THE WAGES OF SIN: CONFRONTING BOSNIA'S REPUBLIKA SRPSKA

8 October 2001

Balkans Report N° 118
Sarajevo/Brussels

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ICG Balkans Report N° 118 **8 October 2001**

THE WAGES OF SIN:

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EXECUTIVE SUMMARY

By recognising Republika Srpska (RS) as a legitimate polity and constituent entity of the new Bosnia, the 1995 Dayton Peace Agreement embraced a contradiction. For the RS was founded as a stepping stone to a 'Greater Serbia' and forged in atrocities against – and mass expulsions of – non-Serbs.

Ten years ago, Radovan Karadzic led the members of his Serb Democratic Party (SDS) out of the parliament of Bosnia and Herzegovina (Bosnia): soon afterwards, in January 1992, they proclaimed 'Republika Srpska', as part of their strategy to undermine Bosnia's integrity and preclude its independence. First as an idea and then as a fact, the RS negated Bosnia's history, demography and integrity.

Fortunately, Dayton also gave significant powers to the international community to promote and impose reforms on both entities, to push the integrative provisions of the agreement, and to make itself redundant as Bosnia moved towards Europe. The only hope of resolving this contradiction lay in the vigorous exercise of these civilian and military powers to reform the RS.

Almost six years after Dayton, these hopes lie unfulfilled and partly forgotten. The unreconstructed nature of the RS and its political elite remain the major obstacles to the establishment of a functional, stable and solvent Bosnian state. The current RS coalition government, formed after the November 2000 elections under the leadership of another professed moderate and reformer, Mladen Ivanic, looks likely to repeat the experience of previous years, but with the difference that the SDS is now effectively back in power. It won the RS presidency and vice-presidency and secured the largest number of seats in the National Assembly in the November 2000 elections.

Alarmed at the prospect of having to contend once more with the stonewalling and prevarication of the SDS, international representatives threatened to impose an embargo on all aid to the RS if the SDS were to be included in the government. But when its new favourite, Ivanic, insisted he could not form a viable government without the SDS, the international community backed down, allowing party stalwarts to take portfolios as 'independent experts'.

Since returning to power, the SDS has been consolidating its authority: in the public sector and black economies, in the media, in the police and courts, in the army and intelligence service, in the backwoods of eastern RS, in enlightened Banja Luka, and latterly in the Serbian metropolis of Belgrade.

Ivanic continues to talk earnestly about implementing the economic reforms he promised the electorate – and the political reforms

expected by the international community – but has been stymied most of the time by his partners' determination that the RS should remain unreformed.

In fact, the SDS has contrived (with the inadvertent assistance of the international community) to have it both ways. Since it is not officially in government, it cannot be held responsible for Ivanic's failures to deliver change. But since it is, in practice, the ruling party, it can gorge at the public trough while watching Ivanic's popularity wane and preparing to ditch him in favour of another front man acceptable to the foreigners in time for the next elections in 2002.

Converted to Dayton constitutionalism, and fortified by the election of a respectable nationalist to the Yugoslav presidency in Belgrade, the rebranded SDS remains as unwilling as ever to define its 'state' as the rightful home of Bosnians of all faiths. The riots organised in May 2001 to prevent the reconstruction of historic mosques razed during the war and the government's continuing refusal, even after Milosevic's transfer to the ICTY in June, to cooperate with The Hague ought to have made plain that the RS remains true to its wartime self. Vague international threats to punish the RS on both scores led only to token concessions by the authorities.

Attacks on, intimidation of, and discrimination against non-Serb returnees to the RS remain both more common and far more serious than do their counterparts in Bosnia's other entity, the Federation. Attacks in eastern RS, where some of the worst wartime atrocities took place, have been especially severe. Police, courts, and local authorities are usually indifferent and often complicit. Opposition to reintegration also underpins the policies of the government's refugee ministry, which protects the wartime achievements of ethnic cleansing.

Equally detrimental to Bosnia's future is the wrecking role played by RS representatives in the state parliament, council of ministers and other common institutions. Regarding themselves – and regarded by their political masters – as delegates mandated to preserve entity prerogatives by eviscerating those of the Bosnian state, RS deputies and ministers in Sarajevo continue to oppose any legislation which might enhance or even define the competencies of the state.

In the absence of fundamental legislation on everything from human rights, to weights and measures, to railways, Bosnians can only dream about European integration as they slip ever farther behind their neighbours in the race to the European mainstream. Meanwhile, the international community loses its exit strategy.

Hundreds of millions of international community dollars have been spent since 1997 in an effort to sustain would-be moderates and reformers in the RS – and to keep the SDS out of power. All this money invested in keeping the RS afloat and its 'moderate' politicians in power has failed to reform the RS economically or politically.

This startlingly poor return can be explained: there has been no coordinated effort to use this aid and support to induce compliance with the principal items on its state and peace-building agenda. Political conditionality has never been tried in a serious and integrated fashion with Republika Srpska. An aid embargo *was* imposed on the RS in 1996-97, to encourage the delivery of Karadzic to The Hague, but this condition was abandoned as soon as Dodik came to power.

The RS economy stands on the verge of collapse. Were it not for a continuing flow of direct international budget supports and soft loans, the RS government would be bankrupt. As the world grows bored with Bosnia (and Bosnians become tired of international oversight), as aid funds dry up, as SFOR shrinks, and as the UN mandate expires, the international community is losing what could prove its last chance to make the payment of vitally needed subventions and loans strictly conditional upon RS compliance with its outstanding demands.

The logical solution would be the dissolution of Republika Srpska due to its manifest unreformability and its incompatibility with the basic democratic development of the Bosnian state. However, such a radical step is currently neither feasible nor even desirable. It is not

feasible because the international community is more than ever unwilling to reconsider its handiwork at Dayton. It is not desirable because, given the lack of international appetite to tackle difficult challenges in Bosnia, any 'Dayton II' would likely produce an outcome even more detrimental to Bosnian statehood. Logic and justice, therefore, must be tempered with realism. The way ahead is to demand much, much more of the RS.

If it is to work, political conditionality must be applied in a form that can be exploited by those pragmatists in the RS who understand very well that Bosnia cannot exist half pauperised and half European. It must also be credible. The potential sanctions must be as hurtful as the benefits are alluring, and there must be no doubt that either will be forthcoming. Just as importantly, donors and lenders, proconsuls and field staff, must develop and implement a joint strategy.

Interested governments, international organisations, financial institutions and, above all, the Office of the High Representative need to face the consequences that will inevitably follow if they continue to underwrite Republika Srpska's failures. Unless a determined and concerted effort is made to impose specific, achievable conditions in return for each and every grant or loan, then Bosnia's chances of becoming a viable state will be forfeit.

RECOMMENDATIONS

1. The states and organisations on the Peace Implementation Council should follow the example of the World Bank and International Monetary Fund (IMF) by strictly conditioning their aid and assistance to Republika Srpska on the adoption and implementation of specific political reforms. All monetary transfers to the RS should be suspended until such time as relevant and specific conditions have been set for each and every grant, subvention or project.

2. The conditions set for the resumption of financial support to the RS should, at a minimum, include:

   a. Meaningful cooperation with the ICTY, including the arrest and transfer to The Hague of a specified number of indictees. SFOR, for its part, should provide a lead by apprehending Radovan Karadzic and Ratko Mladic, since it is at present unrealistic to expect RS institutions either to work with the ICTY or to safeguard the lives and property of non-Serbs until their founders and inspirators have been removed from the scene.

   b. Genuine acceptance of and support for minority returns on a sustainable basis. The interagency Reconstruction and Return Task Force should develop a set of benchmarks for the RS government and its Ministry of Refugees and Displaced Persons to meet in regard to implementation of the property laws and support both for non-Serbs returning to the RS and Serbs seeking to return to the Federation or Croatia.

   c. Revision of the privatisation laws and determined efforts to root out systemic corruption and party political control over the economy. OHR, in particular, should apply to the RS standards at least as high as it has imposed on the Federation.

   d. Collaboration in the establishment and/or enhancement of essential all-Bosnian institutions and in the passage of legislation required for Bosnia to join European structures.

3. International donors and organisations should undertake a comprehensive audit of all budgetary supports, project funding, grants, and soft loans now in train or earmarked for the RS, as well as for the state and Federation. Unless and until it is apparent who is getting what, the international community will be unable to maximise its leverage in the attainment of its goals.

4. The donor community should consider channelling all future funding through the

state and, where appropriate, making available to the state funds denied to the RS because of its failure to meet the conditions set for a particular grant or loan.

5. International aid and financial assistance to the Federal Republic of Yugoslavia (FRY) should be conditioned on, inter alia, Belgrade severing all funding to the RS military, intelligence service and police; removing all Yugoslav Army (VJ) officers and non-commissioned officers from the ranks of the RS army (VRS); and ceasing to support extremist political organisations in the RS, such as the Serb Democratic Party (SDS).

Sarajevo/Brussels, 8 October 2001

ICG Balkans Report N° 118 8 October 2001

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I. INTRODUCTION

A. THE PERIL AND PROMISE OF DAYTON

The aspiration of Serb politicians, intellectuals and would-be freedom fighters in both Bosnia and Herzegovina (Bosnia) and Serbia to forge a 'Greater Serbia' from the disintegrating Socialist Federative Republic of Yugoslavia was the principal cause of the outbreak of war in Bosnia in spring 1992.

Republika Srpska was always intended to undermine Bosnia's integrity and preclude its independence. In October 1991, Radovan Karadzic led the members of his Serb Democratic Party (SDS) out of the Bosnian parliament in Sarajevo and established a 'Serb National Assembly' in Banja Luka. In December 1991, this group threatened to proclaim a 'Serb Republic [Republika srpska] of Bosnia and Hercegovina' unless Bosnia's Muslims and Croats opted to stick with Serbia and Montenegro instead of following Slovenia, Croatia and Macedonia on the path to independence. This proclamation duly came on 9 January 1992. The leaders of the 'Serb Republic of Bosnia and Hercegovina' declared independence at midnight on 6 April 1992, the same day that Bosnia's independence was recognised by the United States and the European Union.[1]

Bosnian Serb and Serbian paramilitary forces, supported logistically by units of the Yugoslav People's Army (JNA), initiated a campaign of brutal ethnic cleansing in northern and eastern Bosnia – and a siege of Sarajevo in its centre – that would continue for three years. This campaign was designed to create an ethnically pure Serb territory to link the motherland to the east with the Serb-controlled areas in Croatia to the west. International complications, however, made it expedient to delay the formal advent of Greater Serbia. And so, in December 1992, the Bosnian Serb assembly adopted a constitution for the two-thirds of Bosnian territory its forces and their allies had already seized. 'Republika Srpska' was thus born as a provisional way station on the route to Greater Serbia.

With the signing of the Dayton Peace Agreement in Paris three years later, Republika Srpska – albeit reduced by battle and negotiation to 49 per cent of the country's territory – received international acceptance as one of the two entities that would henceforward constitute the state of Bosnia and Herzegovina. Although the Dayton Agreement successfully ended the war, it also established the fundamental contradiction that would beset the ensuing peace implementation process: a multinational state containing and seeking to coexist with a constituent entity established in blood as an ethnically exclusive precursor of a failed Serbian empire.

Despite this contradiction, other aspects of Dayton opened the prospect of a gradual reintegration of Bosnia's national communities and the eventual creation of a viable, stable and prosperous European state. First and foremost, Annex 7 ensured the rights of those who had been 'cleansed' or displaced to return to their prewar

[1] The name was abridged to 'Republika Srpska' on 12 August 1992.

homes and obliged the parties to 'ensure that refugees and displaced persons are permitted to return in safety, without risk of harassment, intimidation, persecution or discrimination'. In addition, both entities agreed to uphold the highest standards of respect for human rights, with the European Convention for the Protection of Human Rights and Fundamental Freedoms having priority over all other laws.[2] Annex 6 of the Agreement created bodies charged with protecting these rights. Finally, Annex 4 of Dayton, the state constitution, created common institutions and at least some state competencies distinct from those of the two entities.

The international community endowed itself with significant powers to push through the Dayton Agreement and to resolve its contradictions. The Organisation for Security and Co-operation In Europe (OSCE) was mandated to hold elections; the UN Mission (UNMIBH) was delegated to oversee and reform local police forces; the United Nations High Commissioner for Refugees (UNHCR) was tasked to ensure the right of return guaranteed under Annex 7; and the Office of the High Representative (OHR) was deputised to coordinate all aspects of civilian peace implementation. These powers, in turn, relied on the willingness of the NATO-led Implementation Force (IFOR) and its successor, the Stabilisation Force (SFOR), to provide a 'safe and secure environment' for these and other organisations to do their jobs.

Thus one of the major challenges of peace implementation has been to use the available instruments to remake Republika Srpska: transforming it from a would-be stepping stone towards Greater Serbia – founded on fear of diversity, hatred of Bosnian independence, and genocide – into a contented constituent element of a sovereign, territorially whole and multinational Bosnian state.

B. A LESSER STANDARD: REPUBLIKA SRPSKA TODAY

Almost six years after the signing of the Dayton Peace Accords, Republika Srpska remains institutionally hostile to everything non-Serb and actively opposed to endowing the Bosnian state with anything approximating a central government. Through periods of 'hardline' and 'moderate' rule alike, the RS authorities have succeeded in delivering the absolute minimum needed to prevent the international community either from cutting up rough – by, for example, banning the entity's wartime leadership from politics or threatening to abolish the entity itself – or from cutting off the flow of international funds that keeps the RS afloat. Only exceptionally has the international community punished the RS leadership, most notably when, on the same day in March 1999, High Representative Carlos Westendorp removed RS President Nikola Poplasen and the international arbitrator for Brcko, Roberts Owen, denied that district to the RS.[3] For the most part, the RS authorities have not been held consistently or strictly accountable for implementing those aspects of Dayton that would serve to integrate and stabilise the country.

The seriousness of the problem was highlighted in May 2001, when rioters in Trebinje and Banja Luka prevented the laying of foundation stones for the rebuilding of two historic mosques razed by Serbs during the war. These incidents, which were clearly well organised attempts at discouraging displaced Bosniaks from returning home, focused international attention on the xenophobic backwardness of the RS, and gave potential foreign investors another reason to pass over Bosnia as a whole. But they also served the immediate political interests of the dominant Serb Democratic Party (SDS). In the first place, they exacerbated ethnic tensions and nationalist fears, particularly among the displaced Serb population that forms a core element of the SDS constituency. Secondly, they allowed the SDS to test the substance of the international community's rhetoric regarding RS compliance with Dayton obligations that are anathema to the party.

The engagement between the RS authorities and the international community in the aftermath of these disturbances revealed how token demonstrations of cooperation from the RS usually suffice to stifle serious threats of international sanctions. By sacrificing the interior minister (who was probably due to be sacked anyway) and a few police officials, and then by permitting the laying

[2] Annex 4, Constitution of Bosnia and Herzegovina.

[3] See ICG Balkans Report No 62, *Republika Srpska – Poplasen, Brcko and Kosovo: Three Crises and Out?*, 6 April 1999.

of one of the foundation stones on the second attempt, the RS government again did just enough to keep the international community off its back. The facts that the RS police and courts have failed to bring the perpetrators to justice; that they have refused to investigate the planning and organisation of the riots; and that several police officers have changed their original testimony in order to make eventual prosecutions unlikely have seemed to matter much less.

In fact, the riots in Trebinje and Banja Luka occurred within the context of a virtual epidemic of violence directed at Bosniaks and Croats returning to the RS. This has included physical assaults, attacks with firearms and explosives, organised riots, murders, and extensive destruction of properties. As was the case before, during and after the May events in Trebinje and Banja Luka, RS politicians and police have proved unwilling to control the problem, despite – or perhaps because of – strong indications that hardline elements in the SDS may be involved. The atmosphere of hostility towards non-Serbs in the RS is exacerbated by the continued prominence in local government, in the police, and as powerful local godfathers of individuals implicated in ethnic cleansing during the war. According to UN figures, incidents directed against returning 'minorities' are both twice as frequent in the RS (with one occurrence every day and a half) as in the Federation and far more severe, particularly in the traditional SDS strongholds of the eastern RS. International agencies monitoring human rights in Bosnia have characterised such violence as apparently 'planned and organised, with the intent of hindering return.'[4] By failing to bring the perpetrators to justice in the overwhelming majority of cases, the RS police and courts are complicit in a policy of discouraging minority return.

Even when providing – as it does in some cases – adequate protection to returnees, the RS interior ministry has nonetheless sent a clear message that non-Serbs do not have the same right to security as do their Serb neighbours. In what could only be considered a cruel joke, the ministry sent bills to the associations of Srebrenica and Visegrad survivors (for KM 600,000 and KM 250,000, respectively)[5] to pay for the security its units provided at ceremonies held in July and August 2001 to commemorate wartime massacres of Bosniaks in and around those towns.

Turning a blind eye to violence is not the only facet of institutional hostility to the return of non-Serbs. Although a breakthrough in the return of refugees and displaced persons to the RS took place in 2000, housing authorities remain reluctant to confirm the property rights of prewar inhabitants. Property law implementation rates in the Federation are double those in the RS.[6] Moreover, in contrast to the Federation government, which allocates some KM 10 million per year to support return to the RS, the RS Ministry for Refugees and Displaced Persons devotes the overwhelming bulk of its resources to assisting (and pressuring) Serbs to remain in 'their' entity.[7]

The unreconstructed ideology and only partially reformed practice of the RS reflects the continued influence of wartime leaders at all levels of government, as well as the fact that it remains the only part of the former Yugoslavia where indicted war criminals can expect and receive official protection. The Serbian government's decision to transfer Slobodan Milosevic to The Hague – and the equally conspicuous transfers by Croatia and the Federation of men regarded as war heroes by large numbers of their compatriots in the summer of 2001 – have underscored the Banja Luka regime's foot dragging on cooperation with the ICTY. In contrast to its successful application of 'conditionality' in the case of Yugoslavia in June 2001, the international community has not seriously attempted to make its financial support of the RS conditional upon cooperation with The

[4] Human Rights Co-ordination Centre, HRCC Human Rights Report: 1 September 2000 – 31 March 2001, pp 10-11.

[5] The KM is the Convertible Mark, Bosnia's unit of currency, pegged in value to the German Mark.

[6] 'Property Implementation', Joint Press Release of OSCE, UNMIBH, OHR, UNHCR, and CPRC, 31 July 2001.

[7] OSCE Chief of Mission Robert Beecroft recently expressed 'his deep concern about the failure of Republika Srpska to implement the property laws.' Not only had just 21 per cent of claimants had their pre-war property back, but the RS government was devoting totally inadequate resources to support return. 'Republika Srpska Failing to Implement the Property Laws', OSCE Press Release, 11 September 2001. By contrast, 40 per cent of the 2001 budget of KM 25 million of the Federation's Ministry for Social Affairs and Return is devoted to supporting returnees to the RS. ICG interview with Ministry for Social Affairs and Return, 19 September 2001.

Hague, let alone upon the enactment of meaningful social or political reforms. The European Commission (EC) and other donors originally vowed not to lift the embargo on assistance to the RS that prevailed in 1996-97 until its authorities transferred Radovan Karadzic to The Hague. Yet when Milorad Dodik and Biljana Plavsic formed the first 'pro-Western', non-SDS government in 1998, this requirement was conveniently forgotten. Today, Plavsic is awaiting trial by the ICTY while Karadzic remains free and politically influential, and Ratko Mladic enjoys the protection of the army he once commanded.

In addition to preserving their entity as an exclusively Serb 'state', RS politicians who serve in Bosnia's common institutions continue to use their positions to oppose any measures which would define, strengthen or integrate the all-Bosnian state, even when such measures would benefit the residents of Republika Srpska. The 'moderate' Progressive Democratic Party (PDP) of current RS Premier Mladen Ivanic and the Party of Independent Social Democrats (SNSD) of his predecessor, Dodik, are now official members of the Alliance for Change coalition at the state level. Yet these parties usually vote together with the SDS and the Croat Democratic Union (HDZ) to block any and all laws that might extend the competence of the state and undermine the pretensions of the RS.[8] Their opposition has paralysed the state parliament's capacity to pass laws necessary for Bosnia to begin the process of European integration.

C. SURVIVING ON INTERNATIONAL SUPPORT

The international community bears a large measure of responsibility for the fact that the RS remains the primary check on Bosnia's hopes of a European future. Since the end of 1997, generous funding of reconstruction and infrastructure projects, and regular infusions of budgetary support, have failed to buy more than lip service to the international community's goals, let alone love. Far more exacting standards have been set and achieved in the Federation.

Although both entities remain heavily dependent on donor assistance, the smaller size and greater impoverishment of the RS economy make it more reliant on external help. Since lifting their embargo on non-humanitarian aid in order to support the 'moderate' Plavsic-Dodik team, national and international agencies have funded a wide variety of projects and offered numerous soft loans. According to figures provided to ICG by Finance Minister Milenko Vracar, the RS received KM 693 million in foreign loans (of which, KM 409 million has been disbursed), U.S.$46.5 million in co-financed project grants (U.S.$38 million of which has been spent), and KM 279.7 million in budget support grants and credits between 14 December 1995 and 31 December 2000. The RS share of international loans to Bosnia during the same period stood at 28.26 per cent, a figure reflecting the relative absence of lending to the RS before 1998.[9] The unspent portions of these loans and grants presumably remain in the pipeline.

ICG has not been able to corroborate Vracar's figures. Although the RS is obviously keen to point out that its share of international support has been less than that of the state and/or Federation, international lenders seem equally anxious to obscure such matters. None was prepared to offer a calculation or to venture a guess regarding the overall level of international support to the RS. Nor were most prepared to say precisely what the relative shares of the two entities have been. One of the major obstacles to making such a reckoning is the fact that international donors usually report their aid and loans as going to Bosnia and Herzegovina as a whole, and not to its constituent

[8] A notable and recent exception was the support given by PDP deputies to the permanent election law finally adopted by the BiH House of Representatives in late August 2001. The SDS accused the PDP of betraying Serb interests, leading to speculation that the SDS was preparing to dump Ivanic and his party. Ivanic promptly pledged that he would stray no more.

[9] Ministarstvo Finansija Republika Srpska, Letter from Milenko Vracar to ICG, No 04-5230/08, 19 September 2001. According to the tables accompanying Vracar's letter, the big institutional lenders to the RS had, by the end of 2000, approved loans as follows (percentage of total loans to BiH in parentheses): European Bank for Reconstruction and Development, KM 80.2 million (35 per cent); European Investment Bank, KM 88 million (37.5 per cent); International Fund for Agricultural Development, KM 11 million (27.7 per cent); IMF, KM 121.8 million (35.6 per cent); and World Bank, KM 354.5 million (25.2 per cent). The RS government also received sector-specific loans from the governments of Belgium (KM 1.6 million), Sweden (KM 7.6 million), and Japan (KM 12.2 million), as well as an EU credit of KM 16.3 million (41.7 per cent).

entities. This means that donors' official figures often elide the division of funds between the entities, each of which receives its monies through sub-agreements with the particular donor or lender. Another difficulty is that funds are often disbursed over lengthy and incongruent periods.

