

On: 1 August 2008
Access Details: Free Access
Publisher: Routledge
Informa Ltd Registered in England and Wales Registered Number: 1072954
Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Ethnopolitics

Formerly Global Review of Ethnopolitics

Publication details, including instructions for authors and subscription information:
<http://www.informaworld.com/smpp/title~content=t713735027>

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Online Publication Date: 01 March 2006

To cite this Article: Weller, Marc and Wolff, Stefan (2006) 'Bosnia and Herzegovina ten years after Dayton: Lessons for internationalized state building', *Ethnopolitics*, 5:1, 1 — 13

To link to this article: DOI: 10.1080/17449050600579559

URL: <http://dx.doi.org/10.1080/17449050600579559>

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Bosnia and Herzegovina Ten Years after Dayton: Lessons for Internationalized State Building

MARC WELLER & STEFAN WOLFF

The Dayton Agreements have been widely regarded as both a blessing and a curse from the very beginning. More formally known as the General Framework Agreement for Peace in Bosnia and Herzegovina, the agreement was initialled, together with 11 annexes and associated documents, at Dayton, OH on 21 November 1995, and formally signed in Paris some three weeks later. The termination of active hostilities in Bosnia and Herzegovina that ensued was greeted with tremendous relief, both inside Bosnia and Herzegovina and on the outside. After all, Bosnia and Herzegovina had been subjected to an armed campaign characterized by ethnic cleansing and genocide. Over 100 000 civilians had been killed and half of Bosnia and Herzegovina's population displaced. However, there was also a sense of great reluctance. The Dayton settlement seemed to freeze the situation on the ground to the benefit of those who had conducted the armed campaign against the Bosnian state and imposed such tremendous suffering on its population. Most observers doubted whether the constitution for Bosnia and Herzegovina, contained in Annex 4 of the Agreement, could last. Instead, there was a general sense that Bosnia and Herzegovina would fall apart, as soon as the quite vast international military presence deployed to the territory was withdrawn. In short, the settlement seemed morally wrong and politically impracticable, but still necessary in order to end violence of a scale and intensity not seen in Europe since the end of the Second World War.

Against this background the obstacles to success for (re)building Bosnia and Herzegovina into a secure, stable and dependable member of the international community appeared overwhelming. In addition to its dubious moral value, given that it apparently rewarded ethnic cleansing, the agreement also lacked domestic legitimacy, but not for this reason alone. It had been negotiated in far-away Dayton, OH, on a US air force base subjected to a state of quarantine until an agreement had been hammered out. The Bosnian Serb and Bosnian Croat communities were not even direct parties to the agreement, which was instead signed by the leaders of the then Federal Republic of Yugoslavia (Serbia and Montenegro) and Croatia in their stead. These leaders, Slobodan Milosevic and Franjo Tudjman, were thus given an opportunity by the international community, albeit grudgingly, to portray themselves as the guarantors of peace and stability in Bosnia and Herzegovina, rather than as key players in, and sponsors of, the conflict during the previous three-and-a-half years. Given the inability and unwillingness of all the parties to settle the conflict peacefully among themselves, the agreement reflected

significant input from the international negotiators. Instead of creating a sense of 'local ownership', there was, not wrongly, a widespread feeling of imposition in Bosnia and Herzegovina.

A further difficulty lay in the structure of the agreement. It appeared to deny to all sides that which they had vigorously sought to achieve during the war. Republika Srpska, the mainly ethnic Serb entity, was denied statehood or association with the then Federal Republic of Yugoslavia. The mainly ethnic Croat entity had already been tied in the Washington Agreement of 1994 into an uneasy 'federation' with the mainly Muslim part of Bosnia and Herzegovina. All three communities were loosely bound together in the shape of a state that appeared to be lacking in most of the powers and institutions necessary for its functioning. At least two of its constituent communities—Serbs and Croats—thus had little if any real interest in making Bosnia and Herzegovina work as an independent and sovereign member of the international community.

