

WHAT CHANCELLOR MERKEL SHOULD TELL BOSNIA'S POLITICIANS AND PEOPLE (I)



# BiH's Political Elite Perceive the German-British Initiative as a Sign of Weakness

**After much speculation as to whether the rumored visit would actually take place, it appears that German Chancellor Angela Merkel will indeed visit Sarajevo, Bosnia and Herzegovina on July 9th**

Her visit is to include meetings with members of the state Presidency, the state Prime Minister Denis Zvizdic and the Association of the Mothers of Srebrenica - the latter meeting coming two days in advance of the commemoration of the 20th anniversary of the Srebrenica genocide.

The messages that Chancellor Merkel will deliver are the subject of a great deal of media speculation. Her visit will come almost exactly eight months after the launch of a much heralded German-British initiative on Bosnia and Herzegovina that the European Union subsequently adopted. The initiative essentially hit the "reset" button on the EU's relations with BiH, removing a requirement to amend the constitution to ensure full political equality of all citizens in a ruling by the European Court of Human Rights as a condition to unfreeze the EU's Stabilization and Association Agreement, and instead just requiring an "irrevocable written commitment" by parliamentary party leaders to engage in economic and social reforms.

## No Commitment to Fundamental Reform

After several weeks of back and forth on how the written commitment should be phrased (mostly to accommodate demands by Republika Srpska President Milorad Dodik, leader of the Union of Independent Social Democrats (SNSD)

By Kurt Bassuener  
DPC Blog

and his ally, Dragan Covic, Croat member of the BiH Presidency and leader of the Croatian Democratic Union of BiH), the commitment was signed in February. The SAA was activated on June 1.

Yet despite the ostensible binding commitment to reform, nothing has been accomplished as the country embarks on a collective summer break. The first reform agreement reached among the state and entity prime ministers, the EU Delegation to BiH, and the international financial institutions - particularly the International Monetary Fund (the IMF, whose backing is essential to maintain the solvency of BiH's indebted and bloated governments), was to amend BiH's labor law. This choice was surely predicated on the hope that any agreement on the reform package would pave the way for harder reforms down the road. But while it predictably engendered wide popular resistance, it successfully avoided hitting the entrenched political elite of BiH where it would hurt them most - in the realm of public employment and enterprises. These are essential to maintaining their patronage networks and political control. The centrality to political elites of clientelism was underscored in a dispute over the appointment method for public company directors and led to the collapse of the Federation government, with the depar-

ture of the Democratic Front from the ruling coalition. BiH's failure to adopt a new labor law by the end of June has put the country at odds with the IMF, which is denying BiH a much-needed \$710 million Standby Arrangement tranche as a result. Clearly, there is no commitment to fundamental reform of the country's operating system, which allows politics to be a for-profit enterprise.

Yet while political unease is growing, BiH's political elites seem to be making the same bet that the Syriza-led government in Greece has made (and may yet lose): that the threat of instability is a price the EU - and particularly Germany - is unwilling to pay. BiH's political elite perceive the German-British initiative as a sign of weakness - a containment policy born of fear of instability and a reluctance to admit the real source of BiH's problems: a post-war political system that allows a narrow cabal of unaccountable politicians to enrich themselves while stoking social tensions built around maintaining ethno-national grievances and fear.

## EU's Lack of Credibility

While the official policy statements around the summer 2013 ID number protests and February 2014 protests and plenums were generally on the mark - in support of public activism and the right to protest peacefully - the perceived threat of wider social unrest motivated

the climb-down upon which the EU initiative was built. It is for this reason that Germany, an economic conditionality hardliner within the Eurozone, has consistently resisted applying strict conditionality to BiH. Therefore, BiH's politicians have developed a reasonable sense of security that when the chips are down, they will be bailed out in the name of maintaining stability. The arrangement that they believe they made with the EU amounts to - we pretend to reform, you buy us social peace and continued control. The general BiH population is beginning to conclude that the EU's real motivation is to keep them quiet, despite the talking points that the initiative is aimed at improving their livelihoods. At the popular level, this appears to be an alliance between the EU and the BiH political elite against them.