Nevertheless, the available data from international sources point to greater dependence on international support than the Finance Ministry's figures suggest. It appears, for example, that international contributions account for more than 20 per cent of the government's budget, assuming an actual annual budget of about KM 600 million. According to figures provided by OHR, international donors provided direct budgetary support to the RS (in the form of grants and soft loans) to the tune of KM 138.1 million in 1999 and KM 99.3 million in 2000. Another KM 96.6 million in soft loans has been earmarked for 2001.[10] In two tranches of EC budgetary support released in October 2000 and January 2001, the RS received about Euro 10.2 million in grants and Euro 8.3 million in loans, amounting in total to some KM 36.6 million.[11]

Assuming the same formula is used in distributing the final instalment, the RS stands to receive another KM 10 million (Euro 5 million) in 2001 under this program. Moreover, the final payment could be revised upward. Unfortunately, figures such as these do not convey the full magnitude of international support, since much assistance, although paid directly to various RS ministries, is tied to specific projects and is not, therefore, included in the relevant ministries' official budgets.[12]

As external interest declines and foreign aid dwindles, international agencies still active in Bosnia should look again at the enhanced political leverage that soft loans provided through the World Bank, International Monetary Fund (IMF) and other lenders can now command. For the RS in particular is becoming more dependent on foreign assistance as it slips ever farther behind the Federation in economic terms. Banja Luka failed to collect a large proportion of the revenues it had planned to spend in 2000. As of May 2001, the shortfall in revenue collection for this year was estimated at 20 per cent, although the original 2001 budget had already been cut to about half of its 2000 level. One recent estimate suggested that the RS budget lost about KM 500 million in 2000 because of the failure to collect customs duties.[13] The likely accuracy of this estimate is underlined by the fact that the Federation customs authority managed to raise twice the revenue of its RS counterpart in 2000: KM 665 million as opposed to KM 254 million in the RS.[14]

By the summer of 2001, the anticipated size of the RS budget deficit had increased to such an extent that the cash-strapped government was forced to cut the budgets of some ministries, including the Ministry for Refugees and Displaced Persons, by as much as 85 per cent. At the same time, the Federation's finance minister was able to announce in July that revenues had been higher than expected over the previous three months.[15] Ivanic, on the other hand, told Reuters in July that the RS needed KM 150 million in budgetary support alone. He declined to say how much the RS

[10] The official RS figures for budget support in credits and grants are significantly smaller: DM 93.7 million in 1998; KM 112.6 million in 1999; KM 73.5 million in 2000; and KM 60.3 million pledged in 2001. The discrepancies may reflect differing definitions of support – or they may not. Vracar to ICG, 19 September 2001.

[11] Again, official RS figures are lower: the corresponding EC grants appear to be for Euro 5.4 million and the credits to total Euro 10.1 million. Vracar to ICG, 19 September 2001.

[12] ICG interview with World Bank official, 22 August 2001. For example, France signed a FF 20 million grant agreement with Bosnia in 1998, out of which FF 8.4 million was allotted to the RS for two specific projects which bypassed ministries: FF 4.9 million went to the electricity utility to rebuild power lines and FF 3.5 million was devoted to establishing private bakeries. France has made no direct assistance grants or loans to the RS since 1998, but its annual cooperation budget provides approximately FF 1 million in benefits for individuals and non-governmental organisations from the RS taking part in French-sponsored seminars and visits to France. Letter to ICG from Bernard Riehl, Economic Counsellor, Poste d'Expansion Economique de Sarajevo, 19 September 2001. The 1998 French grants do not appear on the list of co-financed projects provided to ICG by the RS government. Vracar to ICG, 19 September 2001.

[13] 'Proslogodisnja poreska evazija iznosi 500 miliona – intervju Milica Bisic Savetnica Predsednika Vlade RS za ekonomska pitanja', *Reporter*, 27 June 2001.

[14] Data obtained in ICG interview with CAFAO officials, 14 February 2001. The higher collection by Federation authorities is even more surprising considering the fact that the RS has more international border crossings, linking Bosnia to both Yugoslavia and Croatia.

[15] 'Nikola Grabovac, ministar financija FBiH, carina puni budzet', *Nezavisne novine*, 10 July 2001.

needed overall, but appeared to hope that a donors' conference might come to the rescue in the autumn.[16]

Figures released by the RS and Federation statistical institutes in August 2001 provided alarming confirmation – and quantification – of the RS economic crisis. During the first six months of the year, industrial production in the Federation rose by 14.6 per cent in comparison to the same period in 2000, but fell by 9.3 per cent in the RS. Financial transactions in the Federation during this same period totalled KM 1.4 billion; while in the RS they did not reach KM 500 million.[17] Since Bosnia's major economic activity is still trade rather than production, these figures are calamitous for the RS. They appear to show that the Federation, despite providing a not altogether welcoming climate for foreign investors, is nonetheless reaping considerable advantages from the more advanced state of its privatisation program. On the other hand, the RS appears to be paying the price for regarding privatisation as an opportunity to consolidate political party control over the economy and preferring isolation to economic integration with the Federation and the world.

Speaking to the independent Banja Luka paper *Nezavisne novine* on the eve of the National Assembly's September session, Ivanic noted that the RS was bankrupt, but that most people had not yet realised it.[18] Finance Minister Vracar reported to the assembly on 20 September that spending had exceeded income by nearly KM 50 million in the first half of 2001. Deputies responded by demanding an immediate government reshuffle.[19]

Given the fact that the economic situation in the RS is at least as dire this year as last, the international community will need to consider whether it is prepared to bail out the entity once more. In making such a decision, international agencies and governments must ask themselves two questions. First, will propping up the RS for another year further the international community's political agenda in Bosnia and the Balkans? Will it, for example, ensure effective cooperation with The Hague, institutional respect for human rights, and joint action in creating a functioning Bosnian state capable of entering European institutions? And, second, will continued economic support create the conditions for self-sustaining economic development in the RS itself?

The argument will surely be made that, regardless of its past and present non-compliance with international aims, economic assistance to Republika Srpska should be maintained in order to give the Ivanic government an opportunity to implement its promised reform program. According to this view, Ivanic's lack of progress thus far is largely the result of Dodik's earlier fiscal irresponsibility, and it would, therefore, be unfair and impolitic to abandon him now. The pro-Ivanic camp also contends that he is a genuine moderate whose only weapon in protecting the RS (and the international community) from total SDS domination is his ability to attract international funds. In any case, the Alliance for Change coalition at state level depends upon the participation of his and Dodik's parties.

This report will demonstrate that such a view ignores previous failures incurred in propping up Plavsic and Dodik, and in accepting their empty promises of reform as proof that the RS political class had changed its spots, become clubbable, and learned to love Bosnia. The following sections of this report outline why Ivanic's government can be expected to deliver no more than its predecessors – at least not without the application of significant external pressure. Pretending that the SDS does not again exercise real power in the RS, that it does not enjoy economic, military and political support from Yugoslav President Vojislav Kostunica, and that it will not retain power for the foreseeable future is to ignore the political realities of the last eight months. Similarly, wishful thinking to the

[16] OHR Media Round-up, 18 July 2001.

[17] 'RS na prosjackom stapu', *Nezavisne novine*, 18-19 August 2001. On the other hand, the RS does lead the Federation in one vital statistic: suicides. Although it has less than one-third the population, there were more than twice as many suicides in the RS last year (390) than in the Federation (179). 'U Hadzicima se ubio bombom, objesio se u Dobrinji i pucao sebi u glavu na Jekovcu', *Oslobodjenje*, 26 September 2001.

[18] Quoted in OHR RS Press Review, 18 September 2001. Among those failing to realise the seriousness of the situation, Ivanic implied, were his SDS colleagues, who remained obsessed with personnel 'games' to the detriment of reform, privatisation and the attraction of foreign investment.

[19] OHR RS PRess Review, 21 September 2001. Income was KM 298 million, but expenditure totalled KM 344 million. The new RS auditor reported that the deficit bequeathed by Dodik was more than KM 300 million.

effect that the SDS has become just another normal nationalist political party is just that. Nor can the PDP itself be considered politically moderate, given that its second tier leadership includes 'reformed' members of the Serb Radical Party (SRS) – the offshoot of 'Vojvoda' Vojislav Seselj's Serbian Radicals – and other ultranationalists. Only their hunger for office unites PDP leaders.

In the final analysis, it matters little whether Ivanic is working in collusion with the SDS and other anti-Bosnian forces in the RS or whether he is simply rendered impotent by them. What does matter is that the international community should not delude itself as to the nature of its relationship with the RS. Over the last three years, the RS has successfully managed to concede almost nothing on the issues important to the international community, while continuing to enjoy significant financial transfusions. However, because of the large sums they have already invested in RS 'moderation', most international donors are still unwilling to acknowledge that these funds have contributed very little to inducing and sustaining positive change. And yet if the RS is to be regarded as the legitimate polity its leaders claim it to be, then the international community must hold that leadership responsible for its manifest failures. Until this happens, continued international support for the RS will remain fiscally unjustifiable, morally unconscionable and politically unwise.

II. HOW DID IT HAPPEN?

A. THE ELECTIONS FIASCO, 1996-97

The story of international appeasement of the RS begins with the first postwar, internationally sponsored elections in 1996. Although the compromise peace at Dayton granted international legitimacy to Republika Srpska, the elections of 1996 and 1997 went a step farther in confirming the entity's wartime leadership as the winners of 'free and fair' polls conducted by the OSCE. Moreover, by allowing displaced persons to vote in their current places of residence if they averred that they intended to remain there, the OSCE-led Provisional Election Commission (PEC) encouraged a spate of ethnic consolidation and gerrymandering by Bosnia's big three nationalist parties. As a result, absentee ballots cast, for example, by ethnically cleansed Bosniaks and Croats in their former municipalities in the RS were swamped by the votes of real and fictitious displaced Serbs in those same municipalities who voted for either the SDS or the even more extreme SRS.[20] Conducted before any significant refugee return could take place, these elections turned populations already polarised by war into monoethnic voting blocks, supporting their respective wartime champions. Far from encouraging return and ethnic reintegration, elections in these circumstances applied a brake to both processes and looked likely to confirm the results of ethnic cleansing.

In the month before the 1996 elections, ICG observed that the international community had failed to put significant pressure on the parties to the Dayton Agreement 'at least to begin the repatriation and reintegration of refugees and displaced persons; to deliver indicted war criminals for trial; and to ensure greater freedom of

[20] In Croat-majority areas of Herzegovina, like West Mostar, the HDZ implemented a similar strategy of discouraging displaced Croats from voting in their pre-war municipalities if these municipalities were now dominated by other ethnic groups. For the most part, the Bosniak parties – and especially the dominant Party of Democratic Action (SDA) – encouraged their followers to vote in their pre-war municipalities, fielding candidates in both the RS and in Croat-controlled areas of the Federation who received electoral support from exiled populations.

movement and expression.'[21] While the December 1995 Peace Agreement had suggested that elections be held within nine months (i.e., by 14 September 1996), it also required the OSCE to certify beforehand that elections could be 'effective under current social conditions in both entities.'[22] The OSCE chairman-in-office, Flavio Cotti, granted certification in June 1996, but argued that, over the ensuing three months, significant progress would have to be made in creating an environment conducive to 'free and fair' elections. Otherwise, he warned, the elections could become a farce, creating the 'pseudo-democratic legitimisation of extreme nationalist power structures.'[23]

In the weeks preceding the elections it became clear that, far from improving, local conditions were *deteriorating*.[24] For instance, in the voter registration process the Serb and Croat nationalist parties pressured prospective voters of their own and other ethnic groups to ensure that they cast their ballots in their current or intended municipalities of residence, rather than in their prewar homes. With no freedom of movement between the areas controlled by the three national armies, the campaign was fought largely on the airwaves. The nationalist wartime parties – the HDZ, SDA, SDS and SRS – mobilised their respective mass media to churn out propaganda that was often hateful and sometimes incendiary. Not only were opposition parties and candidates denied access to these media, but intimidation and occasional violence were also used to silence alternative voices and to maintain tribal solidarity.

Despite mounting questions about the wisdom of holding elections in such an atmosphere, the determination of the United States and other Contact Group countries that they must go ahead carried more weight. IFOR's original one-year mandate would soon expire. Without the imprimatur of successful elections – and reinforcement of the notion that a viable 'exit strategy' remained in place – it was unlikely that the Clinton administration would be able to convince Congress of the need to extend America's military commitment. Progress on Dayton implementation was necessary, so progress there would be. The U.S. effectively collapsed the conditions for holding elections into just one requirement: that Radovan Karadzic must step down as president of both the RS and SDS and retire from political life. This goal was achieved by negotiations between U.S. envoy Richard Holbrooke and Milosevic in Belgrade in July 1996. Ever since these talks, rumours have persisted that Karadzic's compliance had been bought at the cost of a secret U.S. assurance that he need not fear officious pursuit by IFOR units seeking to enforce The Hague's indictments for genocide and other war crimes if he were to resign his posts and disappear from public view.[25]

If deal there was, it was a bad one. Karadzic duly resigned his posts, but his face and his hair continued to adorn SDS posters on roadsides and at campaign rallies where his glorious leadership was regularly invoked. The TV cameras lingered lovingly on the masses bearing his icons and the altars decorated with his visage. In fact, the SDS recast the election as another Serb referendum on RS 'statehood' and vote of thanks to its creator. Just as importantly, Karadzic continued both to run his import-export rackets and to control SDS policy-making from behind the scenes. As the OSCE chairman-in-office and ICG had predicted, the international community, by insisting on premature elections, became complicit in solidifying the results of ethnic cleansing both on the ground and in people's minds.

From the start, therefore, elections in Bosnia have served less to consolidate a stable, peaceable and democratic state than to obstruct its emergence.

[21] ICG Balkans Report No 14, *Why the Bosnian Elections Must be Postponed*, 14 August 1996.
[22] DPA, Annex 3, Article I(2)
[23] ICG Balkans Report No 14, *Why the Bosnian Elections must be Postponed*, 14 August 1996.
[24] For a complete review and analysis of the political climate leading up to the 1996 analysis, see ICG Balkans Report No 14, *Why the Bosnian Elections Must be Postponed*, 14 August 1996.

[25] Whatever the truth of the matter, the 'technical' reasons that NATO countries have offered, when periodically pushed to account for why Karadzic (and Mladic) remain at large in the only country on the planet under NATO's direct control, have rung increasingly hollow and now, more than *six years* later, convince no one. The harmful effects of Karadzic's liberty are, however, easy to explain. As the ICTY Deputy Prosecutor Graham Blewitt told ICG: 'The fact that Karadzic remains a fugitive clearly impedes the long term peace process. It also requires NATO to remain in Bosnia much longer than if he were removed from the scene. He is an obstacle to various positive developments, including reconciliation. Removing him could tip the balance in resolving political obstacles in Bosnia.' (ICG interview, May 2001.)

Just as the first multiparty elections in November 1990 had led to the apotheosis of nationalism within an otherwise unchanged system of patronage politics, so too did the first postwar general election of September 1996 and the first municipal elections a year later confirm the hegemony of the three nations' standard bearers over the ruins they had wrought.[26] This legacy remains strong today. Having proclaimed before Bosnia's citizenry that elections equal democracy, the international community has found itself in the invidious position of dealing thereafter with bands of democratically elected demagogues, autocrats, warlords and crooks. The OSCE has thus felt obliged to do down certain parties (the 'hardline nationalists') while promoting the electoral prospects of others (the 'moderates') by making repeated changes to the election rules, all the while seeking to convince the public that it is not trying to cook the results. Money has also been spent profligately to help the 'good guys' – or denied in order to punish the 'bad guys'. In Republika Srpska the effort to exclude the SDS from power led to massive economic support for the regime of Premier Dodik between 1998 and 2000. Unfortunately, aid to the RS during this period was conditioned only on Dodik saying the right things, not on his actually doing them.

B. POORLY EXECUTED 'CONDITIONALITY', 1998-2000

Before early 1998, large international donors and financial institutions refused to give significant aid or credits to Republika Srpska, waiting for the entity's leaders to demonstrate an openness to minority return and a willingness to cooperate with the ICTY. In July 1997, the European Union explicitly conditioned the resumption of non-humanitarian assistance to the RS on its authorities' transfer of Karadzic to The Hague.[27]

In mid 1997, Karadzic's successor as RS president, Biljana Plavsic, fell out with the SDS leadership in Pale, including Karadzic and Momcilo Krajisnik, the RS representative on the three-member Bosnian presidency and wartime speaker of the RS parliament. Plavsic began criticising the party for its part in illegal smuggling, which was costing the RS dear. After dissolving parliament and calling for new elections, Plavsic was kicked out of the SDS. She then proceeded to form her own Serb People's Party (SNS). In November 1997, the OSCE organised special elections to reconstitute the RS National Assembly and, hence, to elect a new government.

Despite the fact that the SDS and its allies in the SRS won 39 of the seats in the 83-member assembly, Plavsic's SNS and a group of smaller parties succeeded in forming a tenuous coalition, Sloga (or Concord), and a new government on 18 January 1998. Dodik, regarded by the international community as a moderate, became premier.

International donors now lined up to provide financial backing to an RS government that excluded the SDS and SRS. By helping Republika Srpska to survive and to begin the process of economic reconstruction and political decontamination, the international community hoped to reward voters for their abandonment of the SDS, to increase popular support for Dodik, and to create a basis for thoroughgoing reform.

The new government was offered budgetary supports by donors, including the promise of an immediate grant of more than DM 15 million to pay the back salaries of teachers, customs officers, financial police and other public employees.[28] The U.S. followed suit with direct budgetary supports of KM 10 million (U.S.$5 million) – also to cover public sector salaries which were in arrears – 'in order to give Prime Minister Milorad Dodik's government the necessary time to develop its own budget process and secure an adequate revenue stream.'[29] USAID donated an additional KM 20 million (U.S.$10 million) in technical assistance funding for economic reform 'to accelerate Bosnia-Herzegovina's movement to a free market economy, as well as promote a unified and

[26] See Robert J. Donia, 'Parties, Patronage and Constitutional Change in Bosnia and Herzegovina: A Brief History', European Security Initiative, December 2000, www.esiweb.org.

[27] 'Europski Odbor obustavio svu pomoc Republici Srpskoj do izrucenja Radovana Karadzica' *Voice of America*, 9 July 1997.

[28] 'Remarks by Ambassador Carlos Westendorp, High Representative, at a ceremony in Banja Luka to mark the delivery of International Financial Aid to the Republika Srpska', OHR press release, 24 February 1998.

[29] The U.S. Agency for International Development, Mission in Bosnia and Herzegovina: Republika Srpska Projects, 1996-2000. Available on the USAID Bosnia website: www.usaid.ba.

functioning Bosnia-Herzegovina.' The World Bank also lifted its embargo on Republika Srpska, opening the way for a series of large infusions in the form of grants and soft loans on extremely generous terms.

In early 1999 the U.S. State Department used Dodik's visit to Washington to reiterate its faith in and support for his government.[30] Dodik took the opportunity to remind the West that the RS was in 'dire economic straits, and desperately need[ed] a generous amount of financial aid to pay the costs of refugee returns and facilitate the privatisation of the economy.' He also noted that he was opposed to the forces of ultranationalism in the RS and Serbia, but was having difficulty in controlling them.[31] With NATO preparing to go to war with Yugoslavia in order to induce Milosevic's acceptance of an international settlement for Kosovo, the U.S. and other donors agreed to help the RS plug its widening budget gap, exacerbated by a halt in the entity's trade with Yugoslavia, and so avert its financial collapse.[32] The Americans gave KM 20 million (U.S.$10 million) through USAID for this purpose, paying the salaries of employees in the ministries of education and refugees. More technical economic assistance from USAID totalled KM 15 million (U.S.$7.5 million).[33] The only real benefit of this aid was that it kept the Kosovo conflict out of Bosnia.[34]

NATO's victory over Milosevic did not make the RS any more pliable. It still refused to facilitate the return of non-Serb refugees or to cooperate with The Hague Tribunal. Nonetheless, significant international help continued in 2000. With another round of general elections approaching in November, the international community sought to mitigate the consequences of Dodik's economic mismanagement, including big debts run up by signing extra-budgetary contracts with companies close to the regime. The EC provided, for example, some KM 25 million in loans and grants in October 2000.[35] In May the World Bank had introduced a U.S.$300 million package of soft loans and grants for Bosnia, to be implemented over the next two to three years. According to established World Bank criteria for dividing its soft loans on a two-thirds / one-third basis between the entities, the RS share was expected to be U.S.$100 million (KM 200 million), only a small proportion of which had been disbursed at the time of this writing.[36]

This assistance detailed above, however, relates only to funds given directly to the RS government. It does not include international support for infrastructure, transport, water, and school reconstruction projects. These formed the major part of some donors' funding programs, including that of USAID. Although these latter projects tended to be concentrated in areas to which minority populations were finally returning by 2000, many projects implemented before 2000 were centred on RS regions to which Bosniaks and Croats were not returning or where the benefits were enjoyed by an entire municipality. Sometimes these reconstruction and infrastructure projects had the unintended consequence of winning political prestige for the local nationalist power structures, such as when the SDS referred during the April 2000 municipal elections to internationally funded infrastructure projects in eastern RS as the result of SDS donations![37]

The money poured into the RS during the Dodik years did not create economic stability or push the government to pay more than lip service to the basic requirements of Dayton. Dodik's now notorious fiscal irresponsibility further burdened the weak RS economy and a significant proportion of the foreign funds disappeared into networks of

[30] 'US continues to support Dodik government in Republika Srpska', U.S. Information Service, 4 February 1999.
[31] 'The Future of Bosnia and Herzegovina: The Role of Republika Srpska', U.S. Institute of Peace, *Current Issues Briefing*, 4 February 1999.
[32] 'US helps Bosnia Serbs bridge budget gap', *Reuters World Report*, 9 June 1999.
[33] The U.S. Agency for International Development: Mission in Bosnia and Herzegovina: Republika Srpska Projects, 1996-2000.
[34] For an analysis of the impact of the Kosovo conflict on the politics and economy of the RS, see ICG Balkans Report No 71, *Republika Srpska in the Post-Kosovo Era: Collateral Damage and Transformation*, 5 July 1999.
[35] EC Mission to Bosnia and Herzegovina. The EC normally distributes its funds according to a formula providing two-thirds for the Federation and one-third for the RS, based on their respective populations. In October 2000, however, it was decided that the RS should receive 50 per cent.
[36] In fact, according to a senior World Bank official, only U.S.$63 million had been allocated by summer 2001. ICG interview, 22 August 2001. See World Bank, 'Country Assistance Strategy', 18 May 2000, www.seerecon.org/Bosnia.
[37] ICG interview with international official working in the eastern RS, 12 June 2001.

political patronage and lined individual pockets. However, western capitals were so fearful of Dodik losing power to a still-strong SDS that they demanded little in the way of economic transparency or political progress in order to keep the money flowing. It was enough that he was not Karadzic, Krajisnik or Klickovic.[38]

As a result, Dodik's government did little to support minority returns to the RS, despite promising in 1998 to deliver 80,000 returns and receiving funding from USAID to pay the salaries of Refugee Ministry employees.[39] The RS housing authorities established and maintained a poor rate of property law implementation between 1998 and 2000. In one of his last reports on the performance of his government from 1998 to 2000, Dodik touted the fact that they had allocated 12,048 parcels of land for building houses to resettle permanently in the RS Serbs who had fled the Federation or Croatia.[40] Most of these plots were taken from illegally subdivided public lands or from private holdings owned by expelled Croats and Bosniaks. Government budgets during the Dodik years, despite international subventions, gave overwhelming priority to planting displaced Serbs in the RS rather than to assisting in the return of non-Serbs to the RS or of Serbs to the Federation. Nor did Dodik prove any more forthcoming than had his SDS predecessors in cooperating with The Hague Tribunal. According to a highly placed UN official, Dodik's justice minister received a number of sealed ICTY indictments of Bosnian Serb war crimes suspects, but took no action. Other, subtler avenues of cooperation with The Hague were also offered to the government, but elicited no positive response.[41] Finally, the Dodik government blocked all efforts to enact Bosnia-wide legislation designed to enhance the competencies of the state. Non-cooperation remained the rule. Dodik had the international community over a barrel, and he and his cronies enjoyed its discomfiture.

C. SDS POWER DURING THE DODIK ERA

The failure of international aid to produce the desired changes in the RS between 1998 and 2000 reflected not only the cynicism and irresponsibility of the Dodik government, but also the significant clout which the SDS continued to wield during that period. Although no longer in government at the entity level after 1997, the SDS, together with its SRS partners, remained the most powerful party at the municipal level. Out of 2,671 municipal councillors elected in the RS in 1997, the SDS and SRS accounted for 1,489 mandates between them.[42] Running without its even more ardently Great Serbian SRS allies in the April 2000 local elections, the SDS strengthened its position, emerging victorious in 49 out of 61 RS municipalities.[43]

In addition to its control over the bulk of town halls, the SDS had a strong voice in the RS assembly. Although the fragile Sloga coalition maintained its narrow parliamentary majority, the SDS and SRS occupied 37 per cent (30) of the 83 seats after the autumn 1998 general elections and appointed the assembly president, Dragan Kalinic. The SDS and SRS thus needed only to convince or suborn a few Sloga waverers in order to block or pass legislation. In any case, Dodik's government had to cohabit with both SRS leader Nikola Poplasen as RS president in 1998-99 and the SDS's Mirko Sarovic as vice-president. Krajisnik, for his part, continued to represent the RS (and SDS) on the tripartite state presidency. Finally, the 'state-building' SDS still enjoyed broad institutional support in the Orthodox Church, in educational establishments, in most local police

[38] Gojko Klickovic was RS premier in 1996-97.

