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Anti-Corruption Strategies and Democratization in Bosnia-Herzegovina

DAVID CHANDLER

There is an international consensus that corruption undermines the democratic process and the legitimacy of government. Anti-corruption strategies are increasingly becoming an integral part of democratization programmes in non-western states. Where there are doubts over the effectiveness of these programmes they have tended to be expressed in relation to the level of social and economic development necessary to ensure a separation between private and public spheres. The experience of extensive international anti-corruption policies in Bosnia provides an opportunity to assess the relationship between anti-corruption initiatives and democratization in the European context. Taking a broad systemic approach to tackling political corruption, it was assumed that international policy in this area could strengthen the authority of democratic political institutions, encourage public participation and rebuild relations of trust within and between communities. This study of the impact of systemic anti-corruption strategies focuses on the effectiveness of these initiatives in meeting democratization goals. The results have been disappointing. The reasons for this may lie in the initial assumptions, not because they assume a higher level of social and economic development than Bosnian society has attained but because they have a narrow reductive view of the political process.

Introduction

In November 1995 the Dayton Peace Agreement ended the Bosnian war and established the framework of the new Bosnian state. This involved several levels of representative government including central state institutions, the two entity-level bodies, the Muslim-Croat Federation and Republika Srpska, district cantons within the Federation and municipal bodies across Bosnia. As well as elected bodies, Dayton established a framework of international political regulation through the Peace Implementation Council (PIC) of 55 governments and international organizations that sponsor and direct the peace implementation process. The policies of the PIC are implemented in Bosnia by the Office of the High Representative (OHR) which can impose legislation and dismiss elected politicians.¹ Over the last five years the mandate of the OHR has expanded and assumed a key role in maintaining the legislative and institutional framework of the state.

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At its Brussels meeting in May 2000 the PIC produced a programme for the next phase of the peace process in Bosnia, marking a significant shift in priorities, focusing on strengthening the institutional, legal and administrative capacities of the Bosnian state institutions.² To enable Bosnia to meet European Union (EU) entry requirements, of having an integral and independent state, Bosnian representatives were to begin to assume ownership over the day-to-day running of the state from international community officials. Wolfgang Petritsch, who assumed the post of High Representative in the summer of 1999, has regularly stressed the key importance of Bosnian ownership of the political process.³ Heads of other international institutions involved in the democratization process, such as the Organization for Security and Co-operation in Europe (OSCE) have argued that now is the time for 'the elected officials to take ownership of the peace process' and for Bosnian citizens to 'take ownership of their own future'.⁴

The Office of the High Representative has highlighted political corruption as the major barrier in the way of Bosnian self-government.⁵ In 1999 and 2000, high-profile statements from the State Department of the United States government have asserted that 'the problem of corruption is undeniably one of the prime obstacles to achieving the goals set forth at Dayton'; the US has 'made fighting corruption a central focus of Dayton implementation' and the 'highest priority' for the international community in Bosnia.⁶ While the problem of corruption is not unique to Bosnia, many policy-advisers argue that the problem in Bosnia is more severe due to the unique circumstances of the war and resulting fragmented nature of the Bosnian polity. David Dlouhy, Director of the State Department's Office of Bosnia Implementation, informed the House of Representatives Foreign Relations Committee, in September 1999, that:

[D]uring the war, the nationalist warring parties took advantage of the breakdown in government structures to gain control of large parts of the Bosnian economy. This economic power enabled, and continues to enable, the large mono-ethnic parties to sustain their party apparatus and exert their influence at all levels of society.⁷

For Dlouhy and the US State Department anti-corruption initiatives were an essential aspect of international democratization strategy, crucial for the development of 'true democracy where rule of law and not rule of nationalist party politics reigns'.⁸ The OHR states that 'corruption ... undermines the very legitimacy of government and public confidence in democracy'.⁹ The highlighting of corruption as a barrier to democracy and the internationally-managed democratization process in Bosnia, reflects the growing international consensus that corruption undermines political institutions by weakening their legitimacy and accountability.¹⁰ Political corruption

substitutes private interests for public interests and in so doing damages democracy by undermining trust in public institutions which depends on both the equal treatment of citizens and the openness of decision-making.

