and Croats and began a joint strategy against Bosnian Serbs in March 1994. NATO issued a new ultimatum on April 22, and a ceasefire was agreed on the following day. However, in July, the Bosnian Serbs rejected the postwar plan and resumed military actions. In response, the UN threatened Serbs with further sanctions, which pulled Milosevic out of the war. In retaliation to the NATO air strikes, the Bosnian Serbs besieged Sarajevo and captured Srebrenica on July 11, 1995. In Srebrenica, Bosnian Serbs brutally massacred around 7600 Bosniak men, many of whom were children. In response to the death of 37 civilians in Sarajevo on August 28, NATO began full scale air strikes. The leaders of the three communities were finally ready to talk, and agreed to meet to discuss the basic principles of a settlement in September. U.S. sponsored peace talk began in November in Dayton, Ohio. On November 21, 1995, the three sides agreed on Dayton Accords. The agreement divided Bosnia and Herzegovina into a Croat-Bosniak Federation (the Federation of Bosnia and Herzegovina), which constituted 51 percent of the land, and a Bosnian Serb republic (the Republika Srpska), which constituted 49 percent of the land. The two entities were given great autonomy and the federal government's power was limited. To ensure the implementation of the agreement, an international force of 60,000 members was deployed to Bosnia.

It should be noted that peace negotiations were attempted both before and during the war, but no one could come up with a proposal that all three sides would accept. As Serbs occupied over two thirds of Bosnia during much of the war, they were unwilling to give up any territory that they had gained. On the other hand, the international community, especially the U.S. and the Clinton administration, did not want to reward the Serbs for their aggression by giving into their demands. To complicate the matter, before the war, the ethnic map of Bosnia-Herzegovina was very mixed. Therefore, it was difficult to separate the republic into different regions, as most regions contained all three ethnicities. In fact, forty percent of the marriages were ethnically mixed since World War Two. Even relatively homogenous rural villages usually had communities of other ethnicities living closeby.

Other Aspects of the War

Personal Enrichment

In a time of serious economic instability, joining the army became a way for personal enrichment. The promised pay and veteran's benefits were enticing to rural youth and industrial workers, many of whom had been unemployed. The motivation for class-based revenge was high, and the division of the classes heightened during the draft, as wealthier, educated youth can leave the country and escape the draft, while the poorer, rural youth had no way out. In reality, the salary for soldiers were actually quite low, and tobacco and alcohol were often offered instead of real money. As a result, some soldiers resorted to looting and smuggling.
One of the most horrific acts of the Bosnian war was the systematic ethnic cleansing of the Muslims by the Serbs. The Bosnian Serb army, commanded by Karadzic and Mladic, tried to purge the non-Serbs (mostly Muslims) from parts of Bosnia under their control. Forced eviction, execution and widespread rape of women instilled fear and shame into the victims, and induced whole villages to flee. The United Nations High Commission on Refugees estimated that 370,000 people had become refugees just a couple week after the siege of Sarajevo on April 5, 1992.

The act of ethnic cleansing showed that the Serbs (and to a lesser extent, the Croats) desired ethnically homogenous regions and tried to achieve that goal by forcing out members of other ethnicities.

Karadzic Trial: http://www.youtube.com/watch?v=F2s63MA7K9E

**Conclusion**

As a result of the war, 100,000 people were killed, over two million became refugees and GDP per capita plummeted to one-third of the prewar level. The tragic war is attributable to distorted nationalism prevalent after economic depressions. Leaders of the republics blindly sought national interests without regards to the potential consequences of the conflicts. In a multi-ethnic society like Yugoslavia, the principle of self-determination fueled nationalist movements. The international community's misunderstanding of the war as an ethnic conflict rather than a territorial struggle only worsened the situation. While the US and the UN argued over human rights and sovereignty, lives of civilians were under constant danger. The war resulted in widespread displacement and polarization of once tight-knit and multi-ethnic communities.

**References:**


Izetbegovic, Milosevic, and Tudjman began peace talks on 1 November 1995 at the Wright-Patterson airbase near Dayton, Ohio, US. They finally initiated on the Dayton Peace Accords on 21 November and formally signed on 14 December. Bosnia and Herzegovina was recognized as a single state divided into two entities: the Federation of Bosnia and Herzegovina (FBiH), dominated by the Bosnian Croats and Bosniaks, and the Republika Srpska, where Bosnian Serbs lived. The accords included eleven annexes that regulated the postwar structures.

Annex 1-A – military aspects – insisted on withdrawal of foreign and domestic forces and granted a multinational military Implementation Force, the IFOR, the right to supervise and assist the fulfillment of the agreements.

Annex 1-B – regional stabilization – promoted short-term and long-term disarmament of the three communities as well as Croatia and Yugoslavia.

Annex 2 – inter-entity boundary - defined the boundary between the FBiH and the Republika Srpska. 51 percent of the territory was assigned to FBiH whose population was around 2.5 million in 1996 and 49 percent was assigned to the Republika Srpska whose population in 1996 was around 1 million. Within FBiH, Bosnian Croats and Bosniaks were given 27 percent and 24 percent each.

Annex 3 – election – stated that federal and entities elections will take place within 6 to 8 months under the supervision of the Organization for Security and Cooperation in Europe (OSCE).

