

# The Curious Case of (De)Centralization in Bosnia and Herzegovina



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**B**osnia and Herzegovina is an exceptional case for liberal debate over decentralization. The political and legal order created by the international community in Dayton, Ohio (1995) resulted in a country divided into two parts, with one district.

Half of the country, called the entity of Republika Srpska, is extremely centralized with only a small percent of local (municipality) political power. The other half, the entity of the Federation of Bosnia and Herzegovina, is extremely decentralized and consists of ten cantons with ten cantonal prime ministers and more than one hundred cantonal ministers. For a long time, it was considered that this kind of political structure was the weakness of Bosnia and Herzegovina and the reason for its future disintegration as a state. But for twenty-

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three years, Bosnia and Herzegovina has managed to exist and in the last few years more and more authors and researchers acknowledge that its complexity and decentralization are the main