The development of anti-corruption strategies as a component part of international programmes for democratization, let alone 'good governance' and anti-poverty strategies, is a fairly recent one. Corruption hardly figured in international discourse prior to the 1990s. During the last decade major world powers and international agencies, such as the International Monetary Fund, World Bank, United Nations, Organization for Economic Co-operation and Development, the G7 group of industrialized nations and the European Union, have increasingly focused on the problem of corruption.¹¹ For many commentators there is an assumption that anti-corruption strategies fit closely with the aims of democratization and can be effective in increasing the accountability of state institutions and revitalizing networks of trust in civil society.¹² Internationally-led anti-corruption initiatives have generally been applied to non-western states, and there have been relatively few empirical studies into the impact of these strategies and their relation to the broader process of democratization.¹³ The studies that have been made in this area tend to suggest that where these strategies have failed to achieve their goals, this has been due to a false assumption of western levels of social and economic development which enable a clear division between the public sphere of government and the private sphere of sectional interests.¹⁴ The conclusion is that the policies themselves are valid, but that western democratic systems and the clear separation between private and public are not possible where there is a low level of marketization and a weak state sphere.¹⁵

Over the last three years a high international profile has been given the development and implementation of an internationally co-ordinated anti-corruption strategy in Bosnia. This experience allows anti-corruption strategy to be tested in a European context and may shed further light on the role that policies in this area can play in the democratization process. This article attempts to assess how international anti-corruption strategies have inter-linked with the international community agenda of democratization, particularly regarding strengthening collective state institutions and giving greater ownership over the political process to Bosnians themselves. The following sections consider the problem of corruption, international community responses, especially in relation to public awareness and institution-building, and the questions arising from this experience.

Corruption

The role of corruption in preventing democratization in Bosnia was first highlighted in July 1997 when Britain's Foreign Secretary Robin Cook

accused nationalist politicians on all sides of a failure to tackle customs irregularities and the black market.¹⁶ The problems of customs collection were explicitly linked to the democratic framework as Cook suggested that this was a political manipulation designed to undermine 'the ordinary peoples of Bosnia's right to accountability'.¹⁷ Within a month the corruption issue was transformed as policy non-governmental organizations (NGOs), like the International Crisis Group, also called for the OHR to take action in this otherwise neglected area.¹⁸ In response to this pressure, the High Representative's Office proposed to establish an Anti-Fraud Unit. This was endorsed at the December 1997 Peace Implementation Council forum in Bonn and the Unit was established within the OHR Economics Department in April 1998.

The anti-corruption NGO Transparency International's March 1998 Bosnia survey reported that the creation of criminal centres of power and the political framework inherited from the communist regime had meant that the 'style of government is essentially top-down, with "rule of party" rather than "rule of law", and an absence of accountability and transparency let alone a culture of consultation and consensus building'.¹⁹ The 'rule of party' was held to undermine the new institutional structures established by Dayton and necessary for self-government. Corruption was not only blamed for the lack of democratization but also for the international community's failure to entice foreign investment, necessary to free Bosnia from international assistance.²⁰ The *New York Times* alleged in August 1999 that 'As much as a billion dollars has disappeared from public funds or been stolen from international aid projects through fraud carried out by Muslim, Croat and Serbian leaders who keep Bosnia rigidly partitioned into three ethnic enclaves'.²¹ According to Peter Singer, writing in the *World Policy Journal*, in Bosnia 'the true power brokers are an ultra-rich elite at the helm of combined political/economic/criminal networks' who dominated 'a veiled structure of domestic control which hinders international efforts at reform in all areas and at all levels'; he concluded that 'the result is that the rule of party comes before rule of law'.²²

In July 2000, the US Congress General Accounting Office (GAO) report into corruption in Bosnia concurred that the root cause of corruption was Bosnia's political leadership.²³ Harold Johnson, GAO's Associate Director, responsible for preparing the report, argued in Congress that there was little evidence that US strategy adequately addressed 'the underlying causes of corruption and lack of reform, namely the continued obstructionist behaviour of hard-line nationalist political leaders'.²⁴ Jacques Klein, the UN's Special Representative to Bosnia, claimed that 'Dayton stopped the violence, but it did not end the war, and the war is still being fought bureaucratically through obfuscation, delay and avoidance by a group of

leaders who do not want to lose power'.²⁵ He was supported by Richard Holbrooke, US ambassador to the United Nations and architect of the Dayton Agreement, who spoke out on the eve of the November 2000 elections accusing Bosnia's leading politicians of being 'crooks pretending to be nationalists'.²⁶