Annex 4 – constitution – extensively dealt with the political, monetary, judiciary, administrative system.

Annex 5 – arbitration – demanded reciprocal commitments to arbitrate disagreements between the entities.


Annex 7 – refugees – granted refugees rights to safely return home.


Annex 9 – public corporations – established joint public corporations to provide public goods.

Annex 10 – civilian implementation – stated that a High Representative will take charge of economic reforms, humanitarian aids, protection of human rights and ensuring democracy.

Annex 11 – International Police Task Force (IPTF) - created the IPTF which is responsible for training and monitoring the police and the judiciary.

Post-War Political Structure

State

The state government is characterized as a multinational federation with a focus on cooperation and power sharing. The asymmetric nature of the state is due to the unequal support it garners from the 3 main nations - while the Bosniaks want to develop a strong central government, the Serbs and Croats prefer a large degree of autonomy to protect their national interests. The state is thus unstable, since for some groups, the
collapse of the joint institutions would be more beneficial to them than its success, which renders cooperation difficult. Originally, the state’s power mainly only included foreign policy, monetary and trade policies, and immigration and refugee returns. However, under international pressure, the power of the state has expanded in recent years. A state army, border control and security agency were established to replace the separate armies and defense departments of the entities. The main executive body of the state are the presidents and the Council of Ministers, while the main legislative body is the House of Peoples and House of Representatives. Both the legislative and executive body requires the participation of Serbs, Croats and Bosniaks. The Constitutional Court and Central Bank of Bosnia round out the main state organs.

Table 4.1 Group Representation in the State-Institution since 1997

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<tr>
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</thead>
<tbody>
<tr>
<td>Presidency</td>
<td>Parity of Constituent People, 2 Federation, 1 RS (8 month rotation)</td>
<td>1 Chair, 2/3 Fed, 1/3 RS, Chair also minister</td>
<td>1 Chair, 2 Deputies, 2/3 fed, 1/3 RS</td>
</tr>
<tr>
<td>Council of Ministers</td>
<td>2 Co-Chairs, 1 Vice-Chair, Parity, 2/3 Fed, 1/3 RS</td>
<td>Parity (6)</td>
<td>Parity (9)</td>
</tr>
<tr>
<td>Ministers</td>
<td>Parity (3)</td>
<td>Parity, 2 per minister, other nation than minister</td>
<td>Parity, 1 per minister, other nation than minister</td>
</tr>
<tr>
<td>Deputy Ministers</td>
<td>Parity, 2 per ministry</td>
<td>Reflecting Population, 2/3 Fed, 1/3 RS</td>
<td>Generally Reflecting Population on basis of 1991 census</td>
</tr>
<tr>
<td>Assistant Ministers &amp; Administration</td>
<td>Representativeness of Three nations and Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Courtesy of Post-War Bosnia (Florian Bieber, 2006)

Presidency

The presidency is shared by three members - one Serb, one Croat and one Bosniak, all of whom have equal veto powers. The members are elected by the two entities separately - the RS elects the Serb president, while the other two are elected by the Federation. Thus, the presidents are not actually representative of their nations, but of their geographical region. This has created some problems, as the main cleavages of Bosnia are ethnicities, not geographical regions, yet the presidential election system imply that the presidents represent their regions before their ethnicities. As Bosnia hopes to recreate its former diversity and encourage refugee returns, the presidential policy effectively excludes minorities from qualifying as candidates. Instead, minorities have to hope that their interests will be protected by candidates from the other entity. To make matters worse, the homogenous nature of the entities meant that the presidential candidates have little reason to moderate their nationalist platform, as they do not need to appeal to other voters. The power-sharing structure also reinforces the fact that all three members represent their own nation, rather than Bosnia as a whole.

The three members rotate every eight months to claim the chairmanship of the presidency. However, the chair is largely symbolic, as no single member is allowed to represent Bosnia alone, unless the situation does not allow multiple members of the presidency to be present (such as international summits). Otherwise, the chairman’s power is mainly restricted to signing documents passed by the parliaments or developing plans for the presidency. The presidency itself is mainly responsible for representative functions, foreign policy, commanding the state army, proposing bills and nominating ministerial candidates. During the first presidency, SDA leader Alija Izetbegovic was the chairman for the duration of the two year term, while all three members of the presidency were from nationalist parties. In recent years, the power of presidency has been increased, and a joint secretariat was established in 1999.

Council of Ministers

The Council of Ministers have nine ministries; two thirds of the ministers are from the Federation and one third from the Serb Republic. The Chair of the Council of Ministers, who is often seen as the Prime Minister, is nominated by the presidency. Originally, the chairmanship is shared by two Co-Chairs (who rotate every 8 months) and one vice-chair. Each minister had two deputy ministers (both from different nations) and the three also rotated for the position of minister. All ministerial positions were divided equally between Bosniaks, Croats and Serb, and the deputies had to agree with the ministers on every decision; if a compromise was impossible, then the entire council had to decide jointly. Additionally, any decision made by the Council required the presence of at least one member from each nation. This system of co-chairmanship was declared unconstitutional by the Constitutional Court, and the 2002 constitutional amendment introduced the system of a single chairman and two Vice-Chairs, who have to be from different nations. The ministers also became permanent positions with only one deputy, who has to be from a different constituent nation. The new reform also required either a minister or the Secretary General to be from one of the other minority groups. However, all decisions are still reached by consensus, and at least two members from each nation have to be present for the Council to hold a session.