[39] See European Stability Initiative, 'Reshaping International Priorities in Bosnia and Herzegovina, The End of Nationalist Regimes and the Future of the Bosnian State, Part III', 22 March 2001. This report discusses, inter alia, the reasons why financial support for Dodik failed to produce more than rhetorical results, since no specific and achievable conditions were set in return for aid. Unfortunately, this 'lesson' has not been learnt.

[40] 'Izvjestaj o radu vlade Republike Srpske od 19.1.98 godine do 30.4.2000 godine', *Vlada Republika Srpska*, May 2000.

[41] ICG interview with high-ranking UN official, 16 August 2001.

[42] MediaPlan, *Guide for Journalists in Bosnia and Herzegovina: Elections '98*, Sarajevo, August 1998.

[43] ICG Balkans Report No 91, *Bosnia's Municipal Elections 2000: Winners and Losers*, 28 April 2000. The OSCE banned the SRS from running in the April 2000 local elections (and in subsequent polls) because of the party's refusal to remove its leader, Nikola Poplasen, following his dismissal as RS president by High Representative Carlos Westendorp in March 1999. A new RS law on local government that took effect on 8 April strengthened significantly the autonomous powers of municipalities in time for the SDS to benefit. On the other hand, the return of the SDS to power at entity level in 2001 worked in the opposite direction.

forces, and in the RS army and intelligence service. These institutions remained highly integrated – as they still are – with the power structures of neighbouring Serbia.

Equally important to the SDS as its hold on elective office and the forces of coercion was the significant influence exerted by its stalwarts over the public sector economy and publicly owned enterprises. Despite its ejection from entity-level government, the SDS still managed, for example, to appoint the directors of at least 28 public companies in Banja Luka alone.[44] In fact, the entrenched position of the SDS was such that it could maintain and even consolidate its control over local political and economic structures, waiting for the collapse of Sloga and its own return to unfettered power – refreshed, reformed and rebranded after its ostensible holiday from responsibility.

[44] According to an OHR official, there were about 30 such cases. A prominent RS politician quoted the figure of 28. ICG interviews, July 2001.

III. IVANIC'S 'REFORM' COALITION: A WOLF IN SHEEP'S CLOTHING OR A LAMB FOR THE SLAUGHTER?

A. THE ELECTIONS COMPROMISE OF 2000: SDS POWER WITHOUT RESPONSIBILITY

Still denying its role in ethnic cleansing, clinging to the lie that Serbs were as sinned against as sinning, and riding on a wave of popular disenchantment with Dodik, the SDS emerged from the November 2000 general elections as the clear winner in Republika Srpska. Capturing both the entity presidency and vice-presidency, winning 31 of the 83 seats in the National Assembly, and taking six of the eleven seats won by 'Serb' parties in the state House of Representatives (where it became the third largest party overall), the SDS was back in force. It was virtually assured both of a leading role in RS government and of the power to defend RS 'sovereignty' by obstructing the passage through the state parliament of any and all laws designed to endow Bosnia with the rudiments of a central government.

This was not supposed to have happened. The lavish expenditure on Dodik had proved vain. The international community now faced a harsh dilemma: should it permit the SDS to participate in government or deny the party its democratic dues. The High Representative allowed the directly elected president and vice-president to assume office – and the victorious SDS candidates for the National Assembly and BiH House of Representatives to take their seats – but later compelled President Sarovic, Vice-President Cavic and National Assembly President Kalinic to sign a statement on behalf of their party on 12 December. This vacuous document purported to commit the SDS to respect all previous Peace Implementation Council declarations, to promote economic reform, refugee return and the implementation of Human Rights Chamber decisions and, finally, to reaffirm its loyalty to Dayton, including cooperation with The Hague Tribunal.[45]

After six years of empty promises from various RS leaders and governments, the international

[45] Statement of Mirko Sarovic, Dragan Cavic and Dragan Kalinic, 12 December 2000.

community was now merely requiring the SDS to do what RS politicians do best: to make whatever pledges are necessary in order to avoid sanctions. This December declaration, however, was essentially useless – and for four reasons. First, it related to issues on which the international community is already mandated to enforce compliance by the Bosnian authorities, being for the most part explicit obligations under Dayton. Second, it provided no hint of punishment if either the letter or the spirit of the document were to be broken by the SDS. Third, it suggested that only the SDS as a party – and not the yet-to-be formed RS government – was responsible for these issues. The fourth reason why the document was an exercise in futility would only become clear a month later, when the new RS government actually took office.

Meanwhile, OSCE, OHR and assorted foreign ambassadors concentrated their attention (and fire) on ensuring that the SDS neither formed nor was allowed to serve in that government. Although it was the largest party, the SDS lacked a majority in the assembly. Thus, in theory, a coalition of smaller parties could be formed without it. The international community made it plain that any cabinet containing SDS ministers would forfeit all foreign aid. The designated leader of an SDS-free coalition, the economist Mladen Ivanic, objected, however, that without the votes of the SDS in the assembly, he would have to form a coalition with twelve other small parties. Such an unwieldy confection, he argued, was doomed to collapse. The fact that it would have to include the discredited Dodik was an additional disincentive.

Reluctantly accepting the contention that Ivanic neither would nor could form a government without the SDS, the international community embraced a ridiculous face-saving compromise. Rather than admitting that the SDS would now share power – and setting appropriately strict conditions for the continued receipt of international subventions – Ivanic was required to establish a cabinet of 'independent experts' who would, allegedly, suspend their party affiliations during their terms of office.[46] In this way, OSCE and OHR naively handed the SDS the power of *de facto* governance without *de jure* responsibility.[47]

Power without responsibility is the traditional prerogative of the harlot. It is also the fourth reason why the OHR's extraction of a statement of cooperative intent from the SDS on 12 December was a pointless exercise. The SDS leadership had pledged to cooperate on a broad range of issues, but it could not now be held accountable for any failures by the new government to live up to these promises since the international community had also accepted the fiction that SDS ministers were not actually serving in government.

In the case of cooperation with The Hague Tribunal, the December document has become a species of Catch 22 for the international community. On the one hand, Ivanic and his government have insisted that cooperation can only commence when an enabling and regulatory law has been passed by the RS assembly. This, of course, is unnecessary, as the RS is bound both by Dayton and by Bosnia's membership of the UN to cooperate fully with the ICTY. The proposed law, therefore, is a mere delaying tactic, and has been condemned as such by international organisations. In reality, the influence of the SDS in government is the key factor preventing the RS from cooperating with The Hague. (This point will be examined in detail below.) Yet since the SDS is not, in theory, in government, it cannot be held responsible. Nor has the international community drawn attention to the fact that Ivanic does not possess the authority to override his 'expert' colleagues. On the other hand, the international community could put pressure on SDS deputies in the RS assembly to enact the draft law, but to do so would imply acceptance of the bogus thesis that such a law is necessary.

In addition to helping the SDS escape responsibility for obstructing Dayton implementation, the internationally engineered RS

[46] This 'solution' appears to have been the result of a compromise between various key players in the international community. The British and Americans reputedly opposed having any truck with the SDS, whereas the OHR regarded the party's participation in government as inescapable.

[47] Ivanic originally appointed one minister (Goran Popovic at Trade) who openly affirmed his SDS affiliation. International and, in particular, U.S. pressure forced Ivanic to remove Popovic from the cabinet; but he then appointed him to an equally important post: as head of the RS customs agency. As such, Popovic would control significant revenues and exercise considerable political power by virtue of his ability to decide which importers need not pay customs duties. The nature of this power is analysed below.

government of 'experts' also allows the SDS to avoid public opprobrium for the entity's accelerating economic decline. Although the SDS is in a position effectively to call the shots, and to sabotage such economic reforms as Ivanic may propose, it is he who carries the can – both as the public face of the government and as the international community's favourite RS politician. It can be expected that, as social unrest mounts over unpaid pensions and salaries and other economic hardships, the SDS will increasingly distance itself from its coalition partner. Ivanic and the PDP are thus likely to lose support, while the SDS will probably look to find a new front man, acceptable to the international community, for the next round of elections in autumn 2002.

B. THE SDS CONSOLIDATES ITS POWER: PUTTING A BRAKE ON REFORM

1. SDS Control Of Ministerial Positions

International officials and local political analysts in the RS openly admit that the 'former' SDS politicians appointed as 'expert' ministers continue, in fact, to represent their party interest.[48] For example, the 'independent expert' serving as Minister for Refugees and Displaced Persons, Mico Micic, was a physical education teacher before the war who later became an SDS politician. Before his ministerial appointment, he headed the Bijeljina association of war invalids and fallen soldiers. In hardline municipalities such as Bijeljina, these associations typically help organise opposition to the implementation of the property laws.[49] Several international officials told ICG that these associations are believed to have played a part in coordinating recent violence against both Bosniak returnees to the RS and the disrupted ceremonies to mark the reconstruction of destroyed mosques. Several Banja Luka politicians and international officials described Micic as 'old school' SDS,[50] who has publicly stated that the property law will not be respected if that means evicting war veterans from other people's homes.[51] As is explained below, Micic's ministry has devoted the bulk of its ever dwindling resources to settling displaced Serbs permanently in the RS, neglecting the needs of both Serbs who want to return to the Federation and of non-Serbs seeking to come back to the RS.

Other ministries in SDS hands include the Ministry for Energy and Mining, the Ministry of Industry and Technology, the Ministry of Trade and Tourism, and the Ministry of Education.[52] The minister of education is reportedly under threat of losing his job because SDS higher-ups feel that he has proved too amenable to international schemes for educational reform.[53] The Ministry of Finance is a particularly crucial ministry, since it controls the budget and has the ability to close the bank accounts of companies owing back taxes. Ivanic appointed the controversial Milenko Vracar to the position amid accusations of a conflict of interest, since Vracar reportedly still acts as the *de facto* director of Zepter Banka, the bank he led before becoming a member of the government. Although Ivanic identified Vracar as his candidate for the finance post before the election – and Vracar's exact political affiliation remains unclear – he certainly has close ties with the SDS hierarchy, which appointed him as director of the RS Narodna Banka in 1992.[54]

In any case, PDP members of the RS government seem to agree with the SDS on the majority of issues. Not only does the SDS appear to be running the show, but the PDP itself is far from committed to reform. Its leading members represent a diverse spectrum of ideological tendencies, ranging from former stalwarts of the

[48] For example, a leader of one RS opposition party recently claimed that 'Ivanic is a hostage of SDS policy, as the SDS wants to fulfil [the] political demands of its members.' OHR BiH Media Round-up, 23 August 2001.

[49] In Bijeljina itself, aggressive groups of war veterans and refugees have recently protested over evictions of illegal occupants, and international officials have noted that hostility towards the international community has grown. In addition, both international and local officials in the city have suggested that organisations of war invalids and veterans, often headed by wartime SDS leaders, are suspected of involvement in violence against returnees, including the three days of rioting against Bosniak returnees in Janje last year.

[50] ICG interviews with international officials in Banja Luka and Sarajevo and with a prominent RS politician, July 2001.

[51] ICG interviews with RRTF representatives in Banja Luka and Sarajevo, July-August 2001.

[52] ICG interview with international official based in Banja Luka, July 2001.

[53] ICG interview with international official, 16 August 2001.

[54] ICG interview with eastern RS politician, August 2001. For more on Vracar and Zepter Banka, see ICG Balkans Report No 115, *Bosnia's Precarious Economy*, 7 August 2001.

SRS, such as Stevo Stevic, to former members of Dodik's SNRS.[55] The second rank of party officials, comprising men such as Petar Kunic and Branko Dokic, can be fairly described hardline nationalists. The latter once served as an adviser to Karadzic. As one highly placed international source noted, 'the members of the PDP have only one thing in common: they all want to be in power.'[56]

The PDP brings only one unique element to the coalition: Ivanic himself. He derives his power from the public's – and the international community's – perception of him as an economic reformer who will fight corruption and raise the standard of living. Without Ivanic there would be no PDP. But without the PDP there would be no government, since Ivanic's stature made him a potential premier and his party's electoral performance made it the best available nucleus around which to form a government. At the outset of his administration, a secret U.S. State Department poll found that Ivanic was the second most popular RS politician ever – after Radovan Karadzic. But both Ivanic and his party are already beginning to look shop-soiled, and their popularity seems to be dwindling fast as Ivanic struggles with forces inside his coalition opposed to any reforms that would challenge their holds on economic and political power. The international community, on the other hand, has so far appeared more gullible than the RS public, repeatedly allowing Ivanic off the hooks of cooperation with The Hague, of controlling violence against non-Serbs, and of participating constructively in state institutions.

2. SDS Directors Of Public Enterprises And Major Administrative Bodies

During the first months of 2001, while the international community was preoccupied by the crisis posed by the declaration of Croat 'self-government'[57] and the Hercegovacka Banka affair, the SDS took advantage of its return to office to take control of more major public companies, services and government agencies in the RS. Although the SDS had maintained its hold on numerous locally prominent public enterprises during the Dodik years, the latter had distributed plum jobs on the entity level to his supporters. Once more able to get its snout in the entity trough, the SDS has been taking back the directorships of big companies and revenue-rich agencies.[58] For these public institutions and administrative bodies provide the party that controls them with both streams of funds and a means of dispensing political patronage.

For example, smuggling is a multimillion-dollar and largely government-controlled business that, according to some estimates, deprived the RS exchequer of more than KM 500 million last year. Thus the party controlling the customs authority commands a significant source of revenue for party activities and patronage. As a consequence, Goran Popovic's shift from the Ministry of Trade to the Customs Administration was no demotion.[59] Another important position recently occupied by an SDS veteran is that of Director of Highways. Besides controlling significant infrastructure funds, the former mayor of Prijedor, Nemanja Vasic, will now also decide which areas will benefit from new road construction. These are significant political assets.

Intra-coalition negotiations on the distribution of jobs in public enterprises and agencies reportedly operate according to a formula whereby, for each body to which the SDS nominates the director, the PDP gets to appoint the assistant director, and *vice versa*. Some of the individuals nominated in this fashion over the past eight months were already under criminal investigation for abuse of power in their previous positions – an oversight which calls into question the seriousness of the coalition's proclaimed determination to fight the systemic corruption that has done so much to vitiate the RS economy. For example, one of the new appointees to the management board of RS Nafta Industries, Vojin Mujicic, is being investigated in connection with the disappearance of several million marks from the refinery's coffers. OHR, for its part, has been far more ready to pursue and exclude scions of corruption – and to attack the financial bases of

[55] ICG interview with an international official in the RS, 27 June 2001.
[56] ICG interview with an international representative in the RS, 29 June 2001.
[57] See ICG Balkans Report No. 106, *Turning Strife to Advantage: A Blueprint to Integrate the Croats in Bosnia and Herzegovina*, 15 March 2001.
[58] ICG interview with international political adviser, May 2001.
[59] Ibid.

political party power – in the Federation than in the RS.[60]

3. The Battle Over Privatisation

One of the anticipated benefits of privatisation is to take control of state owned enterprises and their profits out of the hands of political parties and to create a free-market economy more independent of political influences. The results of the first phase of privatisation in the RS, however, suggest that the parties – and, in particular, the SDS – are succeeding in abusing the process, stripping the assets of smaller businesses and maintaining a controlling interest in profitable companies after their notional privatisation. According to an internal document of an international organisation working in Bosnia, 'considering that municipal assemblies elected in 1997 had full control over the appointment of directors, the privatisation process is gradually transferring the 1997 election results into the management of the local economies of entire regions.'[61] This means, especially in eastern RS, that the SDS and its former SRS allies have reinforced their control over local economies through the privatisation of small and medium-sized enterprises.

In addition, there are three other unintended consequences of this process. First, privatised firms and the local economies in which they predominate remain under monoethnic control, so rendering 'minority' returns unsustainable. Second, asset stripping and the selling off of enterprises to political cronies at dubiously low prices minimises the proceeds of privatisation available to offset the socio-economic consequences of job losses and layoffs. Third, the destruction of viable firms enhances the significance of the criminal economy. For example, Kartonaza, a small publishing and packaging company in Bratunac that was regarded as economically viable, employed about a hundred people prior to privatisation. Through manipulation of the advertising and auction process, a Belgrade-based 'go-between' purchased the company on behalf of four persons, at least three of whom were extremely powerful politicians in Bratunac and Srebrenica, linked closely with atrocities committed against Bosniaks in those towns in 1992 and 1995. One of the four, in fact, is Miroslav Deronjic, who headed the Bratunac Crisis Staff in 1992, when Bosniaks were massacred in the local school gymnasium or deported *en masse*, served as civilian commissar to Srebrenica during the July 1995 massacres of over 7,000 Bosniak men and boys, and now sits on the Bratunac municipal assembly as an SDS councillor.[62]

Deronjic *et al* purchased the company for a mere KM 300,000, shut down operations, laid off the employees, and flogged the machinery and equipment. They then sold the land on which the factory stood to a construction company that has been extensively involved in illegal building on expropriated municipal and Bosniak-owned land since the end of the war. This firm plans to build flats for Serbs displaced from the Sarajevo suburb of Hadzici, offering an incentive for them to settle permanently in this SDS-controlled municipality.[63] This example demonstrates how adept local power brokers and ex-warlords are at manipulating the privatisation process for both personal profit and the consolidation of nationalist political goals.

International officials have confirmed to ICG that similar processes are occurring all over the RS. One unofficial study found that, out of a random selection of seventeen small companies in eastern RS privatised through public auction, fourteen ended up in the hands of the previous director or a powerful local member of the SDS.[64] This suggests that local SDS and former SRS members in eastern RS are using their positions to ensure that profits and political power remain in ultranationalist hands. The land liberated by liquidating privatised firms is then available for the equally lucrative business of building houses and flats for Serbs displaced from the Federation. Their permanent resettlement in the RS reinforces

[60] See ICG Balkans Report No 115, *Bosnia's Precarious Economy*, 7 August 2001.
[61] 'Initial Assessment of the Privatisation Process in RS', Internal international working paper provided to ICG.
[62] The war histories of two of the buyers, Deronjic and Novak Stjepanovic, the current president of the banned Serb Radical Party in Srebrenica, were discussed in a November 2000 ICG report on the continuing influence in municipal power structures of individuals allegedly involved in ethnic cleansing. See ICG Balkans Report No 103, *War Criminals in Bosnia's Republika Srpska: Who are the People in Your Neighbourhood?*, 2 November 2000.
[63] Internal OHR document obtained by ICG, August 2001.
[64] 'Initial Assessment of the Privatisation Process in RS', Internal international working paper supplied to ICG.

ethnic cleansing and provides votes for their SDS benefactors.

So far, this analysis of the privatisation process has focused exclusively on small and medium-sized companies, for which the process is nearly completed. An additional 52 'strategic enterprises' – larger companies deemed to be potentially profitable and of interest to foreign investors – are now to be privatised. This explains the urgency with which the current coalition has been divvying up the directorships of major public businesses, with the SDS reportedly taking the largest share of the positions.[65] In the meantime, the SDS aims to stall privatisation. Once it has appointed loyalists to the majority of boards, it will be able either to strip enterprises of their assets before privatisation or to keep control of the few healthy firms after they are privatised.[66] The struggle between the SDS and the PDP over the tempo and course of privatisation resulted in the removal of two successive directors of the Privatisation Agency within the first few months of the new government's tenure. National Assembly President Kalinic has publicly demanded that the transfer of control over public enterprises to the SDS should be accelerated: 'The SDS is not satisfied with the implementation of the election results in this field, i.e. the RS government's personnel policy in allocating directorial and steering board positions and other executive posts to SDS members. There are still many people in these positions from the former Sloga government coalition parties, six months after the new government was elected. The SDS demands that a deadline of 20 July be set for changing this.'[67]

It appears that the political parties will also be using Private Investment Funds (PIFs) to leverage control over major enterprises. These funds, managed for the most part by RS banks that are themselves under party control, allow citizens with small numbers of government-distributed vouchers to participate in large-scale privatisation, essentially as stockholders. In the run-up to the November 2000 elections, Ivanic announced publicly that he had invested his own vouchers in Zepter Banka's PIF.[68] As noted above, the current RS finance minister ran this bank before entering government, and the bank is widely considered to be allied to the governing coalition.

Besides providing for a dangerously long period during which party-appointed managers can strip the assets of companies being privatised and ensure their post-privatisation control, other retrograde aspects of the RS privatisation law will discourage foreign investors who might otherwise be tempted to take part in the process.[69] That, alas, seems to be the point, despite the fact that the RS desperately needs foreign investment if it is to begin either to climb out of the pit that its leaders have dug or to satisfy its people's suppressed aspirations for a European standard of life.

4. Other Pillars Of Institutional Control

Since returning to power in early 2001, the SDS has moved to take control of key RS institutions. For example, the SDS and PDP attempted to oust the entity's public prosecutor and to appoint their own (presumably tame) candidate. The current incumbent, Vojislav Dimitrijevic, survived by just one vote when the National Assembly considered the matter in summer 2001. The fact that the RS justice system has proved generally incapable of prosecuting former officials charged with corruption has become a politically hot topic in the RS. By removing Dodik's appointee as prosecutor, the coalition would have scored several political points. First, it would appear tough on corruption. Second, a new prosecutor could be expected to target the previous government, but to leave current ministers and their minions alone. Third, the government would have rid itself of a prosecutor who is regarded by international officials as cooperative, professional and forward-looking. According to these officials, Dimitrijevic has worked on drafting important legal reforms, including new laws on money laundering and corporate liability. Significant reform of the RS judicial system would jeopardise political party control over the economy and major institutions of the entity. What is more, the government needs to have a prosecutor willing to collaborate with it in

[65] 'Dogovor vladajuce koalicije u Republikoj Srpskoj: Vlast na procenat!?', *Nezavisne novine*, 27 July 2001.
[66] ONASA, 14 August 2001.
[67] SRNA, 22 June 2001, quoted in OHR RS Press Review. Translation improved by ICG.
[68] ONASA, 9 October 2000.
[69] For an in-depth analysis of the flaws in the RS privatisation law and its implementation, see ICG Balkans Report No 115, *Bosnia's Precarious Economy: Still Not Open for Business*, 7 August 2001.

obstructing the drafting of a law defining the competencies of a state level public prosecutor.[70]

The new government has also moved to rein in the media, some parts of which had latterly developed unwelcome habits of editorial independence. In February 2001, the government sacked the steering boards of all three entity-owned media organisations: the news agency SRNA, the daily newspaper *Glas srpski*, and the weekly paper *Srpsko Oslobodjenje*. Of the three, SRNA is the most important, as it provides news services for most broadcasters and publications in the RS. The government first cited 'financial difficulties' in explaining its purge of the SRNA board, but eventually admitted that the SDS did not approve of the agency's 'editorial content'.[71] Accusing the government of attempting under false pretences to exercise editorial control, SRNA's general manager, Dragan Davidovic, threatened to resign.

In early August the government suddenly 'accepted' Davidovic's 'resignation' of four months earlier. SDS president and National Assembly President Dragan Kalinic orchestrated Davidovic's removal,[72] as well as the personnel changes that have been imposed on the boards of hundreds of other RS organisations and companies. Kalinic brazenly confirmed the SDS media strategy at a press conference in June: 'In the media, only appropriate personnel changes have been made, such as in *Glas Srpski*, while at SRNA and some other media there remain, we believe, cadres not in synchronisation with the general policies of the majority in parliament.'[73] Davidovic, for his part, has cited examples of how the SDS pressured the news agency to amend its reporting over previous months, including forcing it to spike a statement made by Ivanic himself in The Hague on cooperation with the ICTY.[74] OSCE and OHR are looking into the SRNA case in particular, as well as the general issue of how the new government is seeking to control the RS media.[75]

With the contentious law on cooperation with The Hague Tribunal set to come before the National Assembly in September, with strikes and protest demonstrations over the parlous state of the economy also threatened in the autumn, and with elections looming next year, the SDS needs, more than ever, to be in a position to tell the populace what to think. It will also need the media to scapegoat Ivanic and the PDP as responsible for all the government's failures if a bust-up comes, to inveigh against any real cooperation with the ICTY and the international community, and to portray most new laws proposed in the state parliament as inimical to the interests of Serbs and their 'sovereignty'.