From the beginning, the discussion of corruption in Bosnia has linked the nationalist political leaderships to criminal elements involved in tax and customs evasion. However, where corruption claims have been investigated there has been relatively little evidence of the involvement of leading political parties. In fact surprisingly, the OHR and other international bodies have at no point produced a comprehensive report documenting the extent of corruption and fraud in Bosnia and Herzegovina.²⁷ As Sam Gejdenson argued at the House of Representatives International Relations Committee in September 1999, one of the problems with addressing the issue has been 'exaggerated guesstimates of corruption figures and misidentified reports'.²⁸ Gejdenson, the leading Democrat on the Committee argued that the problems had been 'grossly overstated' and that Bosnia was facing the same troubles as other emerging democracies.²⁹

The US Government's General Accounting Office's July 2000 report found no evidence to support the *New York Times*' claim that American or international aid was 'being lost to large-scale fraud or corruption'. One of the main examples of losses was the US embassy's loss of \$900,000 in operating funds due to the failure of the bank holding these assets. Out of the total of \$1,000 million, spent on Bosnia since 1995 by the US government, this was a very small proportion, less than 0.1 per cent, and it was believed that the full amount could be recovered.³⁰ Nevertheless the GAO report also suggested that crime and corruption were endemic at all levels of Bosnian society.³¹ This was not based on hard evidence of endemic corruption but 'a near consensus opinion among officials we interviewed' that endemic crime and corruption threatened Dayton implementation.³² Similar subjective anecdotal evidence is produced regularly, along the lines of Transparency International interviews whose findings operate on the basis of general 'perceptions' of corruption.³³ The OSCE Citizen Outreach Campaign Anti-Corruption Opinion Poll in 2000 asked questions like 'do you believe that corruption exists in Bosnia and Herzegovina?', asked people to gauge the level of corruption from 'endemic' to 'insignificant', and 'is corruption affecting the continuing development of Bosnia?'³⁴ Earlier subjective opinion poll evidence of corruption, such as that conducted in December 1999 by the US State Department, indicated that over 50 per cent of Bosnian citizens believed corruption was prevalent in government and business. However this is consistent with similar polls in Central and Eastern Europe.³⁵

The main evidence of political collusion seems to be the claim that 'Bosnian authorities may be using the foreign donations to make up for income the government has lost to crime'. According to the GAO this could be 'hundreds of millions of dollars'.³⁶ The International Monetary Fund (IMF) estimates that the bulk of this is due to black-marketing of cigarettes, with an estimated \$230 million lost annually.³⁷ More often figures for corruption are not even 'guesstimates' of the level of tax and customs evasion but established simply on the basis of the budget deficit made up by the international administration, the Dutch ambassador to the UN therefore puts the annual figure at \$500 million.³⁸ Of course, tax or customs evasion is hardly unique to Bosnia. In Britain the estimated loss to the tax-payer from cigarette smuggling alone is estimated at far more than in Bosnia, at £4 billion (equivalent to \$5.6 billion) annually, however no commentators have considered this to be 'corruption'.³⁹ However, even at this level the facts are not clear concerning a lack of local commitment on the issue. Allan Wilson, General Manager of the International Customs and Fiscal Aid Organization Office in Banja Luka stated that the international monitors were 'impressed with the achievements of the Sector for Customs Frauds of the [Srpska] Republic Customs Administration, obtained in spite of the shortage of personnel'.⁴⁰ While Bosnian Federal police in Tuzla Canton developed a compendium of case files running to 5,500 pages.⁴¹

From the available evidence the political ties to corruption, assumed by the international community policy-makers, are yet to be conclusively established. In September 1999 the Federation Government established a Commission of International Legal Experts to investigate international press allegations of political corruption, consider the cause and extent of corruption, and to recommend measures to improve anti-corruption efforts. The Commission reported in February 2000, concluding that 'the nature of corruption in Bosnia is not ... systematic corruption organized by all three sets of "nationalist leaders"'.⁴² The International Commission stated:

The types of corruption and organized crime afflicting Bosnia are similar to those that afflict other Central and East European states and states of the former Soviet Union, where they are endemic at the domestic level. They relate primarily to tax evasion, customs evasion, and misappropriation of domestic public funds. In Bosnia, they are augmented by the fact that a significant volume of illicit and contraband goods passes through the country on their way to Western Europe ... The Commission found no reliable, quantitative estimate of the total level of corruption in the Federation. It may be, however, that the level and type of corruption in Bosnia differ from their Central and Eastern European neighbours in a number of important ways.