In the following we will discuss three specific dimensions of the internationalized state-building process in Bosnia and Herzegovina over the past 10 years. First, we examine the complexity of the conflict settlement established by the Dayton Accords and the wide range of factors within Bosnia and Herzegovina affecting their success or failure. However, this level of analysis cannot be regarded as sufficient to achieve a full understanding of the dynamics and outcomes of the internationalized state-building process that Bosnia and Herzegovina has undergone over the past 10 years. Thus, we turn our attention to two further dimensions—the nature and mechanisms of the international community's post-1995 involvement in the country and the regional context within which this internationally driven, -resourced and -guaranteed state-building venture took place.

Our examination of these three levels of analysis—local, regional, international—and the relationships between them enables us to contextualize the individual contributions that follow this introduction and to emphasize that, while the experience of internationalized state building in Bosnia and Herzegovina may in many ways be unique, it also offers important lessons for this kind of activity, now conducted by the international community across quite a wide range of cases. Yet these are also lessons that can (and should) still be applied to Bosnia and Herzegovina both to entrench the successes of the past decade and to move forward to overcome remaining obstacles.

Conflict Settlement, Dayton Style

The chances for success—the full implementation of the Dayton Accords leading to a secure and stable state in Bosnia and Herzegovina—appeared to be bleak at best when confronted with the reality in the country and the wider region in 1995 and the years thereafter. The region was characterized by several other unresolved and interlocked self-determination conflicts (Kosovo, Montenegro and Macedonia), persisting poverty, economic crises, corruption, organized crime, and continuously high numbers of refugees and internally displaced persons (IDPs) unable to return to their homes.

Such pessimistic assessments were also shared widely in academic debates on the viability and long-term suitability of the agreements reached in Dayton. Some pointed to recent failures in ambitious international constitution- and peace-building operations, most spectacularly in the case of Somalia. Most conventional wisdom at the time would have suggested that settlements of this kind—regardless of their precise institutional arrangements—can only succeed under one of two conditions. In the first, one party to

the conflict must have achieved a decisive battlefield victory. The contest for power that fuelled the conflict thus having been essentially resolved, a settlement might then be able to support post-conflict stabilization. Alternatively, peace and stability might be possible if all parties were persuaded that a long-standing mutually hurting stalemate¹ could only be overcome through a settlement. With no prospect of victory in sight for anyone, a new constitutional consensus might then be generated.

In Bosnia and Herzegovina, neither of these two conditions was present at the time that the Dayton Accords were finalized at the end of 1995. The mainly Muslim government felt that it had been forced to settle at a time when it was finally gaining ground militarily and would have had the chance to roll back ethnic Serb forces. The latter, for their part, still felt frustrated in their main ambition of independence or integration with Serbia. The ethnic Croat group had even been denied its own formal 'entity' that would at least have given it a state-like identity akin to Republika Srpska. Instead, it was composed of an informal association of cantons that were nominally united with the mainly Muslim ones under the terms of the Washington Agreement. Accordingly, NATO's military intervention of September 1995, which led to the summons to Dayton and the eventual settlement achieved (or imposed) there, had arrested the conflict at a point when no party had either fully achieved its war aims or had been comprehensively defeated in military terms. And, while all parties had greatly suffered during the conflict, the situation on the battlefield in late 1995 was still fluid, with none of the parties convinced that its aims had become unattainable and that a settlement was preferable to continuing hostilities. Hence no mutually hurting stalemate was in evidence.

The Dayton settlement is therefore rightly seen as an example of a conflict that was not really settled when the peace agreement was concluded. Instead, the conflict had essentially remained unresolved—both on the battlefield and at the negotiating table. The big question was whether life under the settlement could take on a transformative role, whether the implementation of the agreement could resolve the issues that were left unresolved or inadequately addressed in the settlement, and whether an international peace-keeping presence could provide the essential security guarantees to allow the conflict parties to achieve this.²