C. KOSTUNICA, THE SDS AND THE THREAT TO BOSNIAN STATEHOOD

While elections in Croatia following Franjo Tudjman's death resulted, in early 2000, in a new, left of centre government that ceased to support HDZ separatists in Bosnia, the fall of Milosevic and the advent of DOS (Democratic Opposition of Serbia) in autumn 2000 in Serbia has not signalled an analogous transformation of Yugoslavia's policy towards Bosnia. At the same time as Croatia announced in early 2001 that it would henceforward conduct all its relations with Bosnia on a strictly bilateral basis, Yugoslavia was signing a special, parallel relations agreement with the RS. More significantly, President Kostunica has openly embraced the SDS. His Democratic Party of Serbia (DSS) signed a protocol of cooperation with the SDS in Belgrade in July. Kostunica has thus pandered to pan-Serb sentiments and implicitly endorsed the ideal of a Greater Serbia, noting that 'cooperation between our parties has been ongoing for years, including times of great trial for our people from both sides of the Drina.'[76]

[70] ICG interview with an international official in Banja Luka, 26 June 2001.
[71] OHR RS Press Review, 10 August 2001.
[72] *Nezavisne novine*, 10 August 2001.
[73] SRNA, 22 June 2001.
[74] *Nezavisne novine*, quoted in OHR RS Press Review, 10 August 2001.
[75] ONASA, 21 August 2001.

[76] 'Koštunica i Kalinić potpisali sporazum o saradnji, DSS bliži SDS,' *Blic*, 30 July 2001. The Helsinki Committee for Human Rights in Bosnia and Herzegovina expressed concern in June that 'in recent months the international community has been overlooking the fact that the "Greater Serbia" project has not been abandoned and that the anachronistic, nationalistic ideology draws its strength from the actions and attitudes of the highest [Yugoslav] officials'. Helsinki Committee for Human Rights, 'Analysis of the State of Human Rights in Bosnia and Herzegovina (Monitoring in the period January to June 2001)'.

Another of Kostunica's comments on the occasion of the signing of the DSS-SDS pact was equally telling. He noted that stability and European integration 'require consistent respect and acceptance of Resolution 1244 and the Dayton-Paris Peace Accords.'[77] In equating the Security Council resolution affirming Yugoslavia's sovereignty over Kosovo and the Dayton agreement at a meeting with Bosnian Serb leaders, Kostunica was making an only thinly veiled allusion to his previously stated position that any move to give Kosovo independence would necessitate compensation for Yugoslavia: namely, the dismantling of Bosnia and the cession of the RS to Belgrade. He was also underlining his support for the SDS's literal interpretation of Dayton, which holds that anything *beyond* Dayton is a *violation* of Dayton, including such measures as the unification of Bosnia's military command structures and the enhancement of Bosnia's feeble state institutions. Kostunica's attempts to make political capital by reopening the question of Bosnian territorial integrity in the event of Kosovo's independence have dangerous implications for regional stability.

These political overtures reflect the continuing strength of the institutional links binding the military and intelligence establishments of Yugoslavia and Republika Srpska. In early August the RS and Yugoslav defence ministries signed a military agreement without consulting the international community. Under Dayton, the entities have the right to sign special relations agreements with neighbouring countries; but Kostunica's effort to forge a pact with only half of Bosnia's armed forces is worrying. The High Representative, however, declared the agreement to be without legal significance, since its terms were vague.[78]

The ties between Kostunica's party and the SDS, as well as between the armies of Yugoslavia and Republika Srpska, have recently become matters of political controversy in Serbia. In late August, the speaker of the assembly of the formerly autonomous province of Vojvodina, Nenad Canak, charged that the Yugoslav and RS armies were planning joint manoeuvres aimed at carrying out a coup d'etat in Yugoslavia.[79] While this accusation seemed farfetched, it was founded on the fact that the two armies remain intertwined. As the Belgrade daily *Danas* reported, 'The DSS continues to maintain close relations with the SDS in Republika Srpska, which clearly speaks to the continuity between the political connections of these two groups, which was the case during the Milosevic regime, plus the integration of military forces which is forbidden under Dayton and other agreements.'[80] A week later Canak charged that about 1,400 personnel currently serve under the joint command of the Yugoslav and the RS armies and called for an investigation of the matter.[81]

Cooperation between the SDS and DSS could spell unified opposition by the RS and Yugoslavia to the transfer of Bosnian Serb indictees to the ICTY, whether they are hiding in the RS or Yugoslavia. After all, the DSS and SDS signed their agreement in the immediate aftermath of Milosevic's transfer to The Hague and Kostunica's disingenuous attempt to deny that he had known in advance about any such transfer, let alone approved it. Since international financial aid to Yugoslavia is conditioned, in part, on the country's cooperation with the ICTY and on ending its support of the RS army, the international community must maintain pressure on the authorities on both sides of the Drina to take no steps which threaten the stability and integrity of Bosnia. In sum, Belgrade should be required to sever all funding of the RS military, intelligence service and police; remove all Yugoslav Army (VJ) officers and non-commissioned officers from the ranks of the RS army (VRS); and cease to support or encourage extremist political organisations in the RS, including the SDS.[82]

[77] *Blic*, 30 July 2001.
[78] 'RS/FRY military agreement has no legal effect', OHR Press Release, 1 August 2001.
[79] For a full account of the context of Canak's allegation, see ICG Balkans Report No. 117, *Serbia's Transition: Reforms Under Siege*, 21 September 2001.
[80] 'Za manevre niko ne zna', *Danas*, 22 August 2001.
[81] 'Trazicemo dodatnu istragu – Nenad Canak o suradnji VJ i VRS', BH Press, 29 August 2001.
[82] On the necessity of political conditionality for international financial assistance to FRY, see ICG Balkans Report No. 112, *A Fair Exchange: Aid to Yugoslavia for Regional Stability*, 15 June 2001.

IV. CAN THE RS MOVE BEYOND ITS WARTIME PAST?

A. THE NATURE OF THE SDS

The SDS is again the most powerful party in Republika Srpska. In truth, it probably remained pre-eminent even during the period when Dodik and Plavsic officially ran the entity. It is therefore useful to examine its nature and ideology, its internal structure, and the reasons why it commands so much popular support.

The inescapable starting point for any such analysis must be party's wartime history. In initiating from on high in 1992 – and in carrying out on the ground over the next three years – a systematic policy of what soon became known as 'ethnic cleansing', the SDS aimed to undo the legacy of more than a millennium of Balkan history. Bosnia's national, cultural, religious, social and even topographical diversity was anathema to the zealots, savants, gangsters and frightened sheep who set about creating what had never existed since the Slavs arrived in the Balkan peninsula in the sixth and seventh centuries: national, ideological and political homogeneity. Employing exemplary executions of notables, massacres of common folk, concentration and rape camps, bombardment of cosmopolitan sinkholes like Sarajevo, and the razing of mosques, churches and other architectural artefacts of a despised past, the ethnic cleansers sought revenge on history itself. Unlike Pol Pot and the Khmer Rouge, however, Karadzic and the SDS were always ready to settle for less than a return to the Year Zero. War had been good to them financially, and they had no wish to eschew their loot and power. But that war had also proved unwinnable by 1995. A compromise peace was necessary. Dayton provided it, giving the SDS leaders their chance to institutionalise their power and legitimise their 'state'. As has been noted above, the postwar elections were the icing on the cake. The SDS soon learned to love Dayton – or at least its own narrow reading of the text. Ethnic cleansing would endure. Importunate foreigners would go away. Greater Serbia might yet be born.

In the meantime, there was a 'state' to run and fortunes to be made or augmented. The SDS had never been a monolithic party. More like Tudjman's HDZ than Milosevic's neocommunist Socialist Party of Serbia, the SDS was a movement containing various factions, regional interest groups and local warlords. Some were true believers in 'heavenly' Serbia; others were homicidal maniacs; and still others were opportunists with their eyes on the main chance. The coming of peace emphasised such divisions and created new ones. Nowadays, the principal split in the SDS leadership is between those who seized and occupied powerful positions during the war – and may thus be indictable for war crimes – and those who kept a lower profile during the conflict or only entered politics thereafter.

Another important aspect of the contemporary SDS that reflects its wartime past is the continuing existence of regional centres of power. Local bosses and criminals who exercised life and death authority – and controlled both legal and illegal commerce – in their own bailiwicks during the war often maintain a stranglehold over these same localities today. Some still hold political office, while others wield power from behind the scenes, through their businesses or organised crime. Again, many of these local strongmen initiated the ethnic cleansing of their towns during the war, and many are thought still to maintain contact with Karadzic. Such leaders include Cvijetin Nikic[83] in Bijeljina and Milan Ninkovic in Doboj.[84] They run their communities as before, but need now to invoke Karadzic and the heroic days of Pale in order to retain legitimacy vis-à-vis the new and ostensibly more respectable centre of power in Banja Luka. [85]

The evolution of the SDS through war and peace confronts its current leadership triumvirate of Sarovic, Cavic and Kalinic with a contradictory set

[83] Nikic reportedly remains very close to Karadzic and exerts significant influence over local politics, despite the fact that the OSCE Provisional Election Commission banned him from participating in elections in 1999. According to OSCE, Nikic again tried to run in the April 2000 municipal elections, but was once more thwarted by OSCE.

[84] In 1996, while Ninkovic was serving as RS Minister of Defence, Human Rights Watch alleged that he was 'one of the five principal organisers of ethnic cleansing in the Doboj area' and that in early 1993 he told listeners to 'Radio Doboj that all Bosniaks should be killed and that the city should remain a Serb city.' See 'The Continuing Influence of Bosnia's Warlords', Human Rights Watch, December 1996, pp 12-13.

[85] ICG interview with international representative in Banja Luka, 29 June 2001.

of imperatives. They must convince the international community that they support the peace implementation process; the electorate that they support economic reform and renewal; and the still-powerful backwoodsmen that they support neither. The SDS leaders would have the international community believe that the party is reforming, democratising and becoming an ordinary political party.[86] In a recent interview, Sarovic confirmed the presence of a schism between the party's wartime veterans and its more recent recruits: between those who believe that 'we should absolutely stay with the principles which were outlined in 1990', and those who have a practical approach to issues. Sarovic claimed in the same interview that the party was 'democratising'.[87]

There is, however, one common denominator shared by all the SDS currents, factions and bosses: they want to maintain the status quo.[88] In any case, the party derives its popular strength from its position as *the* wartime party that built Republika Srpska. But this means its leaders must also regularly invoke the past, stoke up fears of those 'alien' elements whose return would put their achievement at risk, and maintain a measure of nationalist paranoia among the population – all in order to remind the masses of the party's sterling services in war and indispensability in peace. The May riots in Trebinje and Banja Luka served the party well, irrespective of whether or not elements in the SDS organised them. They worked to unite Serbs against their common Muslim and international enemies and allowed the SDS to exploit the fears of displaced Serbs in the RS who occupy the homes of Bosniaks or Croats threatening to return.

Finally, the SDS relies today on maintaining a high degree of nationalistic solidarity in order to distract citizens' attention from the ever-downward spiral of the RS economy. At the same time, however, because its local structures are so enmeshed in organised crime and corruption, the party cannot honestly support genuine economic and legal reforms. Yet in the current coalition it is Ivanic who is the front man promoting reform. And it is he who is most likely to be punished by voters when the promised reforms either fail to materialise or have no effect. The SDS aims to get off scot-free.

B. WAR CRIMES AND COOPERATION WITH THE HAGUE TRIBUNAL

The Serbian government's dramatic Vidovdan (28 June) surrender of Slobodan Milosevic to the ICTY immediately refocused international media attention and political pressure on the RS government's continuing failure to cooperate with the Tribunal. The press speculated eagerly over how soon it would be before Bosnia's 'big fish', Karadzic and Mladic, followed Milosevic to The Hague. Officials from OHR and OSCE met with the RS authorities to remind them of their international obligation to cooperate with the ICTY. Presumably, these organisations also reminded Sarovic of the promises that he and other SDS leaders had made in December 2000. Robert Barry, the then head of the OSCE mission, warned that the '[r]eaction of the authorities in RS, and the SDS in particular, will be monitored in the coming days. Others on The Hague list should not labour under the impression that they can seek refuge in the Republika Srpska.'[89] Ivanic, for his part, fulfilled a prior commitment to visit The Hague on 4 July to meet with top ICTY officials, and promised publicly that the RS would fulfil its obligations. This visit occurred soon after he had taken the step of establishing a Bureau for Cooperation with the ICTY, run by one Sinisa Djordjevic, who also serves as Ivanic's special adviser on war crimes. Djordjevic claims to have compiled dossiers on 3,000 war crimes committed in the RS. However, given his admission that *none* of the perpetrators of these alleged crimes is a Serb, it would be hard for anyone to argue that the Bureau serves the impartial pursuit of justice.

Several months on, and the RS has made little concrete progress, but international pressure has again subsided.[90] Although Sarovic and Ivanic

[86] 'Mirko Sarovic, Predsjednik Republika Srpske, Karadzic nije u SDS-u', *Reporter*, 25 July 2001.
[87] Ibid.
[88] ICG interview with international representative in Banja Luka, 29 June 2001.
[89] 'Head of the OSCE Mission Met Today with RS President and Vice President and with Prime Minister of RS', OSCE Press Release, 29 June 2001.
[90] An interesting example of this lack of international seriousness concerns the coverage of the ICTY by the public broadcaster, Radio-Television of Republika Srpska (RTRS). This coverage is assessed by an ICTY official as 'virtually non-existent. What there is, has been mostly hostile and inaccurate.' RTRS has refused to broadcast the

acknowledged publicly in June that cooperation with the ICTY was inevitable, both were quick to offer excuses as to why it could not happen immediately. The issue has stalled because of their insistence that the RS National Assembly must enact a special law before cooperation can commence.

In June and July, Sarovic made the ludicrous claim that there were no indicted war criminals in Republika Srpska,[91] only to be confounded within days by the voluntary surrender to ICTY representatives in Banja Luka of RS army officer Dragan Jokic, who had been named in a sealed indictment. This indictment had allegedly been delivered to the RS Ministry of Defence, along with a second indictment against a person unknown. According to UN officials in Bosnia, other indictees continue to enjoy official support, including one publicly indicted individual who has lately been issued with a driving licence by the authorities in the western RS.[92] In addition, RS army units reportedly continue to provide protection for their wartime commander, Ratko Mladic.[93]

Bosnian Serb leaders have frequently justified their policy of protecting war criminals by criticising the use of sealed – or secret – indictments. They claim they would cooperate in delivering war criminals if only the ICTY would, for its part, demonstrate its trust of RS institutions and make all indictments known to the authorities. Yet these same authorities have failed to date to arrest a single *publicly* indicted suspect. Of the seventeen Bosnian Serbs to have appeared before the Tribunal on the basis of public indictments, the RS authorities delivered not a one.[94] With the number of indictees based in RS currently reckoned to fluctuate between 20 and 30, there is ample scope for the RS police and courts to prove that sealed indictments are no longer necessary.[95]

In any case, some sealed indictments *have* been made available to RS governments since Dodik's day.[96] This practice has continued, but has not prompted former or current interior ministers to order any arrests.[97] Following the recent surrender of Jokic, an opposition politician from the Serb National Alliance (SNS) charged that a 'group' in the RS had pressured Jokic to turn himself in, so saving the government the embarrassment of making an arrest while, at the same time, getting the international community off its back.[98]

Meanwhile, the Federation authorities have promptly arrested and transferred to The Hague two popular Bosniak generals and a colonel who had been subject to sealed indictments – further highlighting RS non-compliance. On the other hand, Sarovic has announced that he 'expects that The Hague Tribunal will indict Alija Izetbegovic and a number of other political and military Bosniak officials who had crucial decision-making

weekly bulletins about ICTY that are produced by a team of ex-Yugoslav journalists based in The Netherlands and Brussels. Carried routinely by numerous private broadcasters in Serbia and by the public broadcaster in Montenegro at prime time, these bulletins are shown in RS only - and irregularly - by a local private station, ATV. As a public broadcaster, however, RTRS is obliged under the terms of its licence to provide 'coverage of the work of…ICTY' (see article 15/2 of the General Terms and Conditions of CRA [Communications Regulatory Agency] Long-Term Broadcasting Licence). To date, the OHR has reportedly declined to use this excellent leverage to try and raise the level of information and debate about war crimes issues in the RS. As a result, impartial coverage of the ICTY is reliably provided in the RS by a single newspaper, *Nezavisne novine*. ICG interviews, October 2001.

[91] Associated Press, 31 July 2001. The OHR wryly criticised Sarovic for telling the press rather than the ICTY that the RS harboured no indicted war criminals, noting that it was yet another example of non-cooperation by the entity government. Monthly Tracker: May 2001, OHR Monthly Review. ICTY officials maintained that, as of late May, some 26 indictees were resident in the RS. (ICG interviews in The Hague, May 2001.)

[92] ICG interview with senior UNMIBH official, August 2001.

[93] Among recent accounts, see Zlatko Dizdarevic, 'Tribunal Ivanicu ne veruje', *BH Dani*, 20 July 2001, p 23; Mehmed Pargan, 'Raspusta trojke i infiltrira se u vlast i gradanska udruzenja!', *Slobodna Bosna*, 2 August 2001, p 8.

[94] Based on a tally of cases summarised on the ICTY website, www.un.org/icty/, 'Detainees and Former Detainees'.

[95] Ibid. See 'Outstanding Public Indictments'. ICG interview with ICTY official, October 2001.

[96] According to ICTY officials, RS cooperation during the Dodik era was 'slight'. For example, Dodik's government was given ICTY arrest warrants for the brothers Milan and Sredoje Lukic. After a silence of nine months, ICTY followed up the matter, only to be told that the indictees had not been located. At that point, the ICTY decided to unseal the indictments. ICG interviews in The Hague, May 2001.

[97] ICG interview with senior UN official, 16 August 2001.

[98] 'SNS o saradnji RS sa Haskim tribunalom', *Nezavisne novine*, 21 August 2001.

and command roles in the war.'[99] As has been the case so often in the past, international officials are holding the RS to a lesser standard of compliance with the Dayton Peace Accords. Few today remember that the original condition for aiding Republika Srpska following the 1996-1997 embargo was that its authorities should deliver Karadzic to The Hague.

1. Law on Cooperation

The latest delaying tactic on the part of the RS government has been to insist it could not work with The Hague until the entity's parliament passes a law governing such cooperation. This same issue emerged in Yugoslavia during the debate over what to do with Milosevic.[100] The legal basis on which Belgrade transferred (not extradited) Milosevic to the ICTY's jurisdiction applies equally to the RS, under the terms of the Dayton agreement and as a constituent part of a UN member state. The international community did not accept that Yugoslavia needed a special law, but it has tolerated Banja Luka's insistence that it must have one. Regardless of the legal arguments for and against the necessity of a law, the RS government was clearly biding its time and attempting to shift responsibility to the assembly for its current rejection – and eventual acceptance – of the obligation to cooperate with The Hague. But even if such a law were required, why has the RS waited nearly six years since Dayton to pass an instrument necessary for the entity to fulfil its treaty obligations?

Some international officials and observers nonetheless opined that the mere drafting of a law on cooperation and its submission to the National Assembly in July were signs of progress.[101] On closer inspection, however, both the debate surrounding the proposed law and the draft itself showed that the RS was moving no closer to constructive engagement with the ICTY. The proposed law looked more like a charter for legally tipping off war criminals than a set of terms and conditions for effective cooperation. One of its main flaws was that it provided a mechanism for the RS authorities to refuse cooperation if they deemed such collaboration would impair the interests of Republika Srpska.[102] The draft also made it almost impossible legally to detain and transfer suspects. It prohibits local authorities from jailing ICTY indictees without presenting full information about their alleged crimes to a local judge, in the presence of defence lawyers, and demonstrating sufficient evidence to prove there was a prima facie case against the accused.[103] The draft even acknowledged that this onus on the authorities to provide the requisite evidence of criminality was higher than would be the case in a local trial.[104] In addition, the eventual transfer of a suspect from RS custody to the Tribunal requires a separate hearing by a local court as to whether or not the standard of proof has been met.[105] Throughout this complex procedure the clock would be ticking, since after three months the police *must* release the suspect if all of the conditions had not been fulfilled.[106]

During the assembly's initial debate on the law in July, SDS deputies proposed that the government should immediately prepare a declaration on the character of the Bosnian war, and that the assembly's presidency should appoint a delegation to visit RS prisoners in The Hague. Meanwhile, the assembly's legal review committee declared the draft to be potentially unconstitutional.[108] When asked whether the law would pass, Sarovic was ambiguous: 'I don't know whether the SDS representatives will vote for the law and I don't decide in their name. As president of the RS, I believe that all the National Assembly representatives will understand the importance of this moment and, with their own political will, will

[99] OHR BiH Media Round-up, 23 August 2001.
[100] ICTY officials believe that Belgrade's insistence on the need for a law encouraged Banja Luka to swiftly follow suit. (ICG interviews in The Hague, May 2001.)
[101] OHR BiH Media Round-up, 27 July 2001. For an RS assembly take on the matter, see OHR RS Press Review, 13 September 2001.

[102] Draft Law on Cooperation of Republika Srpska with the International Criminal Court in The Hague, June 2001, Article 6.
[103] Ibid, Article 13. 'Detention cannot be ordered if reliable proofs of identity and information about the criminal act for which the individual is accused are not provided.'
[104] Ibid. The previous passage continues, 'The requirements of paragraphs one and two [cited in previous footnote] of this article do not apply if the same individual is already before a local court.'
[105] Ibid, Article 14.
[106] Ibid, Article 13.

[108] 'Osvojen nacrt zakona o saradnji sa Haskim tribunalom', *Dnevni avaz*, 26 July 2001.

pass a law which is *most acceptable and most useful to the RS*.'[109]

Consideration of the draft law on ICTY cooperation was postponed on 27 September, allegedly because Ivanic, Sarovic and Radusic were not present. The press mentioned SDS deputies' fears that they might themselves become its victims and/or a move by the SDS leadership to blackmail Ivanic into appointing its henchmen to controlling positions in the highly profitable Modrica oil refinery.[110] The law was eventually adopted on 2 October by a majority of one vote. Several SDS members abstained, but the Socialists voted for it. The entire opposition voted against. Ivanic hailed its passage. Sarovic and Kalinic gritted their teeth and said the Assembly's decision must be respected. Assembly deputy speaker Sulejman Tihic described the law not as a law on cooperation with The Hague, but as a law on 'obstruction of cooperation' with the ICTY. Fifteen out of 19 SDS amendments were adopted, but at this time of writing it is not clear how these will affect an already inadequate law. Seasoned observers suggest that the law is unlikely to overcome SDS opposition to genuine collaboration with The Hague.

2. The SDS Conundrum

The chances of the RS cooperating with the ICTY will remain extremely slim so long as individuals involved in wartime atrocities retain significant influence in the entity's politics, army, police, and business and criminal establishments – and so long as the SDS remains the most powerful political party. Many current SDS officeholders at the municipal and entity levels – as well as some serving politicians who no longer belong to the party – were close to Karadzic during the war or wielded autonomous power in areas where atrocities took place. One need look no farther than the onetime SDS luminaries now awaiting trial in The Hague, Krajisnik and Plavsic, to appreciate the continuity between the party's wartime and peacetime leadership. The influence of the SDS wartime elite remains especially strong in the eastern RS, and clearly represents an obstacle to cooperation with the ICTY, as well as to refugee return, national reconciliation, and the much-touted transubstantiation of the SDS itself.

Several salient illustrations of the continuing power of the wartime leadership can be provided. For instance, the current president of the SDS caucus in the National Assembly was filmed entering Srebrenica alongside Mladic in July 1995. A prominent RS opposition politician told ICG that if the government actually began cooperating with The Hague, the SDS would lose its leading role in the assembly, since half its deputies would be forced into hiding.[111] Even more significantly, support for the ICTY would nullify much of the party's ideological raison d'être. SDS propaganda contends that Serbs were the greatest victims in the 1992-95 war, that the SDS was (and remains) their only effective bulwark against a fundamentalist Islamic state, and that it alone can maintain the national solidarity essential to preserve Serbs in a hostile world. Accepting the legitimacy of the ICTY and allowing it to carry out its work would mean admitting the scale of suffering and injustice perpetrated in the name of Greater Serbia. A full coming to terms with wartime atrocities would expose the fact that individuals from all sides were both victims and perpetrators, that whole peoples cannot be stigmatised, but that Serb nationalism gave rise to systematic acts of evil. It would also reveal the extent to which the crimes committed by Bosnian Serb forces to create an ethnically pure state were the basis for today's Republika Srpska, and provided the path to power and riches for many of its leaders.