According to some NGO workers familiar with the problem in these countries, corruption in Bosnia is 'bush league' by comparison, and neither as highly organized nor as sophisticated.⁴³

From the evidence assessed by the International Commission, it would appear that the most effective strategy for tackling the problems of budgetary deficits through tax and customs evasion would be through assisting Bosnian police, prosecutors and judges with the resources to investigate cases with the support of the United Nations Mission in Bosnia Herzegovina International Police Task Force (IPTF) and the European Commission's Customs and Fiscal Assistance Office (CAFAO) programme. However, international anti-corruption strategy is not designed only to deal with corruption at the level of major crime. It also aims to introduce mechanisms of good governance and increasing transparency, to strengthen the workings of Bosnian government institutions, and to inform and encourage the public, to enhance their role in enforcing democratic accountability. It is these aspects of 'systemic' anti-corruption strategy, rather than international support for criminal 'case' work, that this article seeks to examine.

International Strategy

The Luxembourg Peace Implementation Council Steering Board, meeting in June 1998, encouraged the OHR to co-ordinate the international community in implementing a highly regulatory anti-corruption strategy. The Madrid PIC meeting in December 1998 reiterated concerns regarding a comprehensive anti-corruption strategy:

The Council expresses deep concern about continuing corruption and evasion of public funds. It welcomes the High Representative's development of a comprehensive anti-corruption strategy which will ... provide the framework necessary to identify, develop and implement changes in the structure and procedures of government, to significantly reduce corrupt activities and to establish a public awareness program ... The High Representative will take the lead in co-ordinating International Community efforts aimed at eliminating opportunities for corruption, tax evasion and diversion of public revenue; ensuring transparency in all phases of governmental operations; strengthening the legal system and the judiciary; and implementing control mechanisms and appropriate penalties to ensure compliance. A key component of the strategy will be to develop a public awareness campaign to educate citizens about the deleterious effects of corruption on their lives and on society.⁴⁴

In February 1999 the Unit launched its 'Comprehensive Anti-Corruption Strategy' defining corruption, using the World Bank definition, as 'the abuse of public office for private gain'.⁴⁵ The OHR's 'Comprehensive Anti-Corruption Strategy' was approved by the Peace Implementation Steering Council and closely involved the United Nations, European Commission, the World Bank, US Treasury, US Justice Department and US Agency for International Development. There was a two-track approach to deal with systemic political corruption, in addition to the individual case approach, providing assistance to the investigation and prosecution of major criminal cases. This emphasis on the systemic approach sought to address the 'confluence of factors' outlined by David Dlouhy at the end of 1999, in particular the influence of 'nationalist party structures that took root during the war' and 'Bosnian mindsets formed by years of autocratic and communist rule'.⁴⁶

The Comprehensive Anti-Corruption Strategy sought to address 'Bosnian mindsets' through education and public awareness campaigning. According to the OHR: 'An informed citizenry is crucial for the success of any anti-corruption program. If the public is apathetic towards corruption and accepts it as an inevitable presence, efforts to alleviate corruption will be futile.'⁴⁷ The problem of nationalist party dominance was to be approached by establishing mechanisms to safeguard governing structures from the influence of nationalist parties, ensuring transparent financial management with strict control and monitoring of public revenue, tax and customs regulation. The work of government itself was to be closely monitored by parliamentary commissions, audit institutions and transparency offices.

Public Awareness

The systemic anti-corruption strategy involves a high level of international involvement in public education and political awareness to facilitate greater public involvement in the political process. As James Pardew states:

Our strong preference would be that the Bosnians undertake the changes themselves because it is clearly in their long-term, collective self-interest to do so. To promote that kind of thinking, we set a high priority on promotion of independent media, support of open and transparent elections, and encouragement of pro-reform and pro-Dayton leaders and political candidates, regardless of ethnic background or party.⁴⁸

Christopher Bennett and Gerald Knaus argue: 'Most Bosnians are aware how corrupt their leaders are and secretly support international efforts to restructure their country. But given their dependency on the current system,

they are not yet ready to demand reforms, transparency and accountability.⁴⁹ According to David Dlouhy: 'democratic concepts of accountability to the public and transparency are not yet second nature to most Bosnians.'⁵⁰ The Commission of International Legal Experts asserts that institutional change has 'outpaced the salutary but slower progress made in individual and collective assimilation of the panoply of habits of character and values that liberal democratic and free market institutions entail'.⁵¹

The public education campaign is premised on the assumption that the people of Bosnia are unaware of their real interests in this area and therefore in need of education by their international administrators. This need for increased awareness about the issue of corruption is seen to fit in with broader democratization aims of replacing the political salience of ethnicity with themes which cut across ethnic lines. In fact, the two questions have become increasingly interlinked, with electoral support for the leading nationalist parties seen as an indicator of public attitudes towards corruption. For this reason the international institutions involved in the Bosnian political process have heavily emphasized the question of political corruption in the run-up to recent elections. As the OHR states, 'only when citizens recognize corruption and are aware of its effects, will they be able to make the correct choices at the ballot box'.⁵² It would appear that the anti-corruption strategy is a highly politicized one. According to Peter Singer, the anti-corruption issue has a central role to play in the democratization process and is the strongest card the international community has in encouraging political opposition to the leading nationalist parties:

