

# Political Malpractice



**"The Big Short," a film that explains the background of the 2008 financial crisis, opens by introducing the idea that Wall Street operators like to use confusing terms to make "normal" people think that only financial geniuses can understand what happens on Wall Street.**

**However, when you strip away the jargon, the core concepts are actually quite simple**

**B**anks manipulated the system through a variety of legal yet morally dubious investment techniques akin to gambling - encouraging risky financial decisions by millions and tanking the US housing market, and in turn the American and global economy.

I've often cringed when people (particularly those from among the international community) try to avoid identifying BiH's core structural problems (and potential solutions) by shrugging and saying, "but BiH is complicated." Is it really that complicated when it can be boiled down to two words: money and power? (One might even simply say "power" as money is part and parcel of that attribute...)

## False Sense of Complexity

The citizens of Sarajevo have been marinating in information about the latest outrage to hit the city: the double whammy of the appointment of Bakir Izetbegovic's wife to the position of Director of the University Clinical Center Kosevo, and the near simultaneous announcement of plans to close down the city's other hospital (General Hospital Dr. Abdulah Nakas, formerly the Vojna Bolnica, where Dr. Izetbegovic had been the Director since 2013). Social media, taxi and cafe conversations and (some) tra-

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ditional media outlets have been ablaze, and one can see some efforts of politicians to backpedal while ensuring the plan remains substantially intact. But outside experts may be lulled into a false sense of "complexity" that, as its obvious corollary, has inaction as a result. There are several key facts you should know about this issue:

1. It is of course possible that Dr. Izetbegovic (the wife of Bakir, head of the SDA, Bosniak member of the BiH Presidency and heir to his father Alija's legacy), is the most capable candidate for the job. But we will never know. There was no competition for the position; incredibly, she was the only candidate. It is widely known that there had been one other potential candidate affiliated with a partner party, but that he had been dissuaded from standing for the position through a back-room deal.

Was a "competency based interview" conducted in which a strategic vision for the hospital was explained and outlined? Was a candidate qualification grid used in which various aspects of education, professional specialty and management experience were scored? Were there no other candidates with the relevant skills and experience in BiH or

from the region or the Diaspora, and was any effort even made to seek them out? In any case such questions are now moot as there was only the one candidate, and there was no evident requirement to re-advertise the position to ensure a suitable number of candidates to consider.

2. This leads to the next simple fact: the lack of transparency in the management of boards that make such decisions. Perhaps it is a coincidence that the board was re-appointed just prior to Dr. Izetbegovic's own appointment, but it has been apparent for years that such boards are a key part of the closed loop of political party patronage. These dynamics are broadly evident in BiH public life, reflecting and shaping the political ecosystem. What seems to have triggered anger and frustration among people in this particular case is the absolute audacity of the deal, and the notion that there is neither a legal prohibition against the appointment of the wife of a party leader and Presidency member, nor any sense of shame that this not only looks wrong, but is wrong.

## Legislation Watered Down

3. This leads to a third fact: the lack of legal mechanisms to limit such conflicts of interest and the potential for abuse of office. BiH

once had a relatively robust Law on Conflict of Interests. But it was successfully watered down as part of a 2012 deal between the SNSD and the SDP, and was welcomed by the other parties who recognized the potential for personal and party gain. Various experts, journalists and concerned citizens protested against the amendments that aimed to erode the letter and spirit of the law, but to no avail, and the revised Law was adopted in 2013, through urgent procedure, without public discussion or debate. We are now witnessing the logical and inevitable consequences of the lack of an effective law with adequate oversight and sanctions.

The current conflict of interest law is only the most obvious piece of legislation that aids and abets such mismanagement of public goods for private gain. The Law on the Funding of Political Parties, the Law on Procurement, the Law on Freedom of Access to Information and others have also been poorly implemented, and suffer from legal weaknesses that limit their effectiveness. Transparency International and others have long called for more effective reform in this area. Further, this case highlights the loopholes in the rules and procedures that regulate hospital board appointments and management practices and allow for non-transparent operations of an institution that should operate solely for the public good. This creates a situation in which these institutions can pretend to respect good governance, and can technically abide by the letter of the law, while knowing full well that their statutes allow them to do as they please with little consequence.

4. This takes us to the issue of management. There are reports that the decision to close the General Hospital is related to a study showing low occupancy/use rates of both hospitals in Sarajevo. However, the study was not independent, nor has its findings been independently verified. (Reasonable people might ask why waiting periods for services are so long if such an excess of unused capacity exists. My friends have without hesitation linked this to low-level bribery to get services more rapidly.) Reasonable questions have been raised about the reporting and management of the General Hospital under Dr. Izetbegovic's tenure at that institution, suggesting a longer-term effort to create the desired reality to justify shutting it down. Similarly, the argument that the General Hospital would be better suited as a Federation government building is spurious, and ignores ongoing discussions about moving more Federation facilities to Mostar. Finally, the potential limitations of



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having only one hospital facility in a canton serving over 438,000 people simply cannot be overlooked.

### Scarce Options

The problem is that little to none of this information is 1) independently researched and drafted; 2) openly available for public comment and review; and 3) part of systemic and strategic planning documents necessary to manage institutions of this scale. The lack of transparency makes it not only easy to get away with mismanagement and abuse of office for personal gain, but has the added bonus of reifying the belief among citizens that these issues are "too complicated" and that they should not trouble themselves with such details.

A common refrain heard over the past two weeks from regular people has been, "but what can we do?" Some have protested at both hospitals (for example, the "Ne Damu Nasu Bolnicu" effort). However, the options are sadly few. There is no recall procedure to immediately challenge the performance of any single politician who is seen to be taking part in such decisions. There are no mechanisms by which average citizens can challenge the management decisions of the boards of these public bodies. Street protests are possible, but the experiences of the 2013 and 2014 protests showed that the parties - after an initial moment of fear - realized that they can simply ignore the voice of the people without consequence. Formal elections every two years provide a way to vote out these parties and representatives, but the rigged electoral system, fear, and patronage come together to ensure that real alternative

options are few and far between.

Curiously absent in this whole fiasco is any reference to the broadly-heralded "Reform Agenda" launched by the EU in 2015, and formally adopted by the country's political leaders (the details of which have still not been made public). Nor has there been any substantive comment on this matter by the international actors still decidedly supporting the Reform Agenda as BiH's key priority for 2016.

### Transparency

The Reform Agenda is all about making the BiH economy stronger and more competitive. Thus, reforms to increase transparency, improve management of public institutions and ensure good management practice in the public and private sector should all be fundamental parts of this Agenda. However, to date we've seen only limited real commitment to such reform or to transparency in implementing reforms, with the urgent procedure mechanism used to ram legislation through without allowing for a formal public comment period (e.g., the entity labor laws). If reforms related to conflicts of interest, public procurement, access to information, political party financing and public administration are not included in this Agenda, then it is time to ask why not? Reversing the past intentional weakening of such critical laws should be at the core of the Reform Agenda, as should be full implementation of the laws. Moreover, to ensure transparency in this process, the specific terms of the Agenda should be made public through disclosure of the reform plans and their intended impact.