As was the case with all state government institutions, the Council was very weak in its early days, with each minister having a considerable degree of autonomy. While the Serbs and Croats were glad to keep the state power decentralized, the Bosniaks were content to take control of the minimal joint institutions. However, it has grown from having three ministries to nine, and has become a much more cohesive governing unit.

Parliament (House of Representatives and the House of People)
The presence of hardline nationalist parties and equal veto powers have created an incredible amount of gridlock. As a result, the Office of the High Representative often ends up imposing the most important laws, in effect becoming the judge of the legitimacy of the vetoes.

Administration

During the immediate post-war years, the state level institutions had been small, unregulated and dominated by Bosniaks. Serbs, in their refusal to recognize the Federation, didn't support the institutions. This led to a continued existence of war-time governance, with the diplomatic corps filled with SDA-affiliated Bosniaks. After the High Representative imposed the Civil Service Law in 2002, the state administration became more regulated. Unlike the executive and legislative branch, there are no quotas or explicit instructions for parity. The ethnic make up of the civil servants should simply be similar to the make up of the population of Bosnia. While discrimination based on nationality is prohibited, civil servants are hired according to merit and equal representation has been difficult to achieve.

The State Border Service (SBS) is another important state-level administration and the first state-level security force. Its responsibilities include border control, immigration and refugees, and inter-entity law enforcement. The agency was created to strengthen the ties between the state and the entities and build a multi-ethnic police force. The ethnic make up of the SBS offices have to roughly represent the ethnic make up of their region or canton, and no office can have more than two thirds of its officers from the same nation. The organization is presided by a director and two deputy directors (from different nations), and the position of director rotates every eight months. Other leadership positions also have to be distributed equally among the three nations.

Constitutional Court, Central Bank, and International Organizations

The Constitutional Court and the Central Bank both don't have explicit requirements for the ethnic distribution of their staff, although they strive towards a staff body that is representative of the population.

The participation of international organization is still instrumental at the state-level. Many of the international officials are appointed by international organization such as the IMF or the Council of Europe (for the governor of the central bank and the international judges of the constitutional court, respectively). These officials act as objective actors and often have enough influence to tip the scale in important decisions.

Federation of Bosnia - Herzegovina

The Washington agreement - which stopped the fighting between the Croats and the Bosniaks in 1994 - laid the groundwork for the structuring of the Federation. At the time, the Federation included all territory under Bosniaks' or Croats' control; the boundary of the Federation later expanded as territories under former Serb control were taken back. There are 10 cantons, 5 of which are predominantly Bosniak, 3 of which are predominantly Croat and 2 are mixed. The cantons were largely drawn based on pre-war distribution of population. The Federation itself is very decentralized, with the cantons having a considerable degree of autonomy. Within the mixed cantons, the government further relegate some powers to the mono-ethnic municipalities.

In the immediate post-war years, Serbs were excluded from the government, partially as a result of the homogenization of the population. The Serbs share of population dropped from around 18 percent in 1991 to 2 percent in 1997. Even in Sarajevo, which was formerly a very diverse city, the Bosniak share of population rose to 85 percent from their pre-war share of 49 percent, while the Serb and Croat population declined.

There is a deep divide between the Croats and the Bosniaks in the Federation, and areas that were under HDZ's control during the war maintained their own structures until the HDZ went out of power in 2000.

Entity government

Originally, the institutions of the Federation only ensured power-sharing between the Croats and the Bosniaks, with no provision for Serbs or other minorities. The Federation also has a parliament with two houses, the House of Representatives (98 members) and the House of Peoples (30 members). Like the state parliament, the House of Representatives are elected on an entity-wide proportional representation system, while the House of People are elected by the cantonal assemblies. The ethnic makeup of the House of People should mirror that of the cantons, and seats are allocated accordingly. The House enforce this rule by making the cantons with the highest number of Bosniaks or Croats elect a representative if Bosniak or Croat quotas are unfulfilled. However, if there are not enough Serbs or other minorities elected, their seats just remain empty. Additionally, in the House of People, only the Croats and Bosniaks have the power to block legislations (veto rights).
state legislature, the definition of vital interest is very vague. Like the state government, all ministers have to be from a different nation than their deputies, and the same applies to the prime minister and the vice prime minister. The parliament elects a president and a vice president (from the two communities) and they rotate their roles on an annual basis.

After the constitutional amendment of 2002, the veto power has been limited to mostly matters concerning the rights and identity of the constituent people, and the protection of different cultures. However, if two thirds of one of the national caucuses agrees to invoke a veto, then the veto can be invoked on any issue. The constitutional amendment also required the House of People to have equal number of Serb representatives as Croats and Bosniaks (17 per nation), and each canton had to elect representatives of different nations. However, the implementation of this policy has been limited, as the number of Serbs in the cantonal assemblies are much lower. The House of Representatives were also required to have at least four representatives from each of the three main nations in its assembly.