[T]he one issue that has consistently motivated Bosnian voters to turn against the ethnic-nationalist parties is graft – when it is fully exposed. Voting for reconciliation with 'the enemy' is one thing, but it is a lot easier to abandon party allegiances in order 'to get rid of those thieves'. In fact, one of the major achievements of the West was engineering the removal of the hard-line SDS (Serb Democratic Party) from power in Republika Srpska. This came not because of public disgust with the party's nationalist program but because its overwhelming corruption was revealed and publicized. Exposing, condemning and removing corrupt officials from power is one of the few points of leverage against the nationalists that is popular with the typical Bosnian on the street. Anti-corruption is the best multiethnic issue of all.⁵³

The OHR asserts that: 'The ultimate success of the battle against corruption will be determined by the political will of the citizens of Bosnia and Herzegovina and the expression of that will in the election of their leaders.'⁵⁴ To this end the OHR makes 'public awareness' a central pillar of

its anti-corruption strategy, stating: 'All segments of society, from children in primary school to the business community and government officials, must be made aware of both the nature and consequences of corruption.'⁵⁵ The second phase of its public anti-corruption awareness campaign was timed to coincide with the November 2000 general elections. Comprising five television episodes, ten radio spots, 60 jumbo posters and 80,000 comic books and an animated video clip the message is to 'inform citizens about how they can become involved in the fight against corruption, by insisting on their right to a responsible, accountable government'.⁵⁶ To encourage informed awareness the central campaign slogan is 'Gdje idu nase pare?' 'Where is our money going?'⁵⁷

The role of encouraging non-nationalist parties has fallen largely to the OSCE, responsible for organizing elections in Bosnia. In the run up to the November 2000 general elections the OSCE went into full swing to attempt to 'raise citizens' awareness of corruption, thus allowing voters to make an informed choice at the polls'.⁵⁸ In order to facilitate 'an informed choice', on 15 September the OSCE launched its own anti-corruption campaign, scheduled to run until the eve of polling on 10 November.⁵⁹ However, raising public awareness did not involve specific allegations of corruption. According to the OSCE's 'Anti-Corruption Campaign Frequently Asked Questions' information sheet, the OSCE focuses on speaking out against corruption in general by voting for 'anti-corruption' candidates.⁶⁰ The Civil Society Anti-Corruption Public Outreach Programme organized by local internationally-funded NGOs and OSCE 'Community Facilitators' set up radio shows, public tribunes, roundtable discussions and public meetings covering the whole territory. The OSCE's campaign was clearly targeted at providing support for opposition parties who were seen likely to gain through 'raising awareness' about government corruption. OSCE Head of Mission, Robert Barry, felt little need to involve the main political parties, who were expected to lose-out through this work: 'We do not expect much support from the authorities playing a major role in all this, but we do expect they will no longer exist after November 11.'⁶¹

The fact that Barry expected little support from the main parties was not surprising. While all Bosnian parties condemned corruption, the international education and public awareness campaign has created opposition from leading Bosnian politicians. It was in the context of publicizing political corruption, both internally and internationally, that Chris Hedges from the *New York Times* was invited to a briefing by the OHR Anti-Fraud Unit to highlight its work.⁶² The result was a catalogue of misrepresentations that increased international pressure on Bosnian institutions and brought an angry response from the Bosnian President Alija Izetbegovic that its goal was to slander the Bosnian government.⁶³

Despite the extensive publicity given to anti-corruption themes by the OHR and the OSCE, the November 2000 general elections resulted in the nationalist parties doing better than the international administration had expected.⁶⁴ The regular press features on international findings that 'corruption is commonplace in all aspects of life' had not led to a change in voter preferences.⁶⁵ In the Muslim-Croat Federation the Croatian Democratic Union (HDZ) won the majority of Croat votes and the main Muslim party, the Party of Democratic Action (SDA) were a close second to the more moderate Social Democratic Party (SDP). In Republika Srpska the leading nationalist party, the Serbian Democratic Party (SDS) won the majority of Serb votes for the Presidency and were the largest party in the National Assembly with 36 per cent of the vote. This would appear to indicate limitations on the strategy of making political corruption the central political issue at elections.