As one RS mayor told ICG, 'the SDS as a party protects war criminals because to do otherwise would call the party's entire concept into question.'[112] The threat to the SDS represented by The Hague was highlighted by the demand of its assembly deputies that any draft law on cooperation must be accompanied by a declaration on 'the nature of the Bosnian war'.[113] In other words – and like the HDZ in Croatia – the SDS cannot risk allowing others to redefine its war. Moreover, the need to portray the ICTY as an illegitimate and quintessentially anti-Serb institution means that the RS authorities not only

[109] 'Mirko Sarovic, Predsjednik Republika Srpske, Karadzic nije u SDS-u', *Reporter*, 25 July 2001. Emphasis added.

[110] See OHR RS Press Review, 28 September 2001 and 1 October 2001.

[111] ICG interview with an influential RS politician who wishes to remain anonymous, 28 June 2001.

[112] ICG interview with an RS mayor who asked to remain anonymous, 28 June 2001.

[113] 'Osvojen nacrt zakona o saradnji sa Haskim tribunalom', *Dnevni avaz*, 26 July 2001.

refuse to transfer Bosnian Serb suspects, but generally deny assistance to the ICTY prosecutor in collecting evidence about crimes committed *against* Serbs.

3. The Institutional Protection Of War Criminals In The RS

Protection of indicted and putative war criminals in the RS extends beyond the government's refusal to cooperate with the ICTY to actually employing and guarding those at risk of prosecution. Some local police forces continue to be run by individuals who took part in pogroms during the war. In November 2000, ICG reported numerous cases of serving RS policemen whose wartime records were more than dubious, reinforcing earlier allegations to this effect by human rights organisations.[114] A number of serving policemen have reportedly served too in Karadzic's security entourage. During a recent trial in the RS, monitored by a UN official, one of the witnesses referred to police officers who acted as guards for Karadzic in 1998 and 1999. When the official later went to check the official court proceedings to find the reference, he found that the testimony had been excised from the transcript.[115]

The RS army also reportedly harbours individuals who may be indictable by the ICTY. The former RS defence minister dared not travel abroad because the ICTY could not guarantee him against arrest by foreign police on war crimes charges.[116] In August 2001, SFOR apprehended a serving RS officer, Colonel Vidoje Blagojevic, indicted for his alleged role in the Srebrenica massacres. In April, SFOR captured Dragan Obrenovic, another RS officer implicated in planning these massacres and charged with genocide. Most recently, on 15 August 2001, Lieutenant-Colonel Dragan Jokic turned himself in on the basis of a sealed indictment. Yet the wartime commander of the Bosnian Serb Army, also indicted for war crimes and genocide at Srebrenica, Ratko Mladic, remains at large. RS army contingents are widely reported to guard Mladic against arrest by SFOR when he is in his bunker near Han Pijesak.[117]

Dodik recently claimed that employees of the RS customs authority, with the help of SDS functionaries, take cuts on illegally imported goods in order to pay for Karadzic's security guards.[118] ICG has obtained extensive information on RS companies linked to the SDS and involved in the illegal import trade, which also reportedly provide funding for Karadzic's security.[119]

4. Karadzic and Mladic

Following the Serbian government's transfer of Milosevic to the ICTY, local and international media became feverish in their anticipation of an imminent arrest of Karadzic and/or Mladic. RS and SFOR representatives responded by engaging in an apparent competition in the press over which of them knew less about the whereabouts of the two. RS leaders managed to claim simultaneously that they did not know where Karadzic and Mladic might be, but that they did know that neither was in Republika Srpska. SFOR spokesmen, meanwhile, claimed to have extremely limited knowledge of either indictee's whereabouts, but averred they were certain that both men were in the RS. Many journalists, however, professed to know exactly where Karadzic was hiding, what he was wearing (a priest's habit), and what had happened to his famous hair (it had migrated from his head to his face). In July he was reported to be moving between Montenegro and Republika Srpska along the river Tara near Foca, and that a failed attempt by the SAS to nab him had allegedly resulted in the deaths of several British soldiers. Around the same time, SFOR exercises in eastern Bosnia prompted more speculation that Karadzic's arrest was imminent. The next source of excitement was a report that Karadzic was ready to give himself up and would testify against Milosevic in return for a lesser sentence. This confection was soon shot down by Karadzic's wife, who claimed her husband would never testify against Milosevic because 'guilt does not exist for our civil war'.[120]

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[114] See ICG Balkans Report No 103, *War Criminals in Bosnia's Republika Srpska: Who are the People in your Neighbourhood?*, 2 November 2000. Also see Human Rights Watch, *A Closed Dark Place: Past and Present Human Rights Abuses in Foca*, July 1998.

[115] ICG interview with UNMIBH official in Sarajevo, July 2001.

[116] 'Neka buda smena', *Reporter*, 26 July 2000.

[117] 'RS i SFOR zajedno hapse Karadzica i Mladica?', *Oslobodjenje*, 6 July 2001.

[118] 'Karadziceve pratioce placa Uprava carina', *Oslobodjenje*, 8 August 2001.

[119] Information from ICTY and SFOR intelligence sources.

[120] 'Ljiljana Karadzic: U Hag ni pod kojim uslovima', *Oslobodjenje*, 6 July 2001.

Three months after Milosevic's arrival in The Hague, the media excitement had yet to wane, despite SFOR's failure to fulfil popular and diplomatic expectations that arrests were nigh. Departing SFOR commander Lieutenant-General Michael Dodson told a farewell press conference on 4 September that he thought he knew where Karadzic was to be found when he was in Bosnia, but that his rapid, skilful and frequent moves back and forth across the frontier with Montenegro and Serbia militated against a successful and casualty-free operation by SFOR.[121]

All the hoopla surrounding the supposed hunt for Karadzic – and the international community's efforts to shift responsibility for his capture on to the RS authorities – have served to boost his now legendary status in the RS. Meanwhile, there are clear indications that he continues to exercise some influence through both his old comrades in the SDS and his own security entourage. There are reliable reports, for example, that several members of Karadzic's bodyguard were present in Trebinje in the days preceding the anti-Muslim riot on 5 May. Despite the fact that the RS government's obligation to cooperate with the ICTY is clear, it is unrealistic in present circumstances to expect either that Ivanic will find the courage to initiate the arrest of Karadzic and Mladic, or even that he possesses the requisite authority over the RS army and police to do so. All the same, the international community must not let his government off the hook when it comes to reeling in and transferring 'smaller fish' to The Hague.

C. RS GOVERNMENT POLICY AGAINST MINORITY RETURN

RS policies on refugee return offer another measure of the extent to which the entity's authorities have forsaken their wartime goal of creating and perpetuating an ethnically pure state. After four years of negligible returns, 2000 saw significant numbers of non-Serbs (mostly Bosniaks) return spontaneously to their razed villages, often pitching tents near their destroyed houses to demonstrate to potential donors their determination to stay. The reasons behind this startling breakthrough included the availability of more help from the Federation government, more effective implementation of the property laws, particularly in the Federation and, no doubt, more than bearable levels of frustration on the part of refugees and DPs over the length of time they had been waiting to repossess their homes.[122]

This trend continued in the first third of 2001, when the UNHCR reported a doubling of registered minority returns throughout the country compared to the same period last year.[123] During the first seven months of this year, the UNHCR registered about 16,000 minority (non-Serb) returns to the RS, although minority returns to the Federation during this same period were still significantly higher, at about 26,000.[124]

Unfortunately, these incremental improvements did not reflect more welcoming policies on the part of the RS. On the contrary, the spontaneous returns of non-Serbs to many areas in the RS in 2000 and 2001 have been met by proportional increases in the incidence of nationally motivated attacks on returnees,[125] to which the local police tend to react with indifference. The May riots in Trebinje and Banja Luka correlated with a noticeable drop in returns to the RS in June: from 3,263 registered returns in May, to fewer than 2,000 in June, otherwise the high season for return.[126] The phenomenon of ethnic violence and official complicity is analysed in greater detail below.

Other elements of RS policy militating against national reintegration are also discussed below. These include dilatory implementation of the property laws designed to ensure the rights of expelled minorities to reclaim their pre-war homes, an overwhelming budgetary focus on settling

[121] 'SFOR zna gdje je Karadzic', *Oslobodjenje*, 5 September 2001.

[122] See ICG Balkans Report No 95, *Bosnia's Refugee Logjam Breaks: Is the International Community Ready?*, 30 May 2000.

[123] 'UNHCR records 100% increase in Minority Returns in 2001', UNHCR Press Release, 9 May 2001.

[124] 'Registered Minority Returns from 01/01/2001 to 31/07/2001 in Bosnia and Herzegovina', UNHCR website: www.unhcr.ba. The actual number of returns is in fact higher, since not all returnees necessarily register with UNHCR. Nevertheless, comparisons between the entities and from year to year can be made with these statistics which reflect general trends.

[125] *Human Rights Co-ordination Centre Quarterly Report*, 1 September 2000 – 31 March 2001, p.9.

[126] 'Summary of Registered Returns of Displaced Persons within Bosnia and Herzegovina', UNHCR website: www.unhcr.ba.

displaced Serbs inside the entity, and the illegal reallocation of public and private lands to accommodate these Serbs while discouraging non-Serbs from returning. Local authorities also do their bit by erecting administrative hurdles for returnees seeking to use basic public services, such as connecting their houses to water and power supplies, acquiring necessary documents, and using health services.[127] Although some of these tactics may appear quite technical or bureaucratic, they are the methods used to ensure that the Republika Srpska envisaged by its wartime founders is not significantly contaminated by 'alien' intruders.

An important element of the policies discussed below is that the entity government bears primary responsibility for applying the brake on return. Unlike the Federation, the RS is a highly centralised polity. It does not have intermediate administrative units or cantons, nor does it tolerate parallel administrations such as those of the Bosniaks and Croats in the Federation. Policy, including refugee policy, is made in Banja Luka, largely because it is the centre that controls the purse strings. It is therefore necessary to ask whether international assistance, provided to the entity budget, is resulting in political decisions in line with the goals of the international community.

Both the Dodik and Ivanic administrations promised to support a multinational society and the return of Bosniaks and Croats to the RS. The SDS made a similar pledge in the document its leaders signed at the instance of the High Representative in December 2000. Yet these promises made to foreigners stand in stark contrast to the statements made by RS politicians to their own people, as well as to what actually happens on the ground.[128]

1. Low Property Law Implementation

One sign of the RS government's unwillingness to support return is the failure of the municipal housing authorities to confirm the property rights of pre-war residents. According to the RS and Federation property laws, a refugee or displaced person has the right to claim repossession of his or her pre-war residence. The local authorities are obliged to uphold this claim if applicants can demonstrate their pre-war ownership or right of abode. The issue of property law implementation is sensitive because housing units still intact are more than likely to be occupied by someone who took control of the property in the pre-war occupant's absence. The interloper may be a refugee from another part of Bosnia or from one of the other ex-Yugoslav republics. Alternatively, the current occupant could be a politically well-connected person who controls more than one residence, or someone who took over the property in any number of circumstances.

Thanks to intervention by the international community, property repossession laws were more or less harmonised between the entities in 1998. The Property Law Implementation Plan (PLIP) provides for an international official to monitor implementation of the law and to encourage local authorities to resolve outstanding cases in each of Bosnia's municipalities. In extreme circumstances, the High Representative can (and does) remove municipal officials obstructing implementation of the laws. This is a hugely bureaucratic and detail-driven process, but pressure from the international community has been crucial in creating the conditions necessary for minority returns to certain areas, particularly in the Federation. But the PLIP has also altered dramatically the perceptions of refugees and DPs. They can no longer assume either that their former homes are lost to them, or that they can themselves occupy somebody else's property indefinitely.

Despite the relative success of international pressure to enforce the property laws, the percentage of claims resulting in repossession throughout the country is currently only 29 per cent. While certain (usually Croat-controlled) areas of the Federation have extremely low implementation rates, the Federation authorities have succeeded in resolving 38 per cent of the claims made to their housing offices. In the RS, however, the implementation rate was a mere 19 per cent at mid-year and 21 per cent by September 2001.[129]

[127] Helsinki Committee for Human Rights in Bosnia and Herzegovina, 'Analysis of the State of Human Rights in Bosnia and Herzegovina (Monitoring in the Period January to June 2001)'.

[128] ICG interviews with international officials in the RS, 28-29 June 2001.

[129] 'Property Implementation', Joint Press Release of OSCE, UNMBiH, OHR, UNHCR, and CPRC, 31 July 2001. 'Republika Srpska Failing to Implement the Property Laws', OSCE Press Release, 11 September 2001.

While rates of implementation remain generally 'unsatisfactory' in the RS according to the agencies overseeing the PLIP, 'the lack of progress in Banja Luka, Prijedor, and throughout the Eastern RS (including Bratunac, Cajnice, Foca/Srbinje, Rogatica, Srebrenica, Visegrad and Zvornik) is particularly poor. Implementation rates in Brcko District also remain unacceptably low.'[130] Rates are better in Bijeljina than in surrounding municipalities, largely because the High Representative's Special Envoy has taken effective control of the Bijeljina housing office.[131]

Municipalities vary in both the efficiency with which they implement the property laws and the degree to which they are ready to facilitate refugee return. In Republika Srpska, however, local housing authorities are meant to be directly subordinate to the Ministry for Refugees and Displaced Persons in such matters, not to mayors and municipal councils. The entity government therefore bears most responsibility for the failure to confirm the property rights of the majority of the RS's non-Serb, pre-war residents. In fact, the overwhelming majority of returnees have taken up so-called 'uncontested space', mostly destroyed properties that they have sought to rebuild with international assistance.

International officials working in the RS have told ICG that many local housing offices are fully prepared to do a professional job in implementing the property laws, but find themselves exposed to conflicting pressures from SDS and international officials, as well as to intimidation and attacks by anti-return vigilantes. Two successive heads of the municipal housing office in Zvornik resigned between December 2000 and April 2001 because of the pressures to which they were subjected.[132] The OSCE recently criticised the Refugee Ministry for not supporting its local staff: 'The Ministry has so far failed to deliver on numerous promises of basic office equipment and has failed to vigorously seek prosecution for threats and attacks on its own staff.'[133] Meanwhile, international donors have provided substantial sums to the ministry (more than U.S.$1 million) to hire more staff and buy equipment. This is another example of the international community failing to get what it pays for.

2. Budgeting For Resettlement

Unfortunately, an analysis of the RS budgets for 2000 and 2001 demonstrates that official priorities focus overwhelmingly on providing incentives to displaced Serbs to remain in the RS while, in many ways, working against minority return. In early 2001, for example, the government budgeted about KM 34.5 million for the Ministry for Refugees and Displaced Persons (Refugee Ministry),[134] KM 28 million of which was allocated to projects.[135] Of this latter sum, KM 21 million (or 75 per cent) was earmarked for resolving the problems of refugees and displaced persons currently residing in the RS (i.e., supporting the permanent settlement of Serb DPs and refugees), while only 25 per cent was allotted to helping returnees.[136]

In a set of parliamentary conclusions in April, the National Assembly 'tasked' the government with closing collective centres in the RS (that is, with finding permanent accommodation for Serb DPs and refugees) and with resolving the housing problems of the refugee and DP families of deceased war veterans by May 2002. The assembly further stipulated that 'at least' KM 29,255,609 of the ministry's budget should be allocated to these tasks,[137] even though the RS Ministry of Veterans and Labour had already budgeted KM 101 million to assist fallen soldiers, war invalids and victims of war in 2001.[138]

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[130] Ibid.

[131] Based on ICG interviews with OSCE and OHR staff in the RS, as well as 'Review of Implementation of the Property Laws in Republika Srpska: Local Authorities and PLIP Focal Points', 30 June 2001.

[132] ICG interview with international official, 27 May 2001.

[133] 'Republika Srpska Failing to Implement the Property Laws', OSCE Press Release, 11 September 2001.

[134] RS Budget 2001.

[135] That is the portion of the budget remaining after taking account of employees' salaries and the material expenses of the ministry.

[136] This is in contrast to the Federation Ministry of Social Affairs and Return, which devotes 40 per cent of its KM 25 million budget to supporting returnees to the RS. ICG interview with Ministry of Social Affairs and Return, 19 September 2001.

[137] RS National Assembly, Adopted Conclusions on Program for Solving the Problems of DPs, Returnees and Refugees, 10 April 2001.

[138] This is the largest single budget line in the RS budget, and is five times the amount budgeted for regular social assistance programs. This discrepancy reflects the fact that social assistance serves political priorities rather than targeting those most in need. While a similar focus features in the Federation's budgeting priorities, it and

The National Assembly thus instructed the Refugee Ministry to spend more than its total available budget on programs dedicated to solving the housing problems of Serb refugees and DPs. At the same time, the assembly made no mention of funding for programs to assist returnees to the RS, nor even to assist Serbs wishing to return to the Federation. Despite this striking discrepancy, deputies made the rhetorical (and disingenuous) gesture of 'demanding' that the Refugee Ministry accord 'equal treatment to refugees, DPs and returnees in the process of resolving their problems according to the program.'[139]

These parliamentary strictures turned out to be irrelevant, however, when the government was compelled drastically to readjust its budget at mid-year in order take account of serious revenue shortfalls of between 20 and 30 per cent. Rather than imposing corresponding cuts all round, however, the government now allotted a mere KM 2.1 million to the Refugee Ministry, so reducing its budget by a swingeing 85 per cent.[140] Similar budgetary shortfalls in 2000 had provided an excuse for the government to spend none of the KM 5 million that it had budgeted to support return in that year.[141] The tiny sum remaining to the ministry this year is being spent to build new housing or provide alternative accommodation for displaced Serbs still living in temporary collective centres or vacating homes being reclaimed by returning Bosniaks and Croats.[142]

Many of the people living in collective centres have no possible alternative accommodation and are thus legitimate social cases. However, their support also serves a political end: encouraging voters who might otherwise incline towards returning to the Federation or Croatia to stay in the RS. Moreover, there is a risk that well-connected individuals who have multiple dwellings or others who have already repossessed their property in the Federation may receive additional free housing.

Under considerable pressure from the international community, the RS authorities agreed that new housing units created through this program would be allocated according to strict criteria. Accordingly, 'individuals who have failed to claim their properties, individuals who have repossessed their properties and multiple occupants are not eligible to be allocated apartments. Those who are allocated apartments will receive only six-month temporary contracts to use them and will be denied an extension if they do not remain entitled under the Criteria.'[143] In addition, the government promised to use vacated collective centres to provide temporary accommodation for those evicted from dwellings reclaimed by their pre-war occupants, usually people who fled or were expelled during the war.

In this way the international agencies charged with implementing the property laws are attempting to ensure that closing the collective centres assists as much in facilitating non-Serb return to the RS as it does in helping displaced Serbs with no alternative accommodation. Nevertheless, the experience of international officials working on the property laws has shown that international agencies will need to micromanage the use of this new accommodation if abuses are to be prevented. Shortly after the RS authorities agreed to the new criteria, documentation about beneficiaries currently being moved out of collective centres in the eastern RS

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many of the cantons do dedicate substantial sums to support refugee return.

[139] RS National Assembly, Adopted Conclusions on Program for Solving the Problems of DPs, Returnees and Refugees, 10 April 2001.

[140] Based on RS budget data for the first months of 2001 and on interviews with RRTF personnel monitoring the entity's policies on return. The Refugee Ministry was initially allocated KM 28 million for projects in 2001, or 14 million for the first six months. Thus, the KM 2.1 million actually to be disbursed represents only 15 per cent of what was originally budgeted. Moreover, the figure of KM 2.1 million is merely the latest estimate, since figures ranging from KM 1.5 million to KM 2.1 million have been mentioned in meetings between the ministry and RRTF personnel.

[141] ICG interview with source in the RS National Assembly, August 2001.

[142] In addition to funding from the Refugee Ministry, ICG's source in the RS National Assembly suggested that at least as much goes to assist Serb settlement from the budgets of municipal assemblies – and much more from other ministries' budgets, perhaps as much as KM 150 million. Finance Minister Vracar first alarmed and, then, won praise from assembly deputies in September when he explained that the KM 750,000 spent on refugee return during the first six months of 2001 (out of a projected, pre-cut budget of KM 3.5 million for that period) had actually gone on providing alternative accommodation for Serbs displaced by Croats and Bosniaks reclaiming their homes. Deputies judged this to have been a very good ruse. 'Koga Vracar namjerava "preveslati"', *Dnevni avaz*, 22 September 2001.

[143] 'Collective centre closure program in RS expected to provide alternative accommodation', Joint OSCE, UNMIBH, UNHCR, CRPC, and OHR Press Release, 30 August 2001.

was suddenly transferred to the Refugee Ministry in Banja Luka, complicating the work of international officials in the field attempting to monitor the use of new housing.[144] The potential injustice of constructing new flats for residents of collective centres could be compounded by the fact that much of the housing will be built on public land effectively privatised to benefit only Serbs remaining in the RS. Meanwhile, the Refugee Ministry spends virtually nothing to assist Serbs who wish to return to the Federation.

OSCE head of mission Robert Beecroft recently insisted that newly built housing not be 'wasted on people who have failed to take basic steps to claim or repossess their own property', and lamented the fact that the Refugee Ministry has this year spent less than 5 per cent of its minuscule funds to create alternative accommodation to support implementation of the property laws. He noted, too, that, 'The distribution of flats to collective centre residents and building materials to families of soldiers killed in battle does not meet Republika Srpska's legal obligations to refugees and displaced persons under the property laws and diverts resources from programs that would.'[145]

As noted above, at the same time as the Refugee Ministry's budget was cut to the bone, the already fat budget of the Ministry for Veterans and Labour received an *increase* at mid-year.[146] An ambiguous KM 4 million item in this ministry's budget for spending on 'special purposes' is now nearly twice the entire budget of the Refugee Ministry.[147] According to the UN, the Veterans and Labour Ministry is involved in the multimillion dollar 'industry' of trafficking women from elsewhere in Eastern Europe for work as prostitutes in Bosnia. The majority of women found working in brothels in the RS during IPTF raids possess work permits issued by this Ministry.[148]

The government's budgetary manipulations make political sense, since groups of veterans and associations of DPs constitute bedrock elements of SDS power at local level. Veterans and their families and Serbs displaced from the Federation and Croatia made sacrifices in the name of the SDS's (and Milosevic's) project for a Greater Serbia. They therefore remain as important as emblems in political rhetoric as they do as SDS voters. They are also easily mobilised to demonstrate against the international community and returning Bosniaks.

As a consequence of the deal brokered between Ivanic and the international community, the SDS now controls the Refugee Ministry through its independent 'expert'. As noted above, Minister Micic's background as a veterans' leader, as well as his pronouncements in the press and the thrust of his policies over the past few months, strongly suggest that he was given his ministry in order to consolidate Serb settlement in the RS, and certainly not to facilitate the return of non-Serbs. Ivanic's acceptance of such a colleague discredits his promises to support minority return. But so too does this state of affairs show up the folly of the international community's decision to permit the SDS to return to power while pretending that it was not happening.

3. Public Land Allocation To Support Resettlement And Discourage Return

Another device employed by the RS authorities to alter permanently the ethnographic profiles of many areas is the expropriation of public lands, often illegally, for the large-scale construction of new housing. The Croat authorities in Herzegovina attempted to resettle large numbers of Croats from central and northern Bosnia in this manner, but were forced to desist when Croatia ceased to provide funds for new building. In the RS, tens of thousands of plots of publicly owned land have been distributed to Serb DPs and construction companies for building housing. Land reallocation has also taken place in Bosniak parts of the Federation, but on a far smaller scale and with less blatant intent to discourage minority returns.

The reallocation of land in Republika Srpska began during the war, but accelerated considerably during Dodik's administration. Dodik, in fact, congratulated himself for having reassigned some

[144] Based on ICG interviews with members of the international Return and Repatriation Task Force, August 2001.
[145] 'Republika Srpska Failing to Implement the Property Laws', OSCE Press Release, 11 September 2001.
[146] ICG interviews with RRTF personnel, August 2001.
[147] RS Budget, 2001.
[148] ICG interview with UN official, 22 August 2001. The presumption, of course, is that the women, their employers or both pay handsomely for these permits.