Dayton therefore pioneered what one might call transformative conflict settlements, that is, agreed institutional arrangements bolstered by international security guarantees that enable the conflict parties to strive towards gradually transforming the conflict between them by peaceful, political and increasingly democratic means and to find mutually acceptable solutions for those issues that underlie their conflict. Such transformative conflict settlements are thus fundamentally different in nature from both interim and transitional settlements. Interim settlements establish the relevant secessionist unit as a constitutional self-determination entity, which, however, having won its case for self-determination in principle agrees to freeze the implementation of that right for a certain agreed period until a referendum on independence takes place in the self-determination entity whose result will be binding on both the self-determination entity and the overall state in question. Implicit in this is that, during the period leading up to the referendum, a self-governance regime is developed and applied in good faith, with a view to demonstrating that this solution sufficiently answers the requirements of the self-determination entity. Interim settlements thus differ from transitional settlements that may be agreed in instances when it is clear that secession will take place (as in the case of Eritrea's secession from Ethiopia) or when a transitional period leads to full reintegration of a previously

secessionist entity (as was the case with Eastern Slavonia in Croatia). A transformative conflict settlement, as in the case of Bosnia and Herzegovina, does not offer entities the option of unilateral secession, nor does it give the central government free reign in how it treats the self-determination entity. Rather, it establishes institutions, of a more or less permanent nature, that can trigger a complex process of socialization in relation to the elites, pushed by the ever broader bases of non-divisive community interests that develop over time. Thus the initial settlement offers the framework for accommodation of, and compromise on, the interests and demands of the conflict parties and provides the basis on which a more advanced constitutional arrangement can emerge, preserving the territorial integrity and sovereignty of the overall state.

While transformative conflict settlements thus predetermine international status, they do not, by default, establish the nature of the institutional arrangements to be set up to provide mechanisms within which the interests and demands of the conflict parties can be accommodated and compromised on within the boundaries of an existing state. And this is the point at which the architects of the Dayton constitution for Bosnia and Herzegovina were confronted with the perennial dispute between advocates of consociationalist and integrationist power sharing. Consociationalists would argue that conflict settlements need to accommodate the realities of group division, to generate space for ethnic self-governance, allow the ethnic communities to represent their interests through their respective elites as group interests, and offer protection for these interests through guaranteed representation in decision-making bodies and veto mechanisms.³ Integrationists would, on the contrary, argue that such an approach will entrench, rather than overcome, ethnic division. Instead of focusing on the maintenance of particularist group interests, one should instead offer incentives to elites to moderate their stances and offer political platforms that have broad appeal beyond one's own ethnic group.⁴

Dayton, clearly, is a consociational agreement. In fact, one might argue, Dayton represents two consociational settlements within the boundaries of a single state—the sovereign consociation of the state of Bosnia and Herzegovina and the regional consociation of the Federation. As Florian Bieber analyses in great detail in his contribution, both incorporate the classical features of consociations outlined by Lijphart more than 30 years ago: mandatory grand-coalition governments, wide-ranging autonomy (for the Republika Srpska and the cantons in the Federation, respectively), proportional representation of the relevant community groups at all levels of government, and pronounced co-decision or veto mechanisms. As Bieber emphasizes in his analysis, contrary to conventional wisdom and critiques of allegedly overly rigid consociational structures, the constitution provided by the Dayton Peace Agreement for Bosnia and Herzegovina has been surprisingly flexible and the country's institutions have evolved significantly over the past decade as a result of both the process of implementing the Dayton Agreement and moving beyond it in some key aspects. Much of this evolution has been driven by the Office of the High Representative, and been made possible by strong continued international engagement. Yet, in accordance with our assumption of the transformative nature of the conflict settlement that Dayton represents, domestic constituencies have emerged in Bosnia and Herzegovina over the past several years which invest in the institutions and the state set up according to Dayton. Gradual evolution of the institutional system, rather than large-scale changes, emphasizes the transformative effects of the institutional arrangements agreed at Dayton.

This view of the situation in Bosnia and Herzegovina benefits from taking a long-term perspective and having the advantage of looking back over a period of 10 years since the

Dayton Accords were finalized. Initially, however, critics of the consociationalist approach to institutional design appeared to be confirmed in their mistrust of such arrangements. The Bosnian institutions of governance appeared to be constantly unable to function. Elite cooperation simply did not set in for a long time. Excessive executive representation of all the main communities at all levels led to an ineffective, but tremendously bloated state apparatus. And the entities/cantons administered themselves in a way that appeared to undermine further the claim that Bosnia and Herzegovina could continue as a state.

The fragile existence of the state only seemed to be prevented from spiralling downwards into (potentially violent) disintegration by the large international military presence that provided effective security. Moreover, the Office of the High Representative, originally intended to exercise an advisory and monitoring role in relation to civil affairs, took on important functions of government where the local institutions failed to deliver. True, some important legislative and institutional reforms were possible, relating to customs, security services and a number of other significant areas. While these were invoked, at times, as an example of the local communities taking ownership of Dayton and developing their state, one also had to note that these innovations were in fact generally the result of international action.