It seems that the anti-corruption campaigns have promoted political cynicism rather than a hope in political change, and have backfired on the international community. Voting returns indicate that the public awareness aspects of international anti-corruption strategy have not had a beneficial influence on levels of public political participation and have had little positive impact on levels of trust and co-operation either within or between ethnic groups. It seems that the conclusion Bosnian voters have drawn from the institutionalization of anti-corruption into every walk of life has been that no politicians can be trusted. While the international community promoted the corruption issue as a way of undermining support for the nationalist parties, the impact has been a wider one. The good showing of the SDS in the November 2000 elections was probably helped by widespread allegations of corruption against the former western-backed prime minister, Milorad Dodik. The poorer than expected showing for the moderate SDP in the Federation may be due to the long-running allegations of corruption in Tuzla.⁶⁶ If all politicians are corrupt then voters are less likely to see change and progress as possible through the ballot box.

Evidence indicates that far from anti-corruption being a vehicle for broadening support for multi-ethnic parties, the issue seems to be one that favours the nationalists. The less trust people have in the broader political process, the more likely it is that parochial and local links will come to the forefront. This is supported by literature on the importance of high levels of generalized trust for establishing inter-communal bonds, 'bridging' social capital as opposed to 'bonding' social capital, in the terminology of Robert Putnam's recent work.⁶⁷ If elected representatives are just out to line their own pockets then they can not be trusted to prioritize the interests of their voters. Concern over representation can only lead to a higher level of insecurity and atomization. Political pessimism and insecurity are more

likely to lead to support for nationalist parties or to non-participation than to support for parties that promise political change.

Institution-building

According to leading international statesmen and policy-makers, the popular nationalist parties are putting the personal interests of the political elites above those of the Bosnian public: 'politicians play the nationalist card to mask their lack of commitment to develop state institutions. For them, public accountability and personal responsibility are notoriously absent.'⁶⁸ The High Representative, Wolfgang Petritsch argues that the political elites have the wrong approach to the political process: 'The government is there to work for the citizen, and not the other way around.'⁶⁹ For Petritsch: 'the corruption of public institutions is one of the most serious and major obstacles' preventing Bosnia becoming integrated in European institutions.⁷⁰ Because the problem of corruption is seen to lie with Bosnian government, Bosnian politicians are caught in a no-win situation. They have been criticized for failing to do more than create committees and commissions that have not 'measurably' reduced crime and corruption.⁷¹ Yet, when they do form anti-corruption teams headed by the entity Prime Ministers and involve key ministers such as the Minister of the Interior and Justice and members of the Intelligence and Security Services and Customs, they are accused of attempting to hamper anti-corruption initiatives or of seeking to whitewash the situation.⁷²

The response from international policy-advisors has been to call for more regulation of the actions and power of Bosnian politicians. One approach has been to call for the decentralized powers at entity, canton and municipal level to be weakened. For some commentators the problem is that there is 'too much' government in Bosnia, with the division of responsibilities between the state and entity governments, making it difficult to clearly allocate responsibility.⁷³ A similar complaint is expressed by advisors who argue that all levels of political authority need to be restricted: 'The basic difference between the two entities of Bosnia is the fact that there are three levels of corruption in the Federation (municipalities, cantons and the Federal authorities) there are "only" two in the Republika Srpska (no cantons).'⁷⁴ International analysts argue that: 'Without dismantling Bosnia's existing domestic power structures, there is no way out of the current quagmire.'⁷⁵

The only solution to corruption appears to be greater external regulation. Steve Hanke, John Hopkins University professor and advisor on economic issues to the Bosnian government, suggests the solution lies in 'shrink[ing] the size of the government down to almost zero ... That is the only way to

get rid of corruption. Have no aid, no government officials, minimum state'.⁷⁶ Professor Hanke argues that the monetary system set up by the US and the IMF is 'the only non-corrupt institution in Bosnia ... because it is run by a foreigner'.⁷⁷ Rather than strengthening Bosnian political institutions, the OHR has targeted them as the central problem. It says that there is no evidence of corruption regarding internationally-administered funds, but that, 'Corruption and fraud, which are undoubtedly a serious problem in the country, primarily centre on the misuse of local public funds and budgets'.⁷⁸ International policy starts from the assumption that elected government is an opportunity for corruption and inevitably leads to the conclusion that 'corruption-busting is therefore a task for the West'.⁷⁹