12,000 plots between 1998 and 2000.[149] International organisations monitoring human rights in Bosnia have equated this process with 'stripping potential returnees of their homes, livelihoods and cultural and religious centres'.[150] As pointed out above, much of the land redistribution taking place at present is occurring in the context of collective centre closure. In granting free public plots to displaced Serbs to build houses, the RS authorities are effectively privatising large tracts of land. Not only is this process unsound fiscally, but it is also discriminatory, since it primarily benefits Serbs who wish to remain in the RS. The injustice is compounded by the fact that Bosnia's entity and central governments have yet to pass laws on restitution for private or religious property nationalised by the communists after the Second World War. In other words, much of the public land now being privatised for displaced persons ought in fact to be reserved for return to (or for the benefit of) its previous owners or their descendants.

Estimates of the number of plots distributed thus far range from about 13,000 (the number officially reported by the RS government),[151] to 25,000, an estimate made by associations of Bosniak refugees. The real number is probably somewhere in between. Assuming that approximately four family members will be accommodated on each plot, this amounts to the permanent resettlement of 50-100,000 Serbs from the Federation and Croatia in the RS. Meanwhile, the government's office for the distribution of plots continues its work, so increasing the number every day.

While the free distribution of land to social cases may be reasonable and just, such a policy rarely benefits returnees to the RS. In fact, it discourages non-Serb return. A particularly large number of plots has been distributed in areas that had Bosniak majority or plurality populations before the war. The largest number of plots has been distributed in the cities and towns of eastern Bosnia from which Bosniaks were systematically expelled at the start of the war, including Bijeljina, Zvornik and Bratunac. In Janje, which was almost wholly Bosniak in population – and which saw rioting and attacks by Serb DPs against Bosniak returnees in summer 2000 – local authorities have allocated some 1,000 plots to resettle permanently Serbs who moved in during and after the war.[152] Some of these plots lie on land once occupied by mosques razed during the war.[153] In another previously Bosniak village, Kotorsko in the Doboj municipality, about 130 plots have been distributed to Serbs. This latter case is an example of how, in rural areas, arable land on which Bosniak villagers once depended to earn their living is being distributed to Serbs to build houses. This practice renders the return of younger members of what have become 'minority' populations economically unsustainable.[154] Meanwhile, the RS government has taken steps to provide relocated Serbs with sustainable livelihoods, handing out an estimated 10,000 workspaces free of charge.[155] What is worse, by settling Serb DPs in areas to which Bosniaks and Croats might otherwise want to return, the RS government is creating an additional security risk – and an additional disincentive – for returnees.[156]

Recognising the injustices and political manipulations associated with the reallocation of socially owned land, in April 2000 the High Representative issued an order forbidding entity and state authorities from making more disbursements without obtaining a waiver from

[149] RS Government, 'Izvjestaj o radu vlade Republike Srpske od 30.4.1998 do 30.4.2000'.

[150] Human Rights Co-ordination Centre, HRCC Human Rights Report, 1 September 2000 – 31 March 2001, p.14.

[151] This figure is certainly conservative, considering the facts that (1) the Dodik administration bragged about distributing more than 12,000 plots in the six months leading up to the 2000 election and (2) the new government has continued this policy.

[152] ICG source in the RS National Assembly, August 2001.

[153] Bosnia's Human Rights Chamber recently decided in favour of the Islamic Community in a case related to building on these and other sites formerly occupied by mosques. The Chamber ruled 'that the refusal of the respondent party [the RS government] to prevent citizens of Bijeljina from illegally using theses sites makes it impossible for the applicant to use them for reconstruction of its mosques.'' Human Rights Co-ordination Centre, 'HRCC Human Rights Report: 1 September 2000 – 31 March 2001', p 42.

[154] 'Povratnici za postivanje imovinskih zakona', *Nezavisne novine*, 7 August 2001.

[155] ICG interview with a member of the Bosnian parliament who wishes to remain anonymous, 17 August 2001.

[156] Throughout Bosnia, returning 'minorities' seldom suffer from threats or harassment by their pre-war neighbours. Tension and violence is most common between returnees and refugees who moved into an area during or after the war. The example of Janje is characteristic.

OHR to do so.[157] According to this decision, authorities allocating land must prove that the proposed transfer is 'non-discriminatory and in the best interests of the public.'[158] It took OHR several months, however, to establish administrative structures to process waiver applications. Meanwhile, land allocation and house building continued.

OHR has now established an office for reviewing applications and processing waivers, but it is fighting a losing battle. The construction of new housing without waivers proceeds apace throughout the country; while in Republika Srpska few applications for waivers are even submitted. Once new houses have been built, local authorities count on the likelihood that the international community will not order their destruction, regardless of the discriminatory intent or effect of their construction. More positively, OHR has begun to impose conditions when granting waivers that benefit non-Serbs and seek to counteract the possibly discriminatory effects of land reallocations.

At the same time, building continues throughout the RS. OHR is faced with the daunting task of assessing the veracity of documents presented by the authorities and micromanaging thousands of allocations to ensure that building has stopped in areas where waivers have not been issued, and that the conditions attached to individual waivers are met. The case of a waiver granted recently by OHR for plots allocated in Kotorsko offers a veritable check list of the ways in which the authorities can and do abuse the land reallocation process. OHR was forced to suspend the waiver when it came to light that the Doboj municipal authorities had provided false information about the land in question and the proposed beneficiaries.[159] The public attorney, who must sign off on waiver applications, failed to spot that at least nine of the plots were in fact private property, not public land. In addition, agricultural land vital to the area's economy was to be used for building houses. Finally, the authorities in Doboj had ignored the condition that beneficiaries of redistribution must be social cases, granting plots to at least two families who had repossessed property elsewhere.[160]

4. Usurpation Of Minority Private Land To Stop National Reintegration

Although less common than the reallocation of public land, the usurpation of privately owned property for building roads, churches, houses, and other public or private structures and services has been more flagrant. A particularly egregious example of this practice occurred in the village of Sultanovici in the municipality of Zvornik. This municipality in the eastern RS had a majority Bosniak population before the war. Since then its local authorities have been especially assiduous in approving building on illegally allocated public lands, thereby enriching one of Zvornik's powerful warlords-turned-building contractors.[161]

In the Sultanovici case, municipal authorities made a rubbish dump out of private land belonging to cleansed Bosniaks who were in the process of clearing their destroyed homes in preparation for permanent return. According to Amnesty International, 30 to 35 truckloads of refuse were being dumped on the site each day in the summer of 2000. Moreover, 'the rubbish dump is covering four mass grave sites that have been officially recognised by the International Criminal Tribunal for the Former Yugoslavia… and which are thought to contain some 360 bodies.'[162]

Another example of the illegal appropriation of private land belonging to people expelled during the war relates to the Drina valley town of Visegrad. The Hague Tribunal has already indicted a number of individuals for war crimes committed in and around Visegrad. The indictment of former paramilitary leader Mitar Vasiljevic notes that in May 1992, when JNA units withdrew, 'paramilitary troops, local police, and local Serbs began a brutal campaign of ethnic cleansing designed to rid the area of all non-Serb inhabitants.'[163] In 2000, the local authorities were

[157] 'Decision on reallocation of socially owned land, superseding the 26 May 1999 and 30 December 1999 decisions', OHR, 27 April 2000.
[158] Ibid.
[159] 'OHR suspends waiver concerning construction of houses at Kotorsko', OHR Press Release, 30 August 2001.
[160] Ibid.
[161] See ICG Balkans Report No 103, *War Criminals in Bosnia's Republika Srpska: Who are the People in your Neighbourhood?*, 2 November 2000.
[162] 'Waiting on the Doorstep: Minority Returns to Eastern Republika Srpska', Amnesty International, July 2000, p 17.
[163] Prosecutor v. Mitar Vasiljevic, Background Section, Initial Indictment, Case No IT-98-32. The 'cleansing' of

continuing to permit Serb DPs to build on land belonging to cleansed Bosniaks.[164]

5. Conclusion

Republika Srpska must permit a nominal flow of 'minority' returns in order to stave off sanctions by the international community. But while the authorities have been forced to make minor concessions, they have clearly used bureaucratic and other measures to oppose this process every step of the way. What is more, they have sought to create powerful incentives for Serbs to stay put or resettle in certain areas so as to change or consolidate their demographic profiles. Both before and during the war, Bosnian Serb ideologues publicly and privately debated the question of what might be an 'acceptable' percentage of residual non-Serbs in the territories their forces held or intended to conquer. Adopting the standard of 'cleanliness' set by the Croatian Ustasha in regard to 'its' Serbs in the Second World War, Karadzic reportedly mused that 5 per cent might be tolerable. One of his lieutenants, Radoslav Brdjanin, declared that 2 per cent was the limit.[165] RS governments have largely succeeded since Dayton in ensuring that their entity remains as Karadzic and other SDS leaders who remain in politics envisaged it. The current non-Serb population is estimated at 5 per cent.[166]

Not only has the international community rewarded the RS authorities for allowing some refugees to return, but it has also permitted the RS to keep hold of and manipulate the settlement of its displaced Serb population. This combination of policies has served to perpetuate national and religious animosity. Return by Bosniaks alarms those Serb DPs who occupy their houses. In the absence of economic growth, returnees also mean unwanted competition for scarce jobs and limited social and medical services, as well as representing a challenge to the ideology that underpins RS education (curricula, textbooks and language of instruction) and political discourse. The paradox is that refugee return is both a threat and a boon to the regime. Mass return would utterly change the RS. But small-scale, targeted and unsustainable return ensures that much of the population – and DPs in particular – remain focused on national shibboleths, myths and fears. This suits the SDS just fine. Its continued electoral success depends on sustaining popular paranoia regarding Muslims and diverting attention from the entity's impoverishment and isolation.[167]

D. ETHNIC VIOLENCE

1. May 2000 Rioting Against The Rebuilding Of Mosques In Trebinje And Banja Luka

On 7 May 2001, several thousand rioters prevented the laying of the foundation stone for the rebuilding of the Ferhadija Mosque in Banja Luka. The mosque, built in 1579, was dynamited by the Serb authorities in May 1993, part of a plan to erase all trace of the city's Ottoman and Islamic past which also saw the destruction of fifteen other mosques.[168] At least 34 persons were injured in

Visegrad in spring 1992, including the use of the famous Ottoman bridge for executions, and with the bodies then being dumped into the Drina as a warning to Bosniaks down river, was a self-conscious re-enactment of a notorious massacre carried out by Mihailovic's Chetniks in 1943.

[164] Letter from the Office of the Federation Premier (Broj 01-02-1249/00 of 6 June 2000) to ICG identifying more than 200 houses then being built on non-Serb-owned property in the Visegrad settlement of Prelevo, as well as other areas where private and public land was being usurped.

[165] Rumours and reports of Karadzic's views in the matter were widely discussed in 1992, but there appears to be no documentary evidence that he committed himself publicly to a figure. ICG interviews with veteran journalists in Sarajevo, 18-19 September 2001. For former SDS assembly deputy, Krajina crisis staff president, and RS government minister and vice-premier Radoslav Brdjanin, see ICTY, Amended Indictment, Case No IT-99-36-I: The prosecutor of the Tribunal against Radoslav Brdanin and Momir Tadic.

[166] Suzana Andelic, 'Posao etnickog ciscenja u Republici Srpskoj je zavrsen', *Slobodna Bosna*, 10 May 2001, pp 21-22. See also, 'Zapovijeda i politicka odgovornost Bosnjaka pred Haskim tribunalom', Bosanski narodni i Bosanskohercegovacki gradansko-nacionalni savez, September 2001.

[167] The RS government justifies its policy by arguing that the majority of displaced Serbs do not want to return to the Federation or Croatia. While surveys conducted by the RS authorities have supported this thesis, a 1999 survey carried out under the auspices of UNHCR showed that 34 per cent of respondents in the RS claimed to want to return to their pre-war homes in the Federation. (Cited in 'Waiting on the Doorstep', Amnesty International, July 2000.) With the return process and property implementation significantly now more advanced than they were at the time of the UNHCR survey, it is likely that more Serbs would like to go home.

[168] The Islamic Community first sought permission from the local planning authorities to rebuild the historic mosque immediately after its destruction in 1993, but were

the 7 May rioting, including visiting Bosniaks and journalists who were stoned and beaten. One elderly Bosniak later died after receiving a brutal beating from several youths, chanting 'kill the Turk', as police and demonstrators looked on. The rioters set seven buses and several cars on fire, and trapped about 400 Bosniak pilgrims and local and international officials inside the Islamic Community Centre for about seven hours. [169] During and after the rioting, teenaged toughs rampaged through the city, smashing Bosniak-owned shop fronts.[170]

Although the Banja Luka police later argued that they could not have foreseen the mass rage unleashed on 7 May, several ominous signs in the days before suggested otherwise. First, on 5 May, several dozen rioters in the east Herzegovina town of Trebinje prevented the laying of a foundation stone for another late medieval mosque destroyed by Serbs during the war. Waving Serb royalist and Chetnik banners (but wearing either Chetnik regalia or Partizan Belgrade football shirts) and chanting racist slogans, the demonstrators forced visiting believers, dignitaries and officials to retreat from the site of the mosque to the Islamic Community's building, which they then charged and stoned. Condemning the violence 'in the strongest terms', High Representative Wolfgang Petritsch noted that the UN mission would be looking into the 'seemingly passive role of the local police during the day.'[171] Eyewitnesses and television footage confirmed that the police had failed to intervene until after the demonstration turned violent. What they could not show was the total absence of any precautionary measures. In late August the UN announced that it had identified at least 72 officers who had performed 'unprofessionally' on 5 May.[172]

International intelligence sources suggested that the Banja Luka riot may have been orchestrated by underground, informal military unions, which are controlled by elements of the SDS. These informal structures are linked to associations of war veterans and are suspected of playing a role in organising violence against returnees, particularly in eastern RS. According to intelligence available to OHR, the head of the RS war veterans association and SDS deputy president of the National Assembly, Borislav Bojic, may have had a hand in planning the Banja Luka disturbances. Witnesses observed local SDS functionaries and members of the war veterans association demonstrating on the site before trouble broke out.[173] In the case of Trebinje, there was a veritable 'smoking gun' pointing to the involvement of Karadzic himself. ICG received independent confirmation from two highly reliable sources that Karadzic's bodyguards had been present in the town in the days leading up to the abortive stone-laying ceremony.

Besides the dress rehearsal in Trebinje, other warning signs of impending trouble in Banja Luka included a flyer distributed throughout the city the day before the riot and read out over the local Radio Big station. It called on citizens to demonstrate the next day against the 'invasion of Muslim hordes'.[174] Radio Big was described to ICG as a station run by an SDS 'supporter'. Also the day before, the chief of police announced over the radio that 10-15,000 Bosniaks would be bussed into Banja Luka to attend the ceremonies. This highly exaggerated figure, although provided by the Islamic Community itself, served to substantiate invasion fears and to raise rather than lower tensions. The chief in question was a high-ranking policeman in Banja Luka back in 1993, when the original Ferhadija was dynamited.[175]

Although the Banja Luka police had had a least a month's notice of the date, if not the details, of the stone-laying ceremony – not to mention the warning provided by Trebinje – the interior minister and his deputy were out of town on the day.[176] Several hundred demonstrators gathered on the site in the morning, well before the scheduled afternoon ceremony, chanting nationalist slogans

denied a permit on this and subsequent occasions. Despite a binding decision in 1999 from the Dayton-created Human Rights Chamber requiring the RS authorities to issue the proper permits, one was issued only in March 2001, following heavy pressure from OHR.

[169] 'Ferhadija ponovo srusena', *Nezavisne novine*, 8 May 2001.

[170] Ibid.

[171] 'High Representative appalled at Trebinje violence', OHR Press Release, 5 May 2001.

[172] BiH Media Round-up, 23 August 2001.

[173] 'Republika Srpska Sanctions Threat', *IWPR Balkan Crisis Report*, 11 May 2001.

[174] 'Ferhadija ponovo srusena', *Nezavisne novine*, 8 May 2001.

[175] 'Republika Srpska Sanctions Threat', *IWPR BCR*, 11 May 2001.

[176] ICG interview with international official in the RS, 27 June 2001.

and singing anti-Muslim songs. As was the case in Trebinje, the police did not attempt to disperse, push back or limit the size of the crowd before it became a mob. Nor did they reinforce their own deployment of some 300 men as the ranks of demonstrators grew. They were thus unable to prevent the rioters from later breaking through their lines to attack dignitaries and visiting Bosniaks.[177] In fact, they made little effort to curb the chaos that ensued. It emerged subsequently, however, that the government's information chief, Cvijeta Kovacevic, instructed SRNA to publish an inflated figure of the number of police injured in the fracas in order to give the impression that they had tried harder than was the case.[178]

Having taken some time to work their way through the rioters, Ivanic, Sarovic, Cavic, and Kalinic eventually arrived on the scene and attempted – unsuccessfully – to pacify the crowd. Ivanic entered the Islamic Community building at 2 PM, announcing that he would not leave until the last Bosniak had been evacuated. Unable to rally the support of the regular police, Ivanic was, according to some witnesses, forced to summon the RS special police. Other sources credit UNMIBH chief Jacques Paul Klein with summoning aid. The special police did not complete the evacuation of the building until 7 PM. One group of Bosniaks evacuated from the Islamic Centre was escorted by the special police to the police academy, only to be trapped there by a stone-throwing mob including police cadets.[179]

Another sinister element of the rioting that implicated RS institutions was the participation of large numbers of secondary school pupils and other teenagers. It was youths in particular that beat and stoned elderly Bosniaks in front of the Islamic Centre, including the man who fell into a coma and died. The revelation that a good many secondary school classrooms were empty on the afternoon of 7 May led to allegations that principals had released their pupils to join in the demonstrations.[180]

The unpreparedness, passivity and bungling of the police in both Trebinje and Banja Luka on the day, their subsequent obstruction of investigations, and their reluctance to press charges against the organisers and perpetrators suggested, at the least, a cover up on the part of influential elements. The head of criminal investigations in the Trebinje police was later sacked by the UN IPTF because of his refusal to mount an investigation of the events of 5 May.[181] In Banja Luka, serious investigations, arrests and prosecutions were belated, and took place only in reaction to heavy pressure and castigation from the UN. The hundreds of officers who had for the most part passively observed the rioting were not required by their superiors to submit reports on what they had seen. Only in response to more international pressure did some 200 officers submit late reports during June and July. These reports were written with all the professionalism and zeal of schoolboys made to stay after class to inscribe their apologies for that day's infractions on the blackboard. In early August the UN announced it had 'completed the translation of 200 reports by police who provided security at the ceremony and concluded that the investigation did not focus on certain interesting details.'[182]

More tellingly, seven police officers who initially testified before an investigative judge concerning eleven alleged participants in the Banja Luka riot later revoked their testimony, claiming that they could not now remember the individuals whom they had previously identified. The UN charged that these changed testimonies amounted to perjury and reflected clear political or other extra-legal influences on the judicial process.[183]

Five months after the rioting in Banja Luka, the investigation remains at the stage of judicial investigation, with no official indictments yet issued. Moreover, the RS police have focused

[177] 'Republika Srpska Sanctions Threat', *IWPR BCR*, 11 May 2001.
[178] *Nezavisne novine revija*, 24 August 2001, p 18.
[179] ICG interview with an eyewitness who wishes to remain anonymous.
[180] 'Casovi po programu, Djaci na ulici', *Nezavisne novine*, 9 May 2001.
[181] UNMiBH has the power to 'de-authorise' police officers' right to exercise their police powers if they fail to perform their duties. Such instances are recorded in 'non-compliance orders' issued by the UN IPTF (International Police Task Force). The Trebinje police chief had already received several non-compliance orders before his failure to investigate the local riot. ICG interview with UN official, 22 August 2001.
[182] 'Alun Roberts o nasilju u Banjoj Luci 7. Maja: Istraga tapka u mjestu', *Nezavisne novine*, 9 August 2001.
[183] 'IPTF nezadovoljan radom policije RS: Na policajce izvrsen pritisak da promjenje iskaz', *Oslobodjenje*, 28 June 2001.

exclusively on the young and impetuous perpetrators of the violence, refusing to look into the indications of previous planning and organisation, such as the distribution of flyers, the radio announcements, and the reported placement of stones at the site. This is the best that the RS police are willing or able to do, even when the full weight of international scrutiny is on them.

2. Political Fallout From Trebinje And Banja Luka

'I am shocked that the RS still appears to be a place with no rule of law, no civilised behaviour and no religious freedom… I hold the authorities responsible for this frightening state of affairs.' – Statement of High Representative Wolfgang Petritsch, 7 May 2001.[184]

'The leaders of the Islamic Community did not demonstrate sufficient patience and wait to receive all the necessary permits to build the mosque. Instead, they ignored legal procedure, rushing to lay the foundation stone as soon as they received a zoning permit, not in accordance with the normal order of works required for a foreign investor who wishes to respect the law in such cases, which raised tension and created an unattractive atmosphere ideal for the eruption of extremism.' – Official statement of the RS government on the events of 7 May 2001.[185]

In the days following the Trebinje and Banja Luka rioting, the High Representative and members of the diplomatic corps issued both excoriating condemnations of the violence and vague threats of possible sanctions against the government, which they held ultimately responsible. EU External Affairs Commissioner Chris Patten reminded the RS that 'EU taxpayers are spending huge sums to assist Bosnia and Herzegovina, including Republika Srpska – the sort of medieval behaviour we saw yesterday has no place in modern Europe.'[186]

The British and American ambassadors made clear their suspicion that the SDS was involved.[187] To many, the riots and the likelihood of SDS participation confirmed that international officials had made a grievous mistake in allowing the SDS to return to government after the November elections. The RS media asked whether the entity would be put under an aid embargo and speculated that the international community might go so far as to take the opportunity to dissolve the two-entity system it had accepted at Dayton.

The reactions of the RS political establishment might be described as schizophrenic or, more accurately, as two-faced. The simultaneously arrogant and defensive government report quoted above blamed the Islamic Community for its impatience – after eight years – to hold the ceremony, for 'politicising' the event, and for not behaving like a good 'foreign investor' in the RS. Focusing only on the 'politics' of the riot, the report barely mentioned the actual perpetrators of violence and expressed little regret over what had happened. SDS members of the National Assembly from Trebinje and Banja Luka either echoed such sentiments or, in the case of one of the latter, suggested that the Bosniaks had stoned themselves![188]

Ivanic, who claimed the credit for the successful evacuation of the Islamic Community Centre, also noted that the rioters would most likely have set the building alight if he had not gone inside to protect its occupants.[189] SDS leaders Sarovic, Cavic and Kalinic also noted that they had attempted to calm the demonstrators. International officials, however, described their efforts as 'pathetic', coming as they did some hours after the violence erupted and amounting more to fraternisation than pacification.[190]

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[184] 'High Representative appalled at outbreak of violence in Banja Luka', OHR Press Release, 7 May 2001.

[185] RS government, 'Informacije vlade Republike Srpske o aktuelnoj politicko-bezbjednosnoj sitiaciji u vezu sa dogadjajama u Trebinju i Banjoj Luci i prijedlog mjera' (Information from the RS Government about the actual political-security situation related to the events in Trebinje and Banja Luka and recommended action), May 2001.

[186] 'Republika Srpska Sanctions Threat', *IWPR BCR*, 11 May 2001.

[187] 'Moguce je da Petric kazni SDS', *Nezavisne novine*, 11 May 2001.

[188] 'Za kamenovanje Bosnjaka optuzena IZ', *Oslobodjenje*, 1 June 2001.

[189] Jelena Mrkic, 'Prvi puta cujem da je medu njima i Dragan Cavic!', *Slobodna Bosna*, 10 May 2001, p 20.

[190] As Petritsch noted, the belated intervention by the RS leadership in Banja Luka was 'a step that has come too late', adding that '[i]t does not acquit the RS authorities of their responsibility for the inadequate response to the violence in Trebinje on Saturday.' 'High Representative appalled at outbreak of violence in Banja Luka', OHR Press Release, 7 May 2001.