The extent of international involvement in governance in Bosnia and Herzegovina has frequently been criticized. It has allowed the local political actors to evade the need to take political responsibility themselves, forcing the High Representative to take decisions they might regard as essential, but from which they could distance themselves in public. Moreover, the lack of local or international accountability mechanisms establishing checks and balances in relation to this exercise of public power has been frequently noted. Indeed, the source of the powers of the High Representative is legally somewhat disputable, as it appears to be rooted principally in the pronouncements of the quite informal Peace Implementation Council, rather than in a formal UN Security Council resolution adopted under Chapter VII of the UN Charter. Yet, as Rebecca Everly demonstrates, as the High Representative has come to play an increasingly active role in the exercise of governmental power, a complex system of 'public power regulation' has simultaneously developed as well. Pursuant to this system, the public power exercised by domestic governmental authorities in Bosnia and Herzegovina is regulated both through local checks and constraints (e.g. democratic elections and judicial review) and through interventions by the High Representative, who, in turn, has allowed for some regulation of his own public power by international actors and actors/institutions within Bosnia and Herzegovina. While opportunities for regulating the High Representative may at present appear quite limited, raising concerns about the legitimacy of his exercise of public power in the country, the general direction which the institutions created by the Dayton Accords have taken over the past several years would suggest that the role played by the High Representative may well be scaled back over time and allow local institutions and elites to take on more responsibility themselves.

Another obstacle to the success of the Dayton arrangement was thought to lie in the legacy of the extreme and widespread nature of the atrocities visited upon the people of Bosnia and Herzegovina. Recent literature on post-conflict peace building emphasises the importance of coming to terms with this legacy, but is ambiguous about the best mechanisms to accomplish this.⁵ Accountability issues therefore warrant special attention in any assessment of what lessons 10 years of internationalized state building in Bosnia and Herzegovina can teach us about future such endeavours. James Gow investigates this issue with special emphasis

on the strategic political role played by the International Criminal Tribunal in the former Yugoslavia. He links the progress made in the implementation of the Dayton constitution over the past several years to the determination of the international community to detain those indicted by the International Criminal Tribunal for the former Yugoslavia. This new-found determination coincided in 1997 with the decision by the Peace Implementation Council in Bonn to take a tougher stance on implementation of the Dayton Accords, equipping the High Representative with the so-called Bonn powers that allowed him, among other things, to pass binding laws and remove locally elected officials from office if they were deemed to obstruct the implementation of the Accords. As Gow rightly argues, this removed some figures from the political scene in Bosnia and Herzegovina and induced others to remove themselves, thus getting rid of some important 'personnel obstacles' without which, in Bieber's words, domestic constituencies with an interest in making Dayton work would have found it much more difficult to emerge.

Finally, many treatments of international peace-support and state-building operations tend to overlook the all-important economic dimension.⁶ Nikolaos Tzifakis and Charalambos Tsardanidis, in their contribution, discuss the efforts at economic reconstruction in Bosnia and Herzegovina since 1995. In their analysis of the reasons why, despite some success in the rehabilitation of infrastructure and the privatization of the banking sector, overall progress has been below expectations, they identify four different challenges that have yet to be overcome: institutional deficiency, political fragmentation, the creation of appropriate conditions for economic revival, and dependency on foreign economic aid. The dual task of political and economic reconstruction in war-torn societies has, in the case of Bosnia and Herzegovina, created a paradox. Tzifakis and Tsardanidis argue that, while huge amounts of economic assistance have intended to facilitate political reconciliation, the nature of the political structure established according to the Dayton constitution has in turn hindered economic recovery because it has, so far, prevented the creation of a unified economic space in the country.