The Bosnian political institutions are increasingly restricted or bypassed by current international policy. They are restricted through external pressure on policy-making. As James Pardeew states, the US government is working with the IMF, World Bank and European Bank for Reconstruction and Development to strengthen conditionality 'to apply as much leverage as possible to overcome resistance by the Bosnian leadership to implement the changes necessary to undercut corruption'.⁸⁰ They are bypassed by the creation of new regulatory mechanisms that include little Bosnian representation. For example, in September 1999 the OHR announced the formation of an Anti-Corruption and Transparency Group (ACT) with the objective of strengthening international efforts. The chair is the Principal Deputy High Representative Ralph Johnson, and the membership comprises about a dozen international organizations, as well as the US government's newly formed Anti-Corruption Task Force. ACT does not, however, include any participation by Bosnian officials or independent experts.⁸¹ This trend to bypass or restrict the political institutions is supported by the European Stability Initiative (ESI) Bosnia Project that warns that transferring responsibility for governance and overseeing the operation of public institutions to Bosnian political leaders would be a mistake. Far from giving elected representatives increased authority the ESI suggests that more control should be given to Bosnian civil servants backed by the international community.⁸²

The new regimes of budgetary transparency and government audit requirements are designed for international financial institutional control rather than Bosnian ownership of decision-making. The systemic anti-corruption approach has tended to strengthen the regulatory powers of the Office of the High Representative. This has meant that international regulation over the political sphere has been extended. This was highlighted following the success of the nationalist parties in the November 2000 elections. The issue of political corruption was high on the agenda as international representatives discussed the options of dealing with the

political impasse.⁸³ As the Chairman of the US Senate Foreign Relations Committee, Senator Joseph Biden stated in January 2001:

If there isn't some significant attempt to deal with the stranglehold the nationalists have on the country on the part of these leaders ... we'll start to wash our hands of it [because] you have a position where the three major parties have just decided to split up the country and split up the booty and the spoils.⁸⁴

Due to international pressure, OSCE Head of Mission Robert Barry's wish that the leading nationalist authorities would be out of power after the November elections has to some extent been fulfilled. Despite the expressed wishes of Bosnian voters, the international administration was able to push through the creation of non-nationalist administrations at both entity and state levels. On the basis that international action was necessary to put the public interest above corrupt sectional national interests, there was a high level of international involvement in the make-up of the post-election government in Republika Srpska (RS). The US ambassador to Bosnia, Thomas Miller, warned in December 2000 that Washington would no longer provide funds to the entity if the SDS was allowed to form a government or if SDS representatives were included in a coalition.⁸⁵ Luke Zahner, deputy spokesman for the OSCE stated that if the RS government wanted international donor support, it must forego the election process and instead install a government of experts.⁸⁶ Under international pressure the Prime Minister of the RS Assembly, Mladen Ivanic, is from the Party of Democratic Progress (PDP) which came second in the elections with 13 per cent of the vote. After consulting with High Representative Petritsch, Ivanic presented a new government of technocrats and professionals with little or no political involvement.⁸⁷ Ivanic's government included only one openly declared SDS member, Goran Popovic the Minister for Trade and Tourism. Under international pressure of withdrawal of funding, Popovic was later replaced. This meant that the new RS government was led by an internationally-vetted group of technocrats and excluded any representatives of the dominant political party.⁸⁸

A similar level of interference ensured that a western-backed coalition of parties took power in the Muslim-Croat Federation. Immediately following the elections, ten leading HDZ representatives were removed from the cantonal assemblies in the Federation, for breaches of OSCE election rules, and in March 2001 the High Representative dismissed the Croatian Presidential representative, HDZ leader Ante Jelavic, and three other leading Croatian representatives. The basis for these dismissals was the allegation that Jelavic and others were 'not concerned about the well-being and position of the Croats' but 'criminal elements' and that the HDZ was seeking greater

decision-making autonomy 'to allow them to continue to pursue their personal interests and to further enrich themselves'.⁸⁹ Despite the fact that the HDZ received the support of the majority of Bosnian Croats the UN Mission in Bosnia argued that the leadership of the party was only concerned with their own narrow personal interests.⁹⁰ This move was supported by leading western states and the international community institutions.⁹¹ James Lyon, the Balkan Director of the International Crisis Group stated that: 'I would not like to mention names of individuals or companies, but corruption is in the essence of the HDZ. It exists in the name and in the interest of corruption' adding 'the party leadership does not really care about the interests of the Croat people, but only about its own pockets'.⁹²

The implications of the current systemic anti-corruption approach for the establishment of strong self-governing institutions are not promising. The creation of a modern state framework requires that Bosnian political institutions are strengthened, not just the administrative and legal ones. There is an inherent danger that international anti-corruption initiatives will do little to empower Bosnian representatives. In fact, the desire to restrict and regulate the Bosnian political elites can only weaken accountable political institutions. The strategy would seem to be developing away from, rather than towards, self-government with democratic institutions increasingly marginalized and the powers of external international bodies extended.