Furthermore, the constitutional amendment stipulates that each nation can only hold a maximum of two positions within the high offices (prime minister, president of the entity, public prosecutor, speakers of the two Houses, and presidents of the supreme and constitutional courts). However, court members have been criticized for making decisions based on group interest and not on the merit of the cases.

Cantons

The cantons vary in regards to the degree of power-sharing at the executive and legislative level. Mixed cantons have a power-sharing system similar to that of the Federation, where the speaker of the parliament and the president of the canton both have deputies from different nations. Originally, only the Croats and Bosniaks held veto rights in the cantonal assemblies, and the government had to include equal numbers of both nations, as well as members from other minority groups. The mixed cantons were also more decentralized, relegating some of their responsibilities to the mono-ethnic local municipalities. The predominantly Bosniak or Croat cantons generally strived to mirror the national composition of their cantons in their assemblies, but had no formal quota. However, some cantons, like the Sarajevo canton, required the ethnic make up of the parliament to mirror that of their canton. In general, the Croat cantons were less committed to equal representation than the Bosniak cantons.

The 2002 constitutional reform also applied to the cantonal governments. Therefore, a minimum representation quota was set for all three nations, and most cantons set up national clubs to elect a three member presidency. The three presidents also have veto rights, and unresolved veto disputes goes to the Constitutional Court of the Federation. The national composition of the government is also supposed to national composition of the cantons based on the 1991 census. However, this has been difficult to implement due to the homogenization of the population.
Municipalities

While municipal governments cannot pass laws like cantonal governments, some municipalities in mixed cantons enjoy a considerable degree of autonomy. For example, Mostar was divided into six municipalities (three each for the Muslims and Croats), with a joint central zone. The Croats and Bosniaks mostly live segregated lives on the opposite sides of the town, and many municipal institutions are doubles of each other. This has resulted in a high budget and an extraordinary large amount of civil servants. For example, the city had six police forces, one for each municipality. Even though each municipal mayor has a deputy from a different nation, they mostly work independently of the other municipalities. After 2004, the High Representative imposed the unification of Mostar, but each municipality still acted as an individual electoral unit.

Public Administration

In terms of public servants, the cantonal administration is more homogenous than the Federal administration, due to the lack of diversity in most of the cantons. Serbs and other minorities groups have largely been excluded before 2002, when no specific quotas were set. The constitutional amendment of 2002 pushed for a civil servants population that reflects the ethnic make up of the 1991 census. This has resulted in an increase in number of Serbs employed in civil service, but also benefited Bosniaks and Croats who are minorities in their cantons. However, the implementation is not complete because the lack of diversity in some areas make proportional representation impossible.

Special care has been given to police reforms, as the police force were often behind the ethnic cleansing during the war. During the immediate post-war years, the police force was very segmented, as the Croats and Bosniaks each had their own police units. Also, the police officer population was largely homogenous, with very few minorities. The UN Mission created the International Police Task Force (IPTF) to monitor the Bosnian police reform. The IPTF screened all former police officers to certify them for future duty, and has also managed to reduce the size of the police force by two thirds, although the number of policemen in Bosnia is still twice the European average. The Federation has committed to creating a police force that mirrors the national make up of the 1991 census, and the UN has set targets for the number of minority police officers in each municipality. The government hoped the increase in diversity in law enforcement forces will remove discrimination and encourage refugee returns. However, the increase of minority police officers has been behind target rate.

<table>
<thead>
<tr>
<th>Table 4.8 Population Distribution in the Federation among Judges, Public Prosecutors and the Police, 1999</th>
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</thead>
<tbody>
<tr>
<td><strong>Judges and Public Prosecutors</strong></td>
</tr>
<tr>
<td>Bosniaks</td>
</tr>
<tr>
<td>Police</td>
</tr>
</tbody>
</table>

Courtesy of Post-War Bosnia (Florian Bieber, 2006)

Serb Republic

The SDS dominated Serb Republic politics in the post-war years. Many instances of ethnic cleansing took place in Serb territories, which caused homogenization of the RS. The Serb share of the population increased from 54 percent in 1991 to 97 percent in 1997, while the Bosniak and Croats’ share of the population dropped from 38 percent to 3 percent. At the end of the war, the International Criminal Court indicted Radovan Karadzic and Ratko Mladic as war criminals, and Serbian President Milosevic pulled his support of the SDS, leaving the Serb Republic isolated. While the SDS were originally strongly against the Dayton Agreement, they eventually became very supportive of the accord since it gave their entity a large degree of autonomy. Politically, the republic has been divided over the issue of international cooperation. Originally, there has been much opposition towards the creation of the Serb Republic, especially by the Bosniaks and international actors, as it was seen as rewarding aggression and genocide. Since 1996, Bosniak parties have campaigned for the abolition of the Serb Republic, and some suggest that it should be made into a canton instead.

Prior to 2002, there was no formal power-sharing arrangement in the RS, and Serbs dominated the government. Moderate governments, such as the one under Milorad Dodik, had sought the support of Bosniak parties. However, the power of the non-serbs were limited, and many Bosniak and Croat politicians did not even live in the RS. Thus, the integration of the Bosniaks and Croats were limited, and they could not manage to turn the informal power-sharing arrangement into benefits for the minorities. As a result, it took five years for the first Bosniak minister to be appointed.