One additional aspect, also touched upon by Tzifakis and Tsardanidis, is the degree to which corruption and organized crime can stifle economic, as well as political progress in a country recovering from more than three years of civil war. This issue, and what the international community has done about it in Bosnia and Herzegovina, is the focus of David Chandler's contribution. The starting point of his analysis is that corruption and good governance, rather than ethnic nationalism, are widely alleged to be the central problems facing international attempts to construct capable and legitimate institutions in Bosnia and Herzegovina. As a consequence, Chandler argues, the international community has prioritized anti-corruption and good governance initiatives, but he remains sceptical about the extent to which such policies have, in fact, rebuilt public trust in the institutions in Bosnia and Herzegovina. He concludes, similarly to Everly, that such public trust in institutions can only be restored when the international administration allows meaningful public participation and public accountability.

International Presence, Brussels Style

With the end of the Cold War a fundamental premise of the European security architecture had changed: collective security was no longer something to be achieved, in large part at least, through deterrence and the threat of mutual annihilation should a military confrontation between NATO and the Warsaw bloc occur. As the risk of war between states was

greatly diminished, that of conflict within them dramatically increased. While the main building blocks of Europe's cold war security architecture—the North Atlantic Treaty Organization (NATO), Organization for Security and Co-operation in Europe (OSCE), Western European Union (WEU), United Nations and Council of Europe—survived easily into the 1990s, they needed to develop new and more effective instruments and policies to address the challenges of a changed security situation. The EU (until 1995, the European Community (EC)), in particular, while aspiring to become a major security provider, did not even have a particularly clear role in this emerging security architecture. The task for the EU was easier and harder at the same time: it had to define its own role in conflict prevention and crisis management and carve out its own space in an already crowded field at a time when all the established players were about to adjust to a fundamentally changed situation.

The EU's and everyone else's failure to prevent the violent disintegration of the former Yugoslavia, and to deal quickly and effectively with the cascade of wars and human suffering that followed in its aftermath, can be seen, in retrospect, as a formative factor in the creation of a new cooperative security architecture, characterized by task- and burden sharing, that has begun to emerge in the 21st century. Within this new European security architecture the EU occupies a central role. Numbering 25 member states in 2004, strengthened in its political weight through the ongoing enlargement, accession and association process, and diplomatically and militarily more capable as a result of the development of its security and defence identity and policy, the EU has become the essential guarantor of peace and stability in the Western Balkans. This role involves military and police missions, economic aid programmes, and a broader process of promoting democracy and market economies linked to the carrot of EU membership.

The European Union Police Mission (EUPM) in Bosnia and Herzegovina, established on 1 January 2003, is the first ever mission launched as part of the European Security and Defence Policy (ESDP) and as such falls under the Union's civilian crisis management operations. It is also part of a comprehensive programme of measures aimed at establishing and stabilizing the rule of law in Bosnia and Herzegovina and is envisaged to accomplish its tasks by the end of 2005. It is the successor of the United Nation's International Police Force and, although it is led by the EU and more than 50% of its annual €38 million budget is provided directly by Brussels, mission personnel consists of over 500 police officers from 33 countries, including the EU 25. Roughly 80% (441) of the personnel are supplied from EU countries with France, Germany and the UK the largest contributors, while the remaining 20% are police officers from third countries, with Turkey the largest contributor from this group. From an international legal perspective, EUPM derives its legitimacy in part from Security Council Resolution 1396 of 5 March 2002 and an earlier decision by the Steering Board of the Peace Implementation Council on 28 February 2002 to accept the EU's offer to provide the police mission following the end of the mandate of the UN Mission in Bosnia and Herzegovina (UNMIBH).

In a European Council Joint Action, adopted on 11 March 2002, Heads of State and Government agreed to the terms of the EUPM and its political and strategic goals, including:

- “to preserve. . .the existing levels of institutional and personal proficiency”;
- “to enhance, through monitoring, mentoring and inspecting, police, managerial and operational capacities”;

- “to strengthen professionalism at a high level within the ministries as well as at senior police officer levels”;
- “to monitor the exercise of appropriate political control over the police”.

Given the current challenges to the rule of law in Bosnia and Herzegovina, the EUPM has two priorities—fighting organized crime and ensuring the security of returnees. Apart from technical and professional assistance and training, EUPM is therefore also involved in the creation and consolidation of institutional structures that will enable local police forces to achieve better results in the fight against organized crime and in protecting returning refugees. As such it makes a contribution to the overall institution-building process begun with the Dayton Accords in 1995.