Then, as the gravity of the situation became apparent, the authorities expressed dismay and outrage at the events. To stave off action by the international community, the interior minister, the security chief and the head of security in Banja Luka now fell on their swords. The government accepted their resignations and sacked the deputy interior minister on the same day.[191] On 10 May the High Representative met with RS leaders (including the SDS establishment) and 'demanded that the RS leadership publicly condemn the violence and identify and arrest the perpetrators.'[192] The RS authorities complied with the first demand within two days, apologising and – in parrot-like fashion – 'strongly condemning' the violence.[193] The education minister also suspended a few principals of schools whose pupils had participated in the riots, but they were quietly reinstated when media and international attention waned.

On 18 June President Sarovic, Vice-President Cavic and Prime Minister Ivanic all attended the rescheduled ceremony to lay a foundation stone for the Ferhadija mosque. Sarovic himself helped lower the stone into place – an act of abnegation broadcast across the entity and widely assessed as both personally humiliating and politically damaging to his nationalist credentials in the SDS. (Kalinic stayed away, so preserving his hard-line credibility.)[194] The president had appealed to RS residents to 'show tolerance' and to permit the ceremony to take place undisturbed. Nonetheless, more than 1,200 police armed with tear gas canisters and water cannon were required to beat back a crowd of several hundred bottle-throwing demonstrators. Scores of rioters were arrested and a few officers injured by the mob. Cavic announced blandly after the event that 'the RS leadership regrets sporadic incidents occurred in the Banja Luka streets in regard to the ceremony.'[195]

Why the dramatic turnaround? Simply put, the SDS leadership risked being removed from office and the party banned by the international community if it did not pay belated obeisance to the niceties of multiculturalism. Following the first Ferhadija ceremony, OHR, OSCE and various ambassadors reportedly haggled over what kind of penance the international community should demand of the RS. The OHR, in line with its current strategy of making Bosnians take 'ownership' of their affairs, reportedly favoured giving the RS authorities the time and space to make amends and to plan a second ceremony. The American and British ambassadors, however, seem to have insisted that the RS government move immediately to repair the damage and associate itself with a rescheduled event.[196]

The different fates of the two Banja Luka ceremonies demonstrated that the RS authorities can only be counted upon to provide security and protect the religious and other human rights of non-Serbs when they know that they must do so in order to escape the wrath of the international community. Unlike on 7 May, the police showed themselves fully capable on 18 June of doing a professional job of protecting a modest assembly of Bosniaks in their capital city. The difference the second time was that their political masters, above all the SDS, had ordered them to do so. As Amnesty International pointed out following the May riots, the problem in the RS goes far beyond providing security for such symbolic acts as laying foundation stones: 'This violence takes place in a climate of virtual impunity in which the perpetrators are rarely or inadequately prosecuted following incidents of return-related violence.'[197]

Officials of OHR and other international agencies interviewed by ICG tried to look on the bright side of the Trebinje and Banja Luka riots, noting that the ugly scenes could serve as a wake-up call for the international community, forcing it to come to grips with the reality of the RS. Several months after the incidents, however, it is clear that the

[191] 'High Representative welcomes RS resignations and dismissals but calls for perpetrators of violence in Trebinje and Banja Luka to be brought to justice,' OHR Press Release, 15 May 2001; Monthly Tracker – May 2001, OHR Monthly Review. According to a senior UN official, the internal dynamic of Ivanic's government required that the departure of the incompetent PDP interior minister be matched by the dismissal of his more competent SDS deputy. ICG interview with senior UNMIBH official, 5 October 2001.

[192] Monthly Tracker – May 2001, OHR Monthly Review.

[193] Ibid.

[194] ICG interview with international representative, 29 June 2001.

[195] Monthly Tracker – June 2001, OHR Monthly Review.

[196] ICG interview with international representative, 29 June 2001.

[197] 'Political Violence a Severe Setback for Minority Returns', Amnesty International Press Release, 1 June 2001.

successful stone laying on the second attempt was sufficient to quell international alarm about more systemic issues. The SDS has once again done the minimum necessary to avoid punishment. The organisers of the violence are no closer to being brought to justice, and the murder of an elderly man has not yet resulted in any criminal indictments. RS institutions – schools, police, courts, church, media and government itself – continue to oppose reintegration. And the international community appears to have gone back to sleep.

3. The Price Of Minority Security In The RS

Later in the summer the RS Ministry of the Interior appeared to mock Bosniak survivors of wartime massacres committed by Serb forces in Srebrenica and Visegrad. In what seemed an act of spite for the government's humiliation at having to hold and take part in the second Ferhadija ceremony, the interior ministry presented bills for the costs of providing security for two other Bosniak gatherings in the RS. On 11 July 2001, a few thousand survivors and relatives returned to Potocari to commemorate the sixth anniversary of the massacre of some 7,000 unarmed men and boys following the fall of Srebrenica. The next month, relatives of 152 Bosniak civilians whose corpses had been unearthed near the Drina valley town of Visegrad returned for a funeral service. Both these emotionally fraught events had the potential to provoke counter-demonstrations and violence, but large-scale police deployments obviated the risks. Thereafter, however, the interior minister sent bills for KM 600,000 to the association of Srebrenica survivors and for KM 250,000 to the Visegrad relatives in respect of the extraordinary costs incurred by the police in safeguarding their ceremonies.[198] Certainly not expecting to receive payment, these bills seemed calculated instead to inform potential returnees that the RS government does not recognise any duty to protect non-Serbs.[199]

[198] Associated Press, 31 July 2001 and *Nezavisne Novine*, 7 August 2001.

[199] According to a senior UN official, the Interior Ministry's real – if exceedingly clumsily executed – aim was to prise more money out of the government. ICG interview with UNMIBH official, 5 October 2001.

4. The Pattern Of Violence Against Returnees And Regime Complicity

Although the outpouring of hatred in Trebinje and Banja Luka in May briefly raised international awareness of the continuing climate of xenophobia in Republika Srpska, these disturbances occurred against a backdrop of hundreds of less publicised attacks on minority returnees over the past two years. Such attacks demonstrate that the RS policy of discouraging return by Bosniaks and Croats includes at least tacit acceptance by police, courts and political functionaries alike of regular violence against returnees.

Between March 2000 and July 2001, 316 incidents involving threats to or attacks on the 'minority' population in the RS were reported to the IPTF. This figure is more than half again the number reported in the Federation, and does not include the Trebinje and Banja Luka riots. It does, however, include demonstrations, assaults, arson, bombings, and shootings, as well as threats, harassment and criminal mischief.[200]

UN statistics for the 2001 return season (April through September) present a somewhat different picture. Although Bosniak returns to the RS were almost five times as great as Serb returns to the Federation, the number of incidents in the RS (208) was not overwhelmingly larger than that in the Federation (177), even if the nature of the crimes committed or reported against 'minority' populations remain far more serious in the RS. What is more, between half and three-quarters of each month's total of anti-minority incidents in the RS this past season have taken place in the east of the entity, above all in the Zvornik and Bijeljina police commands. This may indicate real improvements in the security situation of minority returnees in other parts of the RS.[201]

On the other hand, it may not, since the incidence of attacks on returnees is always highest during the first three or four months following their return.

[200] UN document, 'Minority-Related Incidents Reported to IPTF', 1 March 2000 – 20 July 2001. Attacks on Serb returnees to the Federation, albeit far fewer in number and less serious in this period, tended to correlate with outrages committed against Bosniaks in the RS. Thus there was a sharp rise from 20 in April to 54 in May, following the events in Trebinje and Bannja Luka.

[201] ICG interview with senior UNMIBH official, 5 October 2001.

The eastern RS has this year been the principal RS locus of return. International agencies monitoring human rights in Bosnia have noted that attacks 'appear to have been planned and organised with the intent of hindering return' and, moreover, that 'increasing numbers of return-related incidents in some areas can be correlated directly to increasing numbers of minority returns, particularly in strategic areas of the RS.'[202]

While a large number of incidents was recorded in and around Prijedor last year and earlier this year, international officials and local media confirm that the most severe attacks occur along the Bijeljina-Zvornik-Vlasenica-Bratunac-Srebrenica axis in the eastern RS. In this region perpetrators and organisers can move freely back and forth across the border with Serbia. Incidents run the gamut from setting light to haystacks and painting graffiti on walls, to arson and bombings of houses, stone and grenade throwing, mob violence and full-scale rioting, and sniping and drive-by shootings. Deaths have been relatively few, but injuries numerous and the climate of fear and tension is said to be pervasive in this area. On 11 July (the same day thousands gathered in Potocari to commemorate the fall of Srebrenica), a sniper shot dead a sixteen year-old girl in nearby Vlasenica. The Bosniak girl's family had returned to the village of Dzamdzici earlier this year. Their daughter's murder was the second shooting of a returnee in the area since May.

The complicity of the authorities in the eastern RS in attacks on returnees is indicated by the extreme indifference shown by the police in bringing the perpetrators and, especially, the organisers to book. The IPTF investigated 20 acts of violence against minority returnees in Bijeljina, Zvornik, Srebrenica and Bratunac between May 2000 and February 2001, including the response of the police. Despite their seriousness (the incidents included the destruction of ten houses, the loss of limbs by two Bosniaks in bombings, and the murder of a third), the police had failed to arrest anyone.[203] This pattern is consistent throughout the RS, where hardly any of the 316 incidents reported between March 2000 and July 2001 have resulted in criminal prosecutions.[204]

In monitoring the failures of the police, international organisations have noted the means by which the police either facilitate lawlessness or obstruct its punishment. These include refusing to intervene when violence occurs, failing to investigate crimes or to do so thoroughly, charging serious offenders with misdemeanours rather than felonies, declining to testify or cooperate in court (even when officers have witnessed crimes), and simply lying.[205] For example, in the case of organised mob attacks on Bosniak returnees to the village of Divic (near Zvornik) in August 2000, the Zvornik police chief rebuffed the local judge's request that officers who had witnessed the events should appear in court.[206] In another instance, three persons were charged and tried for inciting three days of anti-Bosniak rioting in the Bijeljina settlement of Janje in July 2000, during which three returnees' houses were burnt, 30 houses stoned, several cars destroyed, and eight people injured in bomb blasts.[207] While the UN later determined that the police had reacted passively, the official RS government report defended their behaviour and no disciplinary action was taken against them or their commanders. Moreover, the four officers who had identified in their reports the three men charged with incitement claimed at the

[202] Human Rights Co-ordination Centre, HRCC Human Rights Report: 1 September 2000 – 31 March 2001. pp 9-11.
[203] Human Rights Co-ordination Centre, HRCC Human Rights Report: 1 September 2000 – 31 March 2001, p 11.
[204] According to the UNMIBH monthly incidents report for April 2001, 'Incidents targeting returns continue in areas of potential return in the RS, predominantly in the areas of Zvornik, Bratunac, Doboj, Bijeljina and Prijedor. The lack of adequate police investigation and follow-up continues, with no substantial arrests or any effective prosecutions noted, with the exception of the Srebrenica court. This systemic problem does not appear to be improving, despite the "changes" in the RS political structures, as the pattern of violent and criminal opposition to return continues.'
[205] Ibid, p 10.
[206] Ibid, p 11.
[207] 'Nema pomoci za nastradale Janjarce', *Oslobodjenje*, 11 August 2000. Janje is a Drina valley village once populated almost exclusively by Bosniaks, who remained there until a final wave of expulsions in 1994-95. Tensions between Serb settlers from the Federation (to whom about 1,000 plots of public and private land have been illegally allocated for house-building by the RS authorities) and returning Bosniaks have therefore run high, leading to sporadic outbursts of unrest.

trial that they did not now recognise the men. The three defendants were acquitted.[208]

Although the UN has decertified some senior police officials in the eastern RS, problems continue. For instance, the IPTF removed both the police chief and the head of criminal investigations in Bratunac in February 2001 for failing properly to investigate murders and other serious armed assaults on Bosniak returnees and their property. Yet the supposedly sacked chief was subsequently reported still to be sending out correspondence from the station.[209] Throughout the RS, UN officials report that decertified policemen are simply being transferred to administrative and clerical jobs where they continue to exert influence.[210] In addition, recruits to the RS police from among minority returnees have been subjected to intimidation and even grenade attacks, leading them to ask for transfers.[211]

5. Elements Of Organisation: The SDS Connection

The often inadequate police response to violence directed at minority returnees reflects the continuing prominence of die-hard politicians from the SDS and the banned SRS. One RS police chief confided to a UN official that he believed the SDS was organising a campaign of violence, but claimed to be powerless to deal with the problem.[212] The police also appear to be powerless when it comes to investigating the extremist Chetnik movement known as the 'Ravnogorski pokret'.[213] It has allegedly been involved in violent protests in Bijeljina, Brcko and Trebinje. As mentioned above, underground military associations, loosely linked to veterans' groups, are also thought to have launched a number of attacks. According to international officials working in the RS, there are indications that thugs and paramilitaries cross into Bosnia from Serbia, whence they return after carrying out operations against Bosniaks.

The involvement of local politicians is sometimes obvious. When, in March this year, the Bratunac police arrested three suspects in connection with the shooting of a Bosniak returnee, the town's SDS mayor, Miodrag Josipovic, purchased airtime on a Serbian radio station widely heard in that part of Bosnia.[214] He called on residents to gather in front of the police station to demand the release of the suspects. The arrival of about 250 demonstrators was enough to convince the police to comply. The three suspects promptly fled across the river to Yugoslavia. The same station, Radio Soko, had incited citizens to riot against Bosniaks visiting their former homes in May 2000.[215]

The High Representative removed Josipovic from office in June 2001 for provoking ethnic tension and obstructing the police in the case noted above, for continuing to tolerate attacks on returnees, and for underwriting the usurpation of land and flats 'for the benefit of a small circle of elected and appointed officials and SDS representatives'.[216] The SDS did not distance itself from Josipovic until the High Representative pressured the party into excommunicating him. During the war Josipovic had allegedly served as chief of the guards at the concentration camp set up in a Bratunac elementary school where Bosniak civilians were murdered. In 1993 he was appointed chief of police in Bratunac, the position he still held in July 1995 when his officers took part in the massacre of Bosniaks caught fleeing Srebrenica. He was elected mayor in April 2000,

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[208] Human Rights Co-ordination Centre, HRCC Human Rights Report: 1 September 2000 – 31 March 2001, pp 12, 42.

[209] Ibid, p 11.

[210] ICG interviews with UN officials, July-August 2001.

[211] Human Rights Co-ordination Centre, HRCC Human Rights Report: 1 September 2000 – 31 March 2001, p 17. It is also the case, however, that the SDA exerts pressure on would-be Bosniak recruits to the RS police to decline offers of employment. ICG interview with senior UNMIBH official, 4 October 2001.

[212] ICG interview with UN official, July 2001.

[213] The Ravna Gora plateau in western Serbia was the original headquarters of Colonel Draza Mihailovic's Chetnik movement in the Second World War. 'Chetnik' means member of a *ceta* or regiment, but became synonymous with irregulars who fought against the Ottomans in the nineteen century, with Serb nationalist veterans' associations in the inter-war years, with Mihailovic's forces in the 1940s, and with Serb insurgents in Croatia and Bosnia the 1990s.

[214] ICG interview with international political adviser, May 2001.

[215] Human Rights Co-ordination Centre, HRCC Human Rights Report: 1 September – 31 March 2001, p 11.

[216] 'High Representative Removes Bratunac Mayor and Head of Department of Urban Planning from Office', OHR Press Release, 1 June 2001.

having presumably passed vetting by OSCE.[217] He reportedly decamped to Serbia following his removal by the High Representative.[218]

When, in October 2000, Serb secondary school students, accompanied by their parents and other adults, rioted in Brcko in opposition to the notion that they should share the same school building (but not classes) with non-Serbs, local media reported that the town's SDS leaders had pressed teachers to encourage the demonstrations.[219] As noted above, pupils were also mobilised by SDS members in Banja Luka in May this year; while that wing of the party still devoted to Karadzic and under the influence of his guards appears to have taken a hand in organising the earlier protest in Trebinje.[220] President Sarovic's recent claim that the party is 'democratising' and foreswearing the 'principles' of 1990 is, in this context, hard to credit. But if so, it still has a very long way to go.

6. Failing To Hold The RS Authorities Accountable

Following the murder of a sixteen year-old returnee to the Vlasenica municipality in early July 2001, the High Representative again summoned the RS authorities to live up to their obligation to maintain law and order. The press release from OHR threatened that 'failure to fulfil this obligation will further jeopardise the RS's standing in BiH and the world at large.'[221] However appropriate such statements may be, they are unlikely to have any real effect on the treatment of minority returnees. In fact, warnings of this kind appear both ritualistic and hollow, not to say hypocritical, in the light of the continuing flow of financial support to the RS.

Since 1998, RS governments have consistently excused themselves for failing to implement root and branch reforms by pleading that they are in no position to do so. Dodik claimed he could not clean up the eastern RS because it remained under SDS control. Nor could he do anything else because he had no cash. Ivanic is likewise able to play the poverty and SDS cards, but with a difference: either his coalition partners can be blamed for blocking positive action or they claim on their own behalf to be engaged in a life and death battle with the forces of darkness. Once the SDS rids itself of yesterday's men, the excuse goes, it will do the right thing. Karadzic, the SDS says, has no influence, and is *probably* not even a member of the party; but people who are still members look to him as their lodestar. The municipalities are not, for example, responsible for the poor implementation of the property laws because they depend on Banja Luka for their resources. But Banja Luka cannot be responsible because old-style SDS mayors obstruct everything. In any case, Ivanic may be failing to live up to his promise, but – so runs the warning – think of the alternative.

And yet, when one looks at the general direction of events in the RS, at the incidence of violence directed at returnees to the east of the entity, and at the ethos and institutions that continue to decry the presence of non-Serbs, a method to this madness emerges. RS politicians are nowadays loud in proclaiming that their entity is a pillar of the peace and that Dayton is their Bible. The subtext, however, is that they are prepared to play along with the international community as long as that 'community' is ready to play – and pay – along with them. The RS was always going to be a tough nut to crack. The depressing truth, however, is that far less effort has been expended on the RS than on the Federation. With the RS economy in straits as dire as they have ever been, and with dependency on foreign grants, loans and subsidies ever more marked, it is surely time to let the government and people of Republika Srpska know that if they want to have the sort of 'state' they have now, then they will have it in penury and ignominy.

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[217] Based on an internal OHR memo obtained by ICG. For further information on Josipovic's wartime career and other examples of serving officeholders with dubious pedigrees, see ICG Balkans Report No 103, *War Criminals in Bosnia's Republika Srpska*, 2 November 2000.

[218] ICG interview with an international official in eastern RS, 12 June 2001.

[219] 'Nerazumni stari i buntova omladina', *Oslobodjenje*, 21 October 2000.

[220] UNMIBH's incident report for February 2001 enjoined caution on IFTF officers in the north-east RS because 'the local police are more aligned with the old "hardline" former police commanders / politicians, rather than the new Minister of Interior in BL.'

[221] 'High Representative condemns fatal attack in Dzandzici', OHR Press Release, 12 July 2001.

V. A 'SOVEREIGN' REPUBLIKA SRPSKA OR A EUROPEAN BOSNIA?

The Peace Implementation Council (PIC), international agencies, foreign ambassadors, and SFOR commanders have for at least two years repeated the mantra that the creation of functioning state institutions in Bosnia is the key to the country's integration in Europe. The latter, in turn, is deemed vital if the peace is to be sustained and Bosnians are to prosper. Although no member of the state parliament, from either entity, would ever tell his constituents that he opposes entry into the Council of Europe, joining NATO's Partnership for Peace, or signing a Stabilisation and Association Agreement (SAA) with the European Union, RS members consistently block the legislation that would make these things possible.

Dayton accepted realities on the ground by recognising two entities, but it also endowed the nominal state with 'common institutions'. The professed aim of the international community since Dayton has been to realise the integrative potential of existing or new 'common institutions' and, thereby, to help create a state which is more than nominal. The strategy of SDS leaders, on the other hand, has been to preserve, protect and enhance their entity's 'sovereignty' while blocking any and all measures that would strengthen the state, however symbolic such measures might be and however beneficial they could prove for the people of the RS.

Although profound disagreements among the parties to Dayton about what Bosnia was for and what it should become were understandable immediately after the war, as was international disorganisation and uncertainty about how to proceed, ceaseless obstruction from the Serb and Croat political establishments has rendered the state incapable of passing the laws and enacting the reforms necessary to begin the process of European integration. Measures as elementary to any state as a single passport, common licence plates, a single currency, one border regime, and institutes for statistics and common measurements have had to be imposed by the High Representative because the local authorities proved unwilling to pass them themselves. In both lesser fields (such as sport) and more important ones (such as the military) where the High Representative has either not seen fit to intervene or has had no power, tripartite division remains the order of the day.

The first small step along the tortuous path towards European integration is fulfilment of the conditions presented to Bosnia by the European Commission in March 2000, known as the EU 'Road Map'. Only when these eighteen political, economic and institutional benchmarks have been met will the EC initiate a feasibility study as to whether or not Bosnia is ready to emulate its neighbours and negotiate a Stabilisation and Association Agreement (SAA) with the EU. Even then, however, accession would be many years away. In June 2001, the OHR and EC were obliged to report that Bosnia had made 'disappointing progress' towards fulfilling these very preliminary conditions.[222] After years in the international doghouse, Croatia has quickly moved far ahead in this process, having signed an SAA in May 2001. Macedonia had already done so.

International officials who monitor the state parliament and its members have expressed frustration at the fact that representatives of the Serb parties continue to view all proposed legislation in terms of whether or not it safeguards RS prerogatives, rather than according to any assessment of its intrinsic merits. Furthermore, because of a clause in the Dayton constitution permitting bills receiving a majority of votes in the House of Representatives nonetheless to be blocked by a majority of deputies from Republika Srpska, the RS parties can effectively stymie legislation if they vote together.[223]

[222] 'Disappointing Progress of Bosnia and Herzegovina on the Path to Closer European Integration', OHR Press Release, 28 June 2001.

[223] This clause in the constitution is an example of the excessive respect accorded by Dayton to the concept of collective national rights or so-called 'vital interests'. The state parliament consists of two houses, the House of Peoples and the House of Representatives. The House of Peoples is designed to represent the 'vital interests' of Bosnia's 'three constituent peoples' (Serbs, Croats and Bosniaks), while deputies elected to the House of Representatives are meant to represent their constituencies. The provision requiring a majority of votes from RS deputies to pass laws in the House of Representatives is, therefore, not only a redundant guarantee of 'vital interests', but offers abundant scope for national blocs to obstruct and neuter the state government. Although possessing an analogous veto in theory, representatives of the Federation do not have one in practice because of the extreme unlikelihood that enough Croats and Bosniaks will vote as one.

At the state level, Dodik's SNSD and Ivanic's PDP are officially members of the Alliance for Change coalition that includes the Social Democrats and other moderate parties from the Federation. Keeping the coalition intact has been an international priority. Yet these two RS parties vote regularly with the opposition SDS in the state parliament against their ostensible coalition partners. According to members of the House of Representatives, the balance of parties in that chamber means that the Alliance needs only to secure the votes of two deputies from the 'Serb' parties (since Bosniak and multinational parties like the SDP also elect representatives in the RS) in order to pass legislation. Nonetheless, barely anything gets through.

This situation reflects the fact that Serb deputies to the Bosnian parliament and Serb members of the state Council of Ministers from the RS see themselves not as representatives or leaders, but as delegates. They do not come to Sarajevo to ponder affairs of state or to debate legislation on its merits, but to uphold the collective interests of Republika Srpska.[224] This means, all too often, the interests of the SDS. President Sarovic recently gave the game away. Interviewed by the Banja Luka weekly *Reporter*, he revealed how Serb deputies, ministers and functionaries serving in Bosnia's common institutions have been instructed to uphold RS 'sovereignty'. Declaring that a proposal to create a state-level law enforcement agency was unconstitutional, Sarovic added that the leadership had 'required all RS functionaries and those who represent the RS before state organs to uphold that position'.[225]

This and other of Sarovic's statements demonstrate that Serbs from the RS are only interested in state bodies to the extent that they can use them to undermine the common state and uphold their own entity. For them, it is a zero sum game.[226] Sarovic's remarks on the debate over cooperation with The Hague Tribunal in the RS National Assembly offer a telling contrast. Asked whether SDS deputies would vote for such a law, Sarovic replied that he could not presume to speak in their name. He apparently exercises more control over the voting behaviour of all Serb representatives in the state parliament than he does over his own party's deputies in the RS assembly.