The attempt to create inter-ethnic or moderate parties in the RS has been largely unsuccessful. Since the SDS presents itself as a protector of national interest, smaller moderate parties have been afraid to break away from the platform, in case they lose their already modest support. Also, the Bosniak and Croat parties have limited leverage against moderate Serb coalitions, as the alternative of a nationalist party in power is even worse.

Entity Government

Prior to 2002, governmental institutions had no regulations regarding ethnicities. The structure of the RS is based on the dominance of Serbs, and inclusion of other minorities are not guaranteed. A president, vice president and a 83 member parliament were elected by the citizens of the RS. Residents who lived in RS before the war were allowed to vote in the election, causing a disproportionately high number of Bosniak representatives to be elected. HDZ on the other hand, discouraged Croats to vote in their pre-war location, causing a low number of Croats in the RS parliament.
The constitutional amendment of 2002 fundamentally changed the Serb Republic governance system from a mono-national system to a power-sharing arrangement. At least four representatives from each nation have to be included in the National Assembly, and the assembly is required to elect a Council of Peoples that monitors the legislations and protects the rights of the three constituent nations and other minorities. Similar to the Federation and State level governments, all three groups have veto rights. Additionally, the ministry is required to have 8 Serb ministers, 5 Bosniak ministers and 3 Croat ministers, and the Prime Minister has 2 deputies from different nations. Of the six top office positions (prime minister, president of parliament, president of the House of Peoples, president of the Constitutional Court, president of the Supreme Court and Public Prosecutor), only two can be held by the same nation simultaneously.

Public administration

The public sector of the RS is largely homogenous, especially for law enforcement, reflecting the mono-ethnic nature of the republic. Again, after 2002, the Serb Republic committed to diversifying the administration, although no formal targets or quotas were set. The RS pushed the government agencies to choose civil servants with equality in mind and report their progress on diversifying their forces. However, in the police force, the number of minorities remained extremely low, even with the intervention of the IPTF. The RS had set a target of expanding the share of minority police officers to 20 percent, but implementation is far from complete as there are a lot of local assistance. It wasn't until 1999 that a Serb police force contained a minority officer. Recruitment has been difficult, as the average salary for Serb officers is lower than their Federation counterparts, and minority officers carry the risk of being threatened and harassed. It's also difficult to recruit in areas that had undergone brutal ethnic cleansing. In conclusion, barring the return of all refugees, the RS is still too homogenous, therefore making a power-sharing arrangement difficult to sustain.

Office of the High Representatives (OHR)

International organizations have been deeply involved in Bosnian politics. Originally, they were set up to ensure security and create the framework for a successful transition to democracy and market economy. The Office of the High Representatives is the primary international actor, created as a result of the Dayton Agreement and seen as "the final authority in theatre regarding interpretation of this agreement on the civilian implementation of the peace settlement." (Bieber, 2006, pp.84)

At first, the OHR had mostly mediating and facilitating powers, but after 1997, it was given both executive and legislative powers. Since 1997, the High Representative has been one of the most influential person in Bosnia. Bieber (2006) concluded that the High Representative "...has enacted around 100 laws and passed several hundred decisions – ranging from the state symbols and licence plates to pension funds – and dismissed more than 180 public officials from office, including a president of the Republika Srpska and the Croat representative of the Bosnian Presidency." (Bieber, 2006, pp.84)

The office is presided by European diplomats and politicians, who commands a relative large staff body of foreign government workers and local Bosnians.

Electoral System

The first post-war election was held in September, 1996. While the aim of the election was to build a democratic Bosnia and get rid of the nationalist politicians, the plan backfired when the nationalist parties all scored resounding victories. The premature post-war election actually legitimized the national parties, consolidated the homogenization that resulted from the war, and forced international actors to negotiate with them. In many instances, post-war politics in Bosnia mirrored the pre-war antics of the national parties.

Originally, Bosnia used a proportional representation with closed party lists system to elect the legislative bodies of the state, entities and cantons. The presidency of the state and the entities were directly elected via the First Past The Post system. An unique feature of the Bosnian electoral system is that voters can choose to vote in either their pre-war residence or post-war residence. This system was established to facilitate the return of the refugees, but all three national parties, and especially the SDS and HDZ, discouraged voters from voting in their pre-war residence, in order to secure the dominance of their parties.
In 2000, several electoral reforms took place. First, open lists were introduced, which allowed voters to choose specific candidates instead of just parties. Multi-member constituencies were also introduced for the elections of the legislative bodies of the state and the entities. Before 2000, the two entities counted as two separate electoral units. This electoral reform split the Federation into five units and the RS into three. Both of these measures were introduced to create more accountability for the politicians and moderate the candidates. However, the First Past the Post system still allowed national parties to dominate the presidency, often without obtaining a majority of votes.

For most of the post-war years, the three national parties have been the most prominent players; even when they’re not absolutely dominant, they governed in coalitions with other moderate national parties. Smaller moderate parties have formed and slowly gained traction as time went on. For example, the Alliance of Change, a brief coalition of ten parties mostly controlled by the SDP and SBiH, managed to govern at the state level and in the Federation for two years (2001-2002).