On 12 July 2004 the European Council (2004a) decided to take over responsibility from NATO for securing the conditions for the implementation of the Dayton Peace Agreement in Bosnia and Herzegovina. Following a Council Decision in November of the same year (European Council, 2004b), Operation Althea was launched, marking the transition from a NATO-led SFOR to an EU Force (EUFOR). In the medium term the operation is meant to support Bosnia and Herzegovina’s progress towards EU integration, initially with the aim of concluding a Stabilisation and Association Agreement. This, in turn, is to contribute to the long-term objective of peace and stability in the country and its eventual accession to the European Union.

Perhaps more than any other ESDP operation by the EU to date, Operation Althea exemplifies the importance of cooperation among the international organizations making up Europe’s security architecture. The European Council’s decision in July 2004 to take over from NATO in Bosnia and Herzegovina was only possible following the work of NATO’s SFOR in the country and the resulting improvements in the general security environment that led NATO Heads of States and Government to decide at the Istanbul Summit in June 2004 to end their operation and prepare for a transfer of responsibility to an EU-led mission in the context of the so-called ‘Berlin Plus’ arrangements.⁷

The regional element in the EU’s approach also means coordination with other international organizations active in the Western Balkans. This relates primarily to the UN and the OSCE, both of which continue to play a role in Bosnia and Herzegovina. EUFOR operates on a Chapter VII mandate, and in a resolution of November 2004 the UN welcomed the EU’s intention to launch an EU military operation and authorized those UN member states “acting through or in co-operation with the EU to establish for an initial planned period of 12 months a multinational stabilization force (EUFOR) as a legal successor to SFOR. . . to take all necessary measures to effect the implementation of and to ensure compliance with Annexes 1-A and 2 of the Peace Agreement”. It recognized their right “to take all necessary measures to defend themselves from attack or threat of attack” (United Nations Security Council, 2004).

In addition, the EU closely coordinates actions taken under its military mission—Operation Althea—with those taken under its police mission—EUPM. As both these operations are meant to contribute to the full implementation of the Dayton Peace Agreement, cooperation is also essential with the Peace Implementation Council and the Office of the High Representative. This is, among other things, assured by the fact that the EU’s Special Representative for Bosnia and Herzegovina also serves as High Representative.

No matter which perspective one takes on the EU's role in Bosnia and Herzegovina and the wider region of the Western Balkans, it remains the largest donor and the organization with the biggest presence throughout the region, having contributed significantly, partly in cooperation with third parties, to the stabilization of the countries there and to their reconstruction to date.

The EU's relative success of late in the Western Balkans has its sources not only in improved crisis management capabilities compared with the 1990s. The distinct advantage that the EU has in this region is that its policy of conditionality is so much more effective *vis-à-vis* countries where the promise of closer association with, and potentially accession to, the EU is credible and where both political elites and the general public are ready to make compromises in order to attain what many believe to be a panacea for all their problems. In other words, the relative post-1995 success of EU crisis management in the Western Balkans must be seen in a larger context, in which crisis management is only one element in a comprehensive approach to a region. As Javier Solana pointed out as early as 2000, "the European Union is uniquely placed for comprehensive action in the Western Balkans" and is "the only institution capable of comprehensive action, ranging from trade, economic reform, and infrastructure, humanitarian assistance, human rights and democratisation, justice and police to crisis management and military security" (Solana, 2000). Without the clear long-term commitment of the EU to the Western Balkans, the incentives for political elites and the various ethnic groups they represent would be less powerful and thus the Union's ability to elicit short- and long-term compliance, which has been a major factor in the success of its crisis management operations so far, diminished.

The stabilizing influence that the EU, in cooperation with other international governmental and non-governmental organizations, has had overall on Bosnia and Herzegovina, and on the region of the Western Balkans more generally, has thus been a key factor in shaping an overall environment in which the hopes connected with the transformative nature of the conflict settlement achieved in Dayton in 1995 have begun to materialize.

Regional Context, Balkan Style

As the above discussion on the role of international factors in the political and economic developments in Bosnia and Herzegovina over the past 10 years has indicated, it is difficult, if not downright impossible, to understand the dynamics of internationalized state building without reference to the regional context of the Western Balkans.