Conclusion

The international community's systemic anti-corruption strategy has been successful in Bosnia, but only in so far as it has acted to marginalize the sphere of politics. The process of imposing decisions that the international community feels are in the public interest does little to promote the aims of democratization, either in strengthening political institutions or in encouraging public participation in the political sphere. If the international community is deciding which parties represent the public interest and which policies they should be implementing then there is little room for political contestation or for democratic involvement. The international anti-corruption campaign in Bosnia begs the question of whether the international administrators see the sphere of internal Bosnian politics as necessary at all.

The narrow view of legitimate politics held by the international anti-corruption teams would reduce Bosnian political institutions to the role of administrators of international policy decrees. From the point of view of the international community, leading nationalist political parties appear to be corrupt precisely because they are engaged in representing and negotiating on behalf of the particular interests of an ethnic constituency, interests

which are defined as conflicting with the public interest. However, there is nothing innately corrupt about politicians supporting the aims of a particular political constituency. The reflection of particular interests is the essence of representational democracy; all political parties historically reflect particular social, sectional or regional interests. In a highly segmented society, such as Bosnia, it is inevitable that elected representatives will reflect this social division. The international community is, in fact, calling for a Bosnian political class that is apolitical, which does not reflect these particular concerns and therefore is disconnected from Bosnian society.

As commentators have noted in relation to other anti-corruption initiatives, there is a clash between the demands of anti-corruption campaigns and the demands of politics because the public interest demands impartiality while 'the stock in trade of party politicians is partiality'.⁹³ Politics would not be necessary if questions could be decided on the impartial basis of law or administration. Anti-corruption campaigns can easily neglect the political realities of coalition- and consensus-building necessary to political life, seeking in effect to remove politics from government. The reason representational politics is necessary is because individuals, in Bosnia or anywhere else, do not subjectively see the world through some automatic and agreed understanding of the public interest. It is by the political engagement of individuals, for example, through voting for competing political parties, that public interests emerge through a process of political consensus-building, both in political parties and also between parties in representative assemblies or parliaments. The public interest is shaped through the democratic process and is not something that can be decided or defined by an international administrator, no matter how well-intentioned. The process of externally imposing policy on political representatives, through economic sanctions and the dismissal of 'non-cooperative' elected leaders, ensures that there is no possibility of an emergent public interest as there is no negotiation between representatives, and the public are alienated from the political process.

The political sphere in Bosnia may reflect political cleavages in society but it also remains a necessary mechanism in the reconciliation of these conflicting interests. Particularly in circumstances of social and political division, representational democracy is central to overcoming fears and concerns of citizens through the transparent and accountable process of consensus-building and decision-making in political assemblies. The artificial institutional settlement in Bosnia, whereby the international community assumes executive and legislative powers, makes the development of trust impossible as this process lacks transparency or accountability. The manipulation of pliant political elites, isolated from any electoral base in society, may make it easy for international legislators to

impose decrees but can only institutionalize societal divisions rather than overcome them. Politicians who have little representational legitimacy are unlikely to be able to build bridges within society and lack the capacity to resolve conflicts. If anything, the installation of elites, reliant on international support rather than a popular mandate, is more likely to lead to political corruption as they have little organic support within society and are least likely to open up the decision-making process to public input. The weak position of the new elites highlights the artificial nature of this internationally-enforced process, in which decisions arrived at are dependent on international supervision. This increases insecurity on all sides as there is little local control or ownership of the political process, necessary for the settlement to be self-sustaining after international withdrawal.

The experience of Bosnia suggests that it is problematic to attempt to take politics out of government. This highly reductionist view of politics fails to recognise the dynamic role of the democratic process in building consensus within society and in overcoming conflict. High-handed international intervention in the political sphere has done little to help overcome insecurities and divisions, while undermining collective political bodies in which Serb, Croat and Muslim representatives can negotiate accountable solutions. An anti-corruption agenda, which provided the necessary resources for the Bosnian government institutions to raise tax and custom revenue, could make a positive contribution to democratization. However, the evidence indicates that the systemic approach, followed in Bosnia, has not contributed to resolving the problem of corruption while it has had a deleterious impact on democratization through restricting the political sphere and institutionalizing political segmentation along ethnic lines.

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