A few notable smaller parties:

- The Party for Bosnia and Herzegovina (SBiH) - founded by former Bosnian Prime Minister Haris Silajdzic, the party is more moderate than the SDA and finds its support mostly among Bosniak voters.
- Socialdemocratic Party (SDP) - one of the main moderate political parties, it finds its voter base mostly in the Federation. The party is the successor to the League of Communists, and boasts a multi-ethnic leadership group.
- Alliance of Independent Socialdemocrats (SNSD) - led by former RS prime minister, Milorad Dodik, this is the main moderate party in the Serb Republic. It is less nationalist than the SDS and supports cooperation with the international community.
- Party of Democratic Progress (PDP) - formed by economist Mladen Ivanic, the party advocates for economic reforms.
- Socialist Party (SPRS) - affiliated with Serbian president Milosevic’s Socialist Party of Serbia, the party has also seen sustained success throughout the post-war years.
- Serb Radical Parties (SRS) - often working with the SDS, the SRS pursues a even more hardline stance. The party is affiliated to the SRS in Serbia, led by the indicted war criminal Vojislav Seselj. The leader of the RS branch, Nikola Poplasen, was dismissed by the OHR after winning the presidency of RS in 1998 on a joint ticket.
- Serb People’s Assembly (SNS) - founded by former RS president Biljana Plavsic, the party lost its support after Plavsic was indicted as a war criminal.
- New Croat Initiative (NHI) and the Party Working Towards Progress - smaller parties that have split from the HDZ, their success has been limited.

As a general rule, the Croat and Serb party sought more autonomy for their regions, and has opposed most reforms that would strengthen the central government. The Croat and Serb parties usually gather their support from their nations, and do not attempt to find support outside of their own entities. The Bosniak parties, on the other hand, tries to campaign in both entities, as they support a stronger central government.

Consequences

Economic Inequality

The war took huge tolls on the economy; industrial bases and homes were destroyed, while ethnic cleansing caused the displacement of millions. After 7 years of recovery and international aid, Bosnia’s per-capita GDP was still only half of its pre-war levels. The labour force has irrevocably changed, as many fled the country and a large portion of the population were ex-soldiers (40 percent of the labour force). The World Bank estimated that unemployment levels reached 33 percent to 45 percent by 1996.

On the other hand, a small segment of the population used the war as an opportunity to get rich. Activities such as trading of weapons and stolen goods, smuggling, and holding monopolies on services had to stop after the war. However, businessmen with connections to the nationalist parties were able to hold onto pre-war companies that survived or create new monopolies, and illegal networks that engage in smuggling (ex.drugs or people) continued to operate.

Therefore, one of the features of post-war Bosnia is income inequality and the drastic shrinkage of the middle class. On a national level, the richest 10 percent of the population earns one third of the income of the country, while the bottom half of the population only combines for 20 percent of the share. The difference in income is also quite stark between the two entities and between the ethnicities. The Federation is clearly better off, with 21.5 percent of the population living in poverty, as opposed to almost 52 percent in the RS. In the Federation, the income needed to cover basic needs is 460KM, while the average salary is 511KM. But in the RS, basic needs cost 464KM, but the average salary is only 372KM. Even in the RS, the Croats have the lowest risk of poverty, while the Serbs have the highest, even though they’re the majority. Similarly, in the Federation, the Croats have the highest income and lowest economic inequality, while the Serbs have the lowest income but the highest inequality. Across the country, the percentage of Croat and Bosniak households that are poor (20 percent and 65 percent respectively) are much lower than that of Serb households (72 percent). Also, Pale and Banja Luka has the highest income inequality in the country. The economic inequality is most likely a result of the war and post-war structures, as some of the cantons that are wealthy today were not wealthy pre-war.
pressure from the Federation government, the OHR, and the NATO-led peacekeeping troops SFOR, the HDZ finally surrendered their

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cantons, symbols of Herceg-Bosna were widely used even after the war. Unsanctioned government institutions and business connections to

The division of Bosnia also isolated ethnic groups, making nations uninterested in the affairs of the others, and frequent communication and
interaction between the groups were impossible. The power-sharing arrangement also made the nationalist parties clamor for their own nation's
interest. Even the moderate parties were unwilling to stray too far from the nationalist platform, as they fear the voters would vote for the extreme
nationalist parties instead if they feel their interests weren't being protected to the fullest. Reforms to create a more multi-ethnic government or
police force has been met with much resistance, as have efforts to strengthen the central government.