Following the collapse of communism in Central and Eastern Europe in the late 1980s and early 1990s, what used to be called Yugoslavia gained notoriety as one of the most intensely violent incidents of state disintegration in modern European history.⁸ The wars of Yugoslav succession throughout the 1990s—from the brief skirmishes in Slovenia to the NATO air campaign against Serbia in the context of the Kosovo conflict—resulted in tens of thousands of people dead and hundreds of thousands displaced. The legacy of communism, ethno-nationalist mobilization and war have left their unmistakable mark on the region, creating a complex situation in which multiple factors interact with each other to shape the environment where the internationalized state-building effort in Bosnia and Herzegovina has progressed over the past 10 years. This legacy includes:

- overlapping, multiple, and not completely resolved self-determination conflicts in

Bosnia and Herzegovina, Kosovo, Macedonia and Serbia and Montenegro, increasing the requirements on the international community to manage the distinct yet inseparable conflicts and crises emerging therefrom;

- economic and political instability in the region as a whole, resulting from, *inter alia*:
 - incomplete, or only partial implementation of, reforms of the economic system on the way to a market economy;
 - the incomplete process of democratization, whose institutions function only to a limited degree;
 - lack of sufficiently well trained and motivated civil servants and other state employees caused by a skills and brain drain to the West and the private sector;
 - the high degree of (transnational) organized crime and corruption;
 - an insufficiently developed and independent cross-community civil society;
- dependence upon actors in the international community and their own priorities, which are, increasingly deliberately, accepted, thus reducing local political capacity at all levels and across all sectors;
- the initial lack of flexibility of institutions established with international mediation or pressure, whose democratic legitimacy and output efficiency is only of late and only gradually increasing in the eyes of important local constituencies;
- the fluidity and volatility of the situations in Macedonia, Kosovo and southern Serbia, the undetermined future constitutional status of Kosovo in relation to Serbia and Montenegro and of Serbia and Montenegro itself, and the initially very slow process of institutional reform in Bosnia and Herzegovina;
- unresolved issues related to the roughly 400 000 remaining refugees across the former Yugoslavia.

Given this explosive mix of factors, which, under 'normal' circumstances, would in all likelihood facilitate widespread domestic and regional conflict, it is surprising that, since the end of NATO's air campaign against Serbia in 1999, violence has been either prevented or locally contained. Factors that have influenced this include:

- a massive international presence in the form of peacekeeping troops, and of international governmental and non-governmental organizations and their financial, material and human investment in the region;
- the work of these international actors with local elites and non-governmental organizations, employing the principle of conditionality with development aid and the direct exercise of pressure;
- the fixation of elites in the region on membership in, or close association with, international organizations (such as the EU, NATO, OSCE, Council of Europe) and thus their preparedness to accept conditions imposed upon them;
- a certain degree of popular resignation *vis-à-vis* local and international politicians and political entrepreneurs, especially in the face of high levels of organized crime, corruption, desolate economic conditions and, in many places, stagnant or even deteriorating living standards.

The relatively bleak picture painted by this brief characterization of the regional context, however, glosses over a number of important local differences. For example, Bosnia and Herzegovina's gross national income per capita has more than tripled since 1995 from

under \$2000 at the end of the war to over \$6000 in 2003. While this is still behind Croatia (above \$10 000), it compares well with Macedonia, which did not experience a devastating civil war on the scale of Bosnia and Herzegovina. By the same token, there is little indication in Bosnia and Herzegovina at the moment that the country's territorial integrity is in serious jeopardy from within, which is in marked contrast to its eastern neighbour, Serbia and Montenegro. Here, not only does the country face an upcoming referendum on the continuation of the union between its two constituent republics, but 2006 is also the year in which final status talks on Kosovo are set to commence. Without passing premature judgement on the outcome of these two processes, if there were to be further changes in the international boundaries in the region, destabilizing effects on Bosnia and Herzegovina, as well as on Macedonia and possibly Albania, cannot be wholly excluded.