RS President Milorad Dodik's plan to hold a referendum on the constitutionality of the BiH-level judicial structures and all the decisions of the international High Representative demonstrates the EU's lack of credibility. Dodik made precisely the same threat in 2011. At that time, then-EU foreign policy chief Catherine Ashton undercut her own EU Special Representative, High Representative Valentin Inzko, by going to Banja Luka and announcing a "structured dialogue" on the judiciary with BiH authorities. Dodik said at the time that he would cease pursuing the referendum "for now." For years, the structured dialogue served his purpose of hollowing-out the state judicial institutions, with the European Commission's effective collaboration. The judicial system of BiH has suffered as a result. The next planned dialogue remains scheduled for next week, despite his referendum threat. One wonders what there is to discuss. The non-reaction to the referendum threat is the latest manifestation of the EU's business as usual policy, under which direct challenges are not parried but ignored. This projects irresolution and weakness.

### Rules-Free Environment

So Chancellor Merkel's visit comes at an opportune time, but only if she confronts the ugly realities of the EU's - and Berlin's - long-standing policies, which

have helped drive BiH into its current dire situation. Germany is the EU's center of gravity. Like it or not, Chancellor Merkel is "the decider" on whether the EU will remain on the bureaucratic autopilot it has been on since 2006 in BiH, or whether an intellectually honest policy reappraisal finally takes place. Changing the dynamic of the EU's failed - and still failing - approach is largely up to her. To repurpose an oft-employed term in BiH, the ownership of the EU's policy failure is hers.



*In 2011, then-EU foreign policy chief Catherine Ashton undercut her own EUSR Valentin Inzko by going to Banja Luka and announcing a "structured dialogue" on the judiciary with BiH authorities*

The EU's approach to BiH remains based on the belief that the enlargement process can resolve the country's dysfunctionality, corruption, lack of rule of law and - at the root of it all - lack of political accountability. A policy that has failed consistently for over nine years ought to be thoroughly discredited. Yet the baseline assumptions of the EU policy remain unchanged. The initiative amounts to an attempt to "reset" this policy, not analyze or revisit it. Following the 2014 protests and floods, there was more open discussion in Western diplomatic circles about how to approach BiH. Last year at this time, there were frank admissions from European and Western officials that the policy had failed - and open questioning of how to recalibrate it. The German-British initiative, at the insistence of Germany's Foreign Office, short-circuited that nascent deeper reappraisal by design. It is a policy based on what Germany doesn't want to do - or be responsible for. So for at least the last five years, Germany has led the charge within the EU (with enthusiastic support from EU institutions, France, Italy and others) to systematically gut the institutional mechanisms that were necessary to enforce BiH's rickety oligarchical

political structure - the international High Representative and a Chapter 7-empowered EU military deterrent force, EUFOR. Facing opposition within the Peace Implementation Council from the US, UK, Turkey, the Netherlands, Canada and Japan to this agenda, it has been successfully pursued by effectively neutering both institutions financially and politically. Legally, they remain as valid as ever. Practically, they have become toothless and rendered irrelevant.

This has created the ideal ecosystem for a political elite with nothing to gain from meeting EU standards: a rules-free environment. Political elites can wield their ability to generate inter-communal fear (which had been largely neutralized until 2006 by Western deterrence) and their ability to determine economic winners and losers through their patronage systems. The "international community," entrusted to enforce the bad old Dayton rules, has shirked this responsibility. Yet it also refuses to pursue replacement of the Dayton constitution with a better operating system for the country, one that would allow for political accountability and the country's self-reform.

### The Sole Lever

BiH is now, and has been since 2006, in a dead zone in which effectively there are no rules. Hence the ongoing political free-for-all and shamelessness with which politicians pursue self-aggrandizement and enrichment at public expense. The publics which are footing the bills are both domestic and Western, it is important to note - including those in Germany who resist paying for further Greek bailouts without (previously agreed-upon) reform. The current policy amounts to attempting containment without security and enforcement tools. With these eschewed, the only lever left to the EU is money. BiH's politicians know this. The Chancellor should not mistake quiet for stability. Only real progress can deliver lasting stability. And this requires confronting the status quo.

*Tomorrow: What Chancellor Merkel Should Tell Bosnia's Politicians and People (II) - Merkel's Messages Must Be Direct, Blunt, And Delivered Publicly*