RS leaders meet frequently with their placemen in state institutions to agree strategy. For instance, the RS member of the state presidency, Zivko Radisic, conferred recently with his masters in Banja Luka. They concluded that 'all attempts to transfer more powers from the entities to the state are unconstitutional and stressed that all RS representatives to the joint BiH institutions should harmonise their position on this matter to preclude such activities.'[227] On this occasion their purpose was to block a proposed law defining the respective competencies of the state and the entities. The Serb position is that the matter is settled, once and for all, by the existing constitutions. Therefore, any such law would be unconstitutional. Constitutionality is frequently invoked in this manner, the claim being made that any powers not now exercised by the state cannot be lawfully transferred to it or assumed by it, as such actions would violate the rights of the entities. Even attempts to clarify competencies within the present constitutional framework are decried in advance as unconstitutional. And the fact that the proposed law defining such competencies emerged at all has led to a veritable witch-hunt to find 'which Serb representatives allowed the issue to be initiated in the common institutions.'[228]

Orders and threats do not come only from Banja Luka. The function if not the title of Serb chief whip in the Sarajevo parliament is exercised by Mirko Banjac, a powerful, resourceful and charismatic SDS deputy who is also an expert in parliamentary procedure. During a recent debate in the House of Representatives, Banjac stood up and addressed members from the RS, telling them that if they voted for a particular law they would

[224] In May 2001 the OHR sent a letter to the RS government accusing it of 'frequent obstruction of the work of the BiH Council of Ministers'. Monthly Tracker – May 2001, OHR Monthly Review.

[225] 'Zakon o agenciji: protiv kriminala ili entita!?', *Reporter*, 18 July 2001.

[226] See interview, 'Mirko Sarovic, predsjednik Republika Srpske: Karadzic nije u SDS-u', *Reporter*, 25 July 2001.

[227] BiH Media Round-up, 30 August 2001. On the other hand, informal, *non-institutionalised* cooperation is sometimes acceptable to RS leaders. They agreed recently both to take part in a 'High Level Steering Group' designed to implement a common economic strategy enabling Bosnia to access IMF poverty-fighting funds and to participate in a Bosnia-wide plan to combat terrorism. ICG interview with World Bank official, 1 October 2001.

[228] Ibid.

have to 'answer to him' and defend their apostasy, at which Serb deputies reportedly fell into line.[229]

Knee-jerk opposition to all proposed state laws is also characteristic of the Serb members of the House of Peoples. Senior Deputy High Representative Matthias Sonn recently criticised Serb delegates to this chamber for crying 'unconstitutional' every time they wanted to block laws enhancing or clarifying the responsibilities of the state. 'Over the last few months', he noted, 'the House of Peoples' Serb caucus has blocked the passage of the Law on Associations and Foundations, the Law on the BiH Foreign Trade Chamber, the Law on Sports, the Law on Holidays, and the Law on Amendments to the Council of Ministers, using the excuse that these laws were "unconstitutional".'[230] Sonn reminded deputies that the Constitutional and Legal Affairs Committee existed to determine whether proposed legislation fell foul of the constitution. They were abusing the concept when, for example, they opposed getting rid of six-monthly rotation by chairs of the Council of Ministers on grounds of constitutionality, despite the fact that the constitution contained no reference to the principle of rotation.[231]

The above examples illustrate how Serb obstruction has become more legalistic and less bombastic and mulish. Rather than openly opposing the Dayton Agreement and branding it as anti-Serb, RS politicians now focus on such issues as constitutionality. Insofar as Dayton upholds the state-like pretensions of the RS, the entity's politicians have become its great defenders. As noted above, however, their interpretation of Dayton remains as restrictive as it is self-interested. The result is that reforms necessary to get Bosnia even to the starting point of the EU Road Map are moving at a snail's pace. Meanwhile, foreign investment in Bosnia is exiguous overall and virtually non-existent in the RS, and the country is falling behind its neighbours to the south and east.

Yet most RS representatives have rarely varied their opposition to state-building measures, including especially economic reforms, even when such measures would have materially benefited the people of the RS. Last year, for example, Bosnia was offered the opportunity to take advantage of tariff breaks on exports to EU countries if it set up an Institute for Standardisation to ensure that its products conformed to European norms. But the state parliament was unable to pass a law to this effect because of consistent obstruction from RS deputies. Although the High Representative later imposed a law, the institute cannot function because the RS has refused to commit funds to run it.[232] At the same time, the High Representative imposed a raft of other laws that had been mandated by the March 2000 Peace Implementation Council, were required if Bosnia was to receive a KM 24 million credit from the World Bank, but which parliament could not enact. In imposing these laws, the High Representative helped Bosnia's parliament evade the conditions relating to real progress in enacting economic reforms that the World Bank had attempted to set.[233]

The State Border Service Law creating a single regime along Bosnia's frontiers offers another example of how crucial state legislation is regularly blocked by RS representatives. In imposing the law in early 2000, the High Representative explained exactly where the problem lay: 'I will not allow a few irresponsible State representatives from the RS to dash an entire country's hopes for a prosperous and open future. These officials claim to be protecting the so-called national interests of the RS and its citizens. But, as a matter of fact, they are actually harming the development of their Entity and the well being of their citizens with this kind of obstructionism.' Noting that the international community and the Bosnian parties had negotiated long and hard, and had eventually agreed on the necessity of such a service, Ambassador Petritsch continued that 'this is where the Serb delegates to the BiH House of Representatives began to cheapen the institution as a forum for narrow-minded self-interests, baseless pretensions of sovereignty, and rejection of the

[229] ICG interview with a member of the BiH parliament, 17 August 2001.
[230] 'SDHR Matthias Sonn meets BiH House of Peoples' Serb Caucus', OHR Press Release, 31 July 2001.
[231] Ibid.
[232] ICG interview with high ranking foreign official, 3 July 2001.
[233] The World Bank, however, wanted these laws imposed in the run-up to the November 2000 elections in order to save the potentially victorious Alliance for Change from having to take responsibility for what would be politically unpopular steps relating to labour law and pension reform in its first months in office! ICG interview with World Bank official, 1 October 2001.

Dayton Peace Agreement and the BiH Constitution.'[234]

The essence of the international community's strategy in Bosnia is to make the state viable by empowering it to move towards European integration. Once this movement begins in earnest, so the theory goes, the international community can pack its bags, close down its quasi-protectorate, and let European processes take over. Opposition from the RS to almost everything that is necessary to make it happen nullifies this exit strategy.

Deputy High Representative Sonn recently noted that the 'Entities can only survive if the state is strong enough' and that 'integration into Europe is the answer to the miserable economic situation the BiH citizens find themselves in.'[235] Given the current state of play, however, the Bosnian state is not only dependent on the entities for the bulk of its meagre revenues, but it is they – and the RS in particular – which prevent it from finding salvation in Europe. Ironically, the entities survive largely because international donors are channelling financial assistance, including direct budgetary supports, to them. While the EC, IMF and World Bank all officially lend or give support to the state, sub-agreements provide for most funds to pass straight to the entities. Far from inclining Republika Srpska to cooperate at the state level and to facilitate the reforms necessary to make foreign aid ultimately unnecessary, the entity's leaders have been permitted to practise a form of political alchemy: turning the base metal of financial dependency into the true gold of irresponsible power.

[234] OHR Press Release, State Border Service Law, 13 January 2000.
[235] 'SDHR Matthias Sonn Meets BiH House of Peoples' Serb Caucus', OHR Press Release, 31 July 2001.

VI. CONCLUSION: TIME FOR ZERO TOLERANCE

The international community has failed over the past six years either to remake Republika Srpska or to reintegrate it in Bosnia. Even worse, it has not really tried. Bosnia's newly installed pro-consuls proved willing at the outset to accept the purported departure of Radovan Karadzic from public life as sufficient to allow his party to go on as before, sealing its wartime 'achievements' with democratic legitimacy. In the absence of anything but grief from the SDS over the next year, the international community welcomed the split in that party and the advent of Milorad Dodik with unalloyed generosity, demanding only that he make the right noises in return for its largesse. Unable and unwilling to admit that its chosen instrument was no more ready to transform the RS than the SDS had been, the international community threw good money after bad. A similar if less lavish pantomime has been taking place since the installation of the Ivanic government in January 2001. Except that now the SDS is back inside the tent spitting out rather than outside spitting in. Since both the international community and the majority of Bosnians are still outside the RS tent – and Ivanic himself is inside only on sufferance – this is no improvement.

By any but the most charitable (or self-serving) reckoning, the political effectiveness of donor assistance to the RS has been slight. Although it has occasionally talked the language of political 'conditionality', the international community has failed to practise it. The receipt of project funding, budgetary support and loans has rarely been tied to the attainment of specific, achievable goals. The RS has – sometimes quite literally – got away with murder. Matters have been different in the Federation. When Sarajevo Canton failed in 1998 to make progress in implementing the property laws to allow Serbs and Croats to return, international agencies imposed an interdict on aid to the canton, which swiftly improved its performance.[236] In June 2001, the Serbian government, confronted with a stark choice between handing over Milosevic to the ICTY and forfeiting more than U.S.$1 billion in promised reconstruction aid, saw the light. In the RS, meanwhile, help from the World Bank alone has

[236] ICG interview with RRTF official, 22 August 2001.

totalled more than U.S.$150 million since 1995, yet the rate of property law implementation remains half that of the Federation. Nor have the RS authorities delivered a single war crimes suspect to The Hague.

In the six months between December 2000 and June 2001, international officials threatened the RS three times with economic sanctions, each time dropping the threat following token concessions. The first time was before the formation of the new government, when the international community warned that any coalition with the SDS would result in the loss of all external aid. The face-saving compromise which ultimately permitted SDS politicians to take seats in Invanic's cabinet as 'independent experts' – and to keep the money flowing – is now recognised as a charade by all concerned, but the initial threat has been quietly forgotten. The second round of threats came after the riots in Trebinje and Banja Luka. These intimations of doom were silently interred following largely symbolic concessions by the government. Finally, vague threats of sanctions were made once more after Milosevic's transfer to The Hague. These too were dropped when a draft bill on cooperation with the ICTY was introduced in the RS National Assembly. Not only is such a law unnecessary, but the essentially bogus law eventually and narrowly enacted on 2 October will facilitate obstruction rather than cooperation.

Since returning to power, the SDS has been consolidating its authority: in the public sector and black economies, in the media, in the police and courts, in the army and intelligence service, in the backwoods of eastern RS, in enlightened Banja Luka, and latterly in the Serbian metropolis of Belgrade. It has also been testing the international community, seeking to establish how much it can get away with by professing fidelity to Dayton, and how little it can actually do in the way of Dayton implementation. The international administrators and watchdogs have growled, but they have yet to bite.

International officials frequently claim that political 'conditionality doesn't work'. Yet in the case of the RS, it has only been tried on the municipal level, as a means of rewarding localities that accept minority returns and penalising those that do not. In the RS, however, financial control is so centralised that the entity government in Banja Luka bears the real responsibility, both for what goes right and what goes wrong. This means that international attempts to make local assistance projects conditional upon property law implementation or other refugee-friendly measures largely miss the point. The municipalities can only do what Banja Luka permits them to do, and it occasionally suits the regime's interests to allow minority return. In fact, the RS authorities have demonstrated a better understanding of how to set conditions and reap political rewards from their fulfilment than has the international community. The use of displaced Serbs to solidify ethnic cleansing, maintain inter-communal tensions, devour the Refugee Ministry budget, and vote SDS in return for new homes is a case in point.

To stand a chance of succeeding in the RS, conditionality must be applied to those who both possess the power and responsibility to do what the international community requires, and who are pragmatic enough to want to help. The benefits of compliance must be as clear as the costs of failing to comply. Both costs and benefits must be of surpassing importance to the object of conditionality, while its instigators must have the will and ability to inflict either pleasure or pain. Just as important, the outcomes must be specific, achievable and measurable. It is no good telling RS politicians that they must learn to love Muslims or their life-support system will be turned off. Such a goal is both unrealistic and unmeasurable, and so the threat is incredible. It was similarly futile in December last year to require SDS leaders to commit themselves to an agenda that the RS was already obliged to fulfil without either attaching benchmarks or ensuring that the signatories bore responsibility for meeting them. What was more, the potential sanctions were vague and, hence, implausible. The international community can and should do better. [237]

[237] Even so, there is no certainty of success where fundamental resistance is so strong. The Serbian government had an interest in transferring Slobodan Milosevic to The Hague; no RS government is likely to perceive an analogous interest in reducing its own prerogatives – unless, of course, it should actually take the long-term interests of its people into account. See Geske Dijkstra, *Programme Aid Policies and Politics: Programme Aid and Conditionality*, Swedish International Development Agency, Stockholm, 1999, pp 38-9. The same conclusion – that conditionality in political affairs rarely works, and has the best chance when applied in terms of rewards rather than as an effort to 'buy' compliance – has been suggested by research undertaken by the OECD and UNDP.

The true face of the regime is represented not by the affable Mr Ivanic, but rather by its failures to implement the property laws, to check or punish daily violence against returnees, to run the economy as anything other than a racket, and to surrender indicted war criminals to The Hague. But the RS does not simply cleave to its wartime dogma of national exclusivity, it also holds fast to the proposition that Bosnia is nothing more to it than a public convenience – and certainly not a state to which Serbs owe allegiance. RS leaders openly flaunt the fact that their delegates go to Sarajevo under orders to block any and all laws, reforms or innovations that might endow Bosnia and Herzegovina with the attributes of a sovereign state and permit it to assume its rightful place in Europe.

The logic of this report points ineluctably towards the need to dissolve Republika Srpska: due both to its own manifest unreformability and its incompatibility with hopes for any normal democratic development on the part of the Bosnian state. However, the dissolution of the RS is currently neither feasible nor even desirable. It is not feasible because the international community is more than ever unwilling to reconsider its handiwork at Dayton.[238] It is not desirable because, given the lack of international appetite to face up to difficult challenges in Bosnia, any 'Dayton II' would likely produce an outcome even more detrimental to Bosnian statehood. Logic and justice, therefore, must be tempered with realism. The way ahead is to demand much, much more of the RS. Paradoxically, this could also be the salvation of Mladen Ivanic and other RS pragmatists who understand very well that Bosnia cannot exist half pauperised and half European.

As a framework for building a state, the Dayton Peace Agreement was replete with contradictions, one of which was the creation of an almost exclusively Serb entity with pretensions to statehood. Yet the international community has gradually armed itself with ever more sweeping powers to realise and enforce Dayton's integrative potential against the vested interests and chauvinistic ideologies of the wartime parties. Over the last two years, the High Representative has used these powers to start dismantling the interlocking directorates that bind the nationalist party establishments in the Federation to the legal and illegal economies. He and the other international agencies have also moved to strengthen the rule of law, fight corruption, promote refugee return, and impose legislation providing for state-level institutions that may yet furnish Bosnia with a central government.

Successes, however, have been largely confined to the Federation. This is not simply because Bosniak parties, believing in an integral Bosnia, were always more amenable to working with, rather than against, the international community than were Serb and Croat parties. Nor, latterly, is it the result of the victory of the reformist and non-nationalist Alliance for Change in the Federation in the November 2000 elections. Of course these factors have helped, but the main reason why the Federation has forged so far ahead of Republika Srpska is that much more has been demanded of it.[239]

The application of a lesser standard to the RS may be understandable in narrowly political terms, but it will prove fatal: both to the entire international experiment in Bosnia and to the Bosnian state. Not daring to risk or admit failure, the international community has not dared to win. Instead, it has coddled, cajoled, expressed concern, and paid through the nose for a semblance of cooperation on the part of the Bosnian Serb political class. Not wanting to provoke that class to reveal the depths

[238] Implementation of the Constitutional Court's decision of July 2000 on the 'constituent peoples' of Bosnia and Herzegovina will eventually remove nationally discriminatory constitutional provisions and legislative acts from the statute books of both entities and contribute mightily to their integration. This will, in effect, represent a fundamental revision of Bosnia's Dayton constitution. Unfortunately, progress is slow, political difficulties are many, and the international community, having embraced the notion of Bosnian 'ownership', has resolved since June 2001 to let Bosnians themselves set the pace, so preserving the Alliance for Change coalition at the state and Federation levels. Little, therefore, can be expected in terms of mould-breaking reform before the October 2002 elections. For details of the Constitutional Court decision, see ICG Report No 108, *After Milosevic: A Practical Agenda for Lasting Balkans Peace*, April 2001, pp 141-42.

[239] Conditionality aside, the international community has simply been more assiduous in the Federation in removing corrupt officials, reforming the judiciary, instituting witness protection programs, demanding and receiving cooperation with the ICTY, and meeting head on the challenges of the SDS's Federation analogue, the HDZ. Nothing equivalent to the April 2001 raids on Hercegovacka Banka has taken place in the RS since SFOR seized several transmitters of Srpska Radio-Television in October 1997.

of its enmity and recidivism, the international community has preferred caution to confrontation and concessions to conditionality. But time is running out. SFOR will melt away. Money is in increasingly short supply. Boredom with Bosnia has set in. And the RS remains fundamentally unreconstructed.

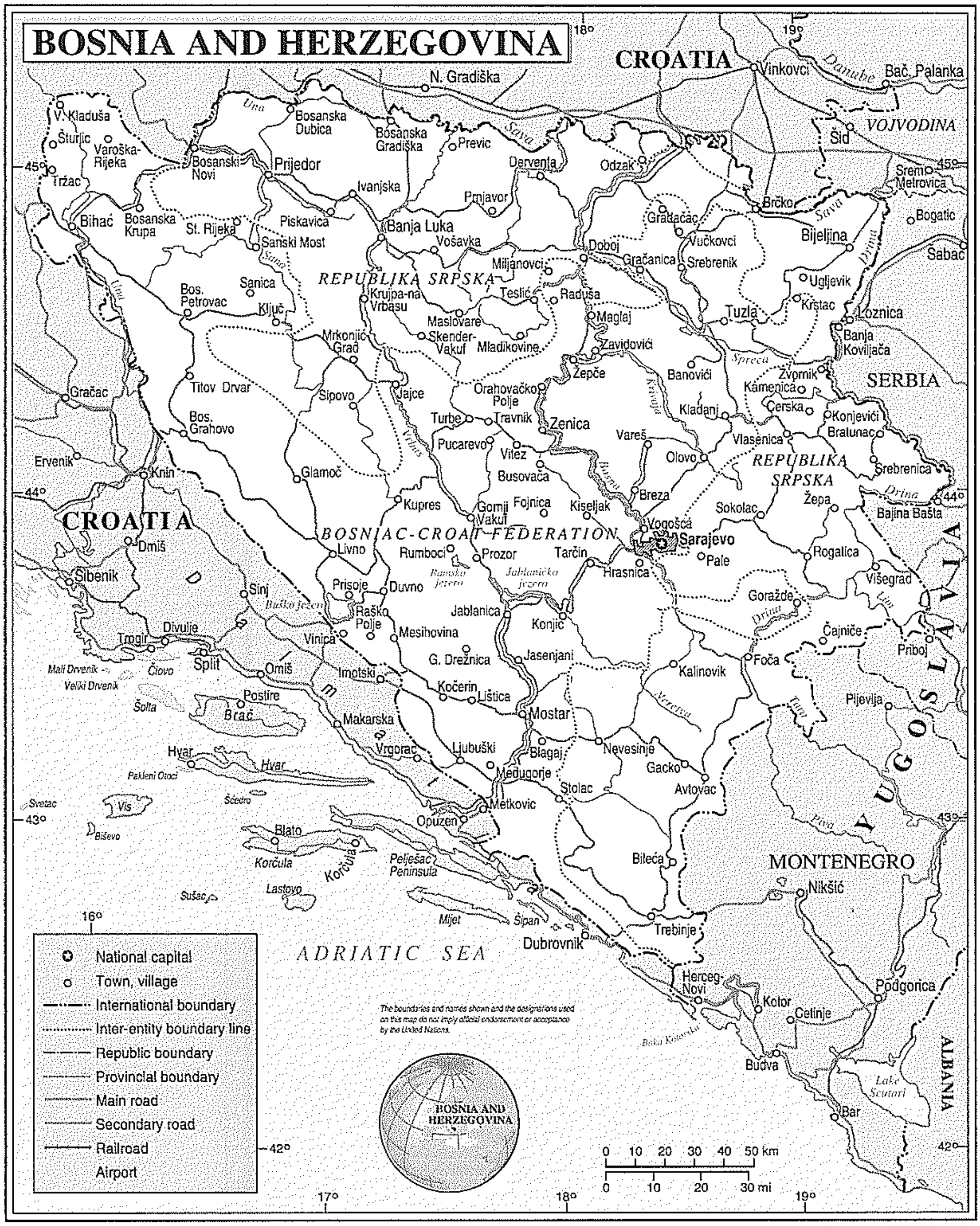
Rather than continuing to pursue a quiet life, financing failure, and hoping against hope that 'moderates' will slay the SDS dragon, it is past time for Bosnia's disjointed pro-consuls and donors actually to work together to beard the beast themselves. Carefully crafted conditionality offers a way forward. Loans, grants, project funding, and budget support should in each and every case be made conditional on satisfaction of one or another of the outstanding items on the Dayton and state-building agendas. Cooperation with the ICTY, property law implementation, judicial and police reform, rooting out corrupt officials, decontamination of public and educational discourse, genuine privatisation, promotion of sustainable refugee return, army reform, ending the impunity of lawbreakers, and striking discriminatory provisions from the constitution and numerous laws are all steps that the RS must be made to take if it is to save itself in the short term. But it must also be compelled to take a constructive part in providing the Bosnian state with the institutions, laws and powers it needs to be a state and to rejoin Europe in the longer term.

There will be ructions and perhaps even turmoil if the international community takes up this challenge. The enemies of Bosnia and of peace will be forced to declare and disqualify themselves from public life. But flushing out the ethnic cleansers, crooks, chauvinists, time wasters, and demagogues is the only way to tame and house train Republika Srpska. Unless and until that is accomplished, the international community will have been on a fool's errand in Bosnia.

Sarajevo/Brussels, 8 October 2001

APPENDIX A

MAP OF BOSNIA AND HERZEGOVINA



Map No. 3729 Rev. 2 UNITED NATIONS
January 2000

Department of Public Information
Cartographic Section

APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (ICG) is a private, multinational organisation committed to strengthening the capacity of the international community to anticipate, understand and act to prevent and contain conflict.

ICG's approach is grounded in field research. Teams of political analysts, based on the ground in countries at risk of conflict, gather information from a wide range of sources, assess local conditions and produce regular analytical reports containing practical recommendations targeted at key international decision-takers.

ICG's reports are distributed widely to officials in foreign ministries and international organisations and made generally available at the same time via the organisation's internet site.
ICG works closely with governments and those who influence them, including the media, to highlight its crisis analysis and to generate support for its policy prescriptions. The ICG Board - which includes prominent figures from the fields of politics, diplomacy, business and the media - is directly involved in helping to bring ICG reports and recommendations to the attention of senior policy-makers around the world. ICG is chaired by former Finnish President Martti Ahtisaari; former Australian Foreign Minister Gareth Evans has been President and Chief Executive since January 2000.

ICG's international headquarters are at Brussels, with advocacy offices in Washington DC, New York and Paris. The organisation currently operates or is planning field projects in nineteen crisis-affected countries and regions across four continents: Algeria, Burundi, Rwanda, the Democratic Republic of Congo, Sierra Leone, Sudan and Zimbabwe in Africa; Burma/Myanmar, Indonesia, Kyrgyzstan, Tajikistan, and Uzbekistan in Asia; Albania, Bosnia, Kosovo, Macedonia, Montenegro and Serbia in Europe; and Colombia in Latin America.

ICG raises funds from governments, charitable foundations, companies and individual donors. The following governments currently provide funding: Australia, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Luxembourg, the Netherlands, Norway, the Republic of China (Taiwan), Sweden, Switzerland and the United Kingdom. Foundation and private sector donors include the Ansary Foundation, the William and Flora Hewlett Foundation, the Charles Stewart Mott Foundation, the Open Society Institute, the Ploughshares Fund, the Sasakawa Foundation, the Smith Richardson Foundation, the Ford Foundation and the U.S. Institute of Peace.

October 2001

APPENDIX C

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