Importantly, thus, the regional context in which Bosnia and Herzegovina has seen remarkable progress over the past several years in its institutional development may yet again prove a difficult challenge for the country's future. The consequences of historically grown and contemporary connections, be they of an ethnic, linguistic, cultural, economic, social or political nature, across a region that has spent most of the past century as a single state, are important factors in determining the outcome of the internationalized state-building process. More so than anywhere else, the European Union seems to have recognized this important regional dimension to its engagement with Bosnia and Herzegovina and its neighbours. The regional approach to the Western Balkans championed by the Union, partly in cooperation with other relevant players, has been a key factor in making possible what stability and recovery has been achieved in Bosnia and Herzegovina, and the region more generally, since 1995. While the analysis of this regional context above clearly indicates that major challenges remain, it also demonstrates that any individual country policy that ignores the regional context is doomed to fail. To the extent that conflict transformation in Bosnia and Herzegovina will eventually succeed, this will in part also have been the result of progress on the remaining obstacles within the region that impede all countries' developments into fully functioning democracies and prosperous market economies.

Lessons, Bosnia Style?

Overall, then, where are we left when considering the experience of Bosnia and Herzegovina over the past 10 years? The circumstances for the settlement were extraordinarily difficult. Nevertheless, some progress has been made in enhancing the institutions of governance, including those of the central state. But are these advances sustainable, or will they collapse as soon as the international agencies remove their military presence and their civilian governance mission?

There have been encouraging signs in this respect recently. During the concluding months of 2005 the Bosnian parties have set about negotiating constitutional revisions. These include important changes to the operation of the central Council of Ministers, the Presidency and the House of Peoples. Moreover, additional provisions for human and minority rights are to be made. While agreement on these points has now been reached at a political level, it needs to be recast into constitutional amendments that must be adopted before the end of March 2006, in view of the upcoming elections in the autumn. Hence the success or failure of this ambitious reform project will provide an authoritative indication as to whether or not the parties are ready to take responsibility

for their country, and whether they are willing to develop Dayton into a system of governance on a par with the requirements of the European Union.

If this project succeeds, Dayton will have demonstrated the transformative power of peace agreements that might be substantively flawed and, in the view of some, excessively consociationalist. Yet, if Bosnia and Herzegovina succeeds further in the gradual transformation process of its institutions, this could be an indication that what might initially seem excessively consociationalist is, in fact, necessary to assure communities and their political representatives that they can engage in political processes with their erstwhile enemies on the battlefield without fear of losing politically what they did not lose militarily.

Another equally important lesson is that there is nothing absolutely permanent about even as rigid a consociational design as the one adopted by the Dayton constitution. Coupled with strong international involvement and security guarantees, and complemented by strong individual human and minority rights provisions, consociational designs have proven their immense value as transformative institutional designs, which, rather than permanently entrenching adversarial ethnic identities, instead generate the space and time necessary to enable the parties to move beyond some of the initially necessary rigidity of institutions aimed at protecting weaker parties in conflict settlements.

Internationalized state building can thus only serve the stabilization of states emerging from conflict well if it draws on a well balanced approach of consociational techniques, moderated by integrative policies, tempered by a wider regional outlook and sustained by resourceful and skilled international involvement. The experience of Bosnia and Herzegovina may not have scored full marks in all of these categories, but even, and perhaps especially, where the internationalized state-building effort has lacked effective policies, important lessons can be gleaned for other similar contemporary and future challenges that the international community will no doubt have to face.

Notes

1. The term 'mutually hurting stalemate' was coined by I. William Zartman. For an overview of its meaning and the implications of the concept for conflict management and settlement, see Zartman (2001).
2. The importance of this latter point is emphasized by among others Barbara Walter (2002). See also Stedman *et al.* (2002), and Paris (2004).
3. Cf. Lijphart (1977) and McGarry & O'Leary (2004).
4. See Horowitz (1985), Reilly (2001) and O'Flynn & Russell (2005).
5. See, for example, Borneman (2002; 2003), Chapman & Ball (2001), Hayner (2001), Kritiz (1995) and Wilson (2001).
6. For one of few notable exceptions, see Pugh & Cooper (2004).
7. This was in many ways similar to what had happened one year earlier in relation to the EU's Operation Concordia, which took over from NATO's Operation Allied Harmony in Macedonia.
8. The literature on these conflicts is vast. Examples of good accounts are Allcock (2000), Bieber & Daskalovski (2003), Carmichael (2002), Chandler (1999), Bose (2002), Judah (2002), Liotta (1999; 2001), Weller (1999) and Woodward (1995).

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