Furthermore, the Serbs and Croats did not fully buy into the idea of a united Bosnia-Herzegovina; instead, secessionist movements gathered a
lot of traction. The Serb had initially resisted international intervention, and planned for the republic to eventually secede from Bosnia. In Croat
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Table 2. Bosnia and Herzegovina poverty indicators by entity and selected cantons (in percentage)

<table>
<thead>
<tr>
<th>Cantons</th>
<th>Poverty risk</th>
<th>Depth of poverty</th>
<th>Severity of poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Extreme poor</td>
<td>Poor</td>
<td>Extreme poor</td>
</tr>
<tr>
<td>Posavina</td>
<td>8.5</td>
<td>27.4</td>
<td>4.8</td>
</tr>
<tr>
<td>Tuzla-Podrinje</td>
<td>9.0</td>
<td>21.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Zenica-Doboj</td>
<td>5.7</td>
<td>22.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Gorazde</td>
<td>6.8</td>
<td>23.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Central Bosnia</td>
<td>7.7</td>
<td>22.8</td>
<td>2.9</td>
</tr>
<tr>
<td>Neretva</td>
<td>5.9</td>
<td>16.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Western Herzegovina</td>
<td>4.1</td>
<td>7.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Sarajevo</td>
<td>6.0</td>
<td>15.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Western Bosnia</td>
<td>5.1</td>
<td>19.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Federation</td>
<td>8.6</td>
<td>21.5</td>
<td></td>
</tr>
<tr>
<td>Pale</td>
<td>24.9</td>
<td>59.3</td>
<td>7.6</td>
</tr>
<tr>
<td>Banja Luka</td>
<td>23.6</td>
<td>47.6</td>
<td>9.1</td>
</tr>
<tr>
<td>Republika Srpska</td>
<td>24.1</td>
<td>51.9</td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>11.5</td>
<td>27.3</td>
<td></td>
</tr>
</tbody>
</table>

Some of the major causes of the economic inequality are destruction during the war, unequal distribution of international aid, and differing
relationships with neighbour countries. The war affected some areas more than others, as industrial bases were targeted, and some regions had
more factories than others. Even years after the war, industrial cities like Tuzla and Zenica had more people unemployed than employed.
Furthermore, the transition to market economy has destroyed some old industries, which put even more people out of jobs. In fact, people
employed in state-owned companies or government jobs face higher risk of poverty than people who are self employed or work in the private
sector.

Secondly, the Federation received far more international donations than the RS. Part of it may have been the anti-Serb sentiments of the
international community at the time, but part of it was also due to Serbs' unwillingness to cooperate with international actors. By 2000, only 18
percent of the USD 3.5 billion aid received by Bosnia went to the RS.

But not all of the differences are necessarily due to discrimination. One hypothesis by Bisogno and Chong (2002) is that the people who had fled
their residences during the war were poor and had no reason to stay in a hostile environment where they're the minority, who people who stayed
were obviously wealthy and resourceful. Therefore, the Bosniaks and Croats who stayed in the RS were probably already rich, while a large
amount of poor Serbs in the Federation moved to the RS. In fact, the displaced people are some of the poorest of the population, with an average
income of only 140KM. Also, predominantly Croat cantons like Western Herzegovina had close ties and trade relations with Croatia, which would
have benefited the Croat population. On the other hand, one of the poorest cantons, Gorazde, is surrounded by Serb territories. The post war
arrangement of the cantons and entities also caused the isolation of ethnic groups from each other, which may also be a reason for the slow
economic recovery. The income inequality highlights another problems in Bosnia - that mobility across ethnic lines are limited, especially for the
poor.

Polarization and Nationalism

Post-war Bosnia is very ethnically segregated. The Serbs constitute almost 94 percent of the population in RS, while the Croats and Bosniaks
make up 97 percent of the population of the Federation. Even in the cantons, no minority group (non-Croats or Bosniaks) has more than 5.5
percent share of the populations. The initial strategy of relying on returning refugees to diversify the population has failed, as half of the displaced
people have not returned, and even those returned have often not gone back to their pre-war residence. The lack of employment and slow
economic recovery further dissuaded the refugees from returning. In addition, discrimination against minorities were common post-war, making
refugees unwilling to return to areas where they're a minority. Destruction of property and overt threats were common, and nationalist leaders
discouraged the return of the displaced in order to consolidate their control. Dividing Bosnia into section according to ethnic lines resulted in
nationalist party trying to secure their control over their ethnic groups, and made the environment unfriendly to minorities. Prior to the 2002
reforms, minorities had little representation or power. However, the problem creates a vicious cycle, as the less refugees return, the less diverse
the population is. And the less diverse population, the less accepting it will be of minorities, thus creating a hostile environment that refugees
don't want to return.

The division of Bosnia also isolated ethnic groups, making nations uninterested in the affairs of the others, and frequent communication and
interaction between the groups were impossible. The power-sharing arrangement also made the nationalist parties clamar for their own nation's
interest. Even the moderate parties were unwilling to stray too far from the nationalist platform, as they fear the voters would vote for the extreme
nationalist parties instead if they feel their interests weren't being protected to the fullest. Reforms to create a more multi-ethnic government or
police force has been met with much resistance, as have efforts to strengthen the central government.

Furthermore, the Serbs and Croats did not fully buy into the idea of a united Bosnia-Herzegovina; instead, secessionist movements gathered a
lot of traction. The Serb had initially resisted international intervention, and planned for the republic to eventually secede from Bosnia. In Croat
cantons, symbols of Herceg-Bosna were widely used even after the war. Unsanctioned government institutions and business connections to
Croatia only furthered nationalist sentiments, especially under the dominance of the HDZ. Bieber (2006) argues that Franjo Tudjman and the
HDZ did not let go of their separatist agenda until after 2001. In fact, in March 2001, under Ante Jelavic, the leader of the HDZ, the Croat cantons
decided to withdraw from the joint Federation government on the grounds that the Bosnian Croats have been unfairly treated under the Dayton
Accords. The separatists established their own military with the help from Bosnian Croat soldiers serving in the Federation army. Under intense
pressure from the Federation government, the OHR, and the NATO-led peacekeeping troops SFOR, the HDZ finally surrendered their
self-government project. Yet even since then, Croat cantons had called for Bosnia to be divided into 3 entities, with an autonomous region for the Croats.

Bosnia’s Fragile Peace: Ethnicity Still Divides: https://www.youtube.com/watch?v=0RtEaXiEAnY

Inefficiency and Dependency on International Actors

Multiple layers of bureaucracy combined with veto rights at every level of the government produced a very inefficient system that is prone to gridlocks. The complex system of governance and slow economic recovery also caused corruption to run rampant. Therefore, while international organizations had originally planned to only stay in Bosnia to help out during the transition period, they had to take on a much bigger role. In many cases, international actors such as the OHR are the only agents behind change, as the gridlock makes it difficult to pass legislations. This has forced the OHR to impose legislations. However, this mechanism has decreased the responsibility of politicians, as they are under no pressure to negotiate or compromise, instead leaving the OHR to make the difficult decisions. This has allowed the nationalist to take on more hardline positions, knowing that they won’t be blamed for their inability to negotiate, but they may lose support if they look “soft” in front of their voters. Also, the politicians can avoid making any risky decisions, since they know the OHR will eventually make the decisions for them. This way, they can blame potential negative consequences on the High Representative instead of themselves. Similarly, many of the citizens have taken the international donations for granted and assume that the aid will stream in indefinitely. Therefore, Bosnia has become somewhat of a protectorate, and many observers note that the state would collapse if the international organizations were to leave.

Corruption

People in Bosnia and Herzegovina faced high risks for their economic activities due to the political instability and dependence of its economy on external agents. The Balkans : a post-communist history explains the problem of the economy.

The main problem is that the power structures do not encourage Bosnian entrepreneurs to seek to enrich themselves by producing more and by developing and using more efficient methods, because property, contracts, rewards and risks are still too uncertain and insecure. One reason is the continuing power of organized criminal economic networks, partly due to weakness of the law, and partly due to clientelistic ethnic collectivist and vertically structured power relations. (Bideleux Robert and Ian Jeffries, 2007, pp.399)

In order to overcome the problematic economy, innovative economic reforms were needed. However, the local elites opposed the reforms because they earned substantial revenue from rent-seeking behaviors. Cooperating with corrupt police officer, the local elites led organized crimes such as drug selling, prostitution, fake money, and human trafficking. They strived for perpetuation of the rent-seeking “mafia economy”. In the Republika Srpska, Karadzic, though he was not eligible for offices, exerted power on the politics as well as on the underground economy. In 2004, the SFOR and OHR froze the properties of ten Bosnian Serbs accusing them of supporting Karadzic. The OHR described the ten supporters as a criminal gang funded by ‘corruption, money laundering and extortion’. The Central Bank of Bosnia and Herzegovina estimated the value added of prostitution was 90 million KM in 2004. Non-observed economy consists 57.74 percent of whole GDP in 2001.

Table 1: Structure of NOE in BiH

<table>
<thead>
<tr>
<th>Components of NOE</th>
<th>KM (million)</th>
<th>% of official BiH GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illegal Activities</td>
<td>761.7</td>
<td>7.27%</td>
</tr>
<tr>
<td>Shadow Economy</td>
<td>3,882</td>
<td>34.24%</td>
</tr>
<tr>
<td>Statistics Reasons</td>
<td>1,700.5</td>
<td>16.23%</td>
</tr>
<tr>
<td><strong>TOTAL NOE</strong></td>
<td><strong>6,050.4</strong></td>
<td><strong>57.74%</strong></td>
</tr>
</tbody>
</table>

Courtesy of Estimate of Non-Observed Economy in Bosnia and Herzegovina (2004)

Conclusion - Evaluation of Dayton

The most prominent result of the Dayton Peace Accords is that it has prevented military conflicts since 1995. According to Kofi Annan, the former UN Secretary General, this is a notable accomplishment given that half of the countries that emerge from wars returned to violence within five years. Moreover, the accords unified the military of three communities at least on paper and facilitated disarmament; 430,000 people were under arms in 1995 but only 22,000 were in 2002. Nevertheless, the fundamental problem is that the peace was created by coercion. All three ethnic groups signed the accords but only Bosniaks were truly in favor of the concept of one unified state. Bosnian Serbs and Croats continued to express their separatist aspirations and have reluctantly followed the accords due to the pressure from the international community.

The implementation of the Dayton Accords is also highly dependent on international actors. The aid from the international community covered more than 70 percent of budget deficits of the Republika Srpska and more than 30 percent of deficits of FBiH. The intervention and aid from the international community have been essential to the postwar restoration and stability of Bosnia and Herzegovina but the country become highly dependent on external factors. However, the international community cannot solve fundamental problems of Bosnia and Herzegovina. Only constitutional reforms that supersede the old and ineffective Dayton structure can further development and gain EU membership, but the lack of responsibility and independence is obstructing the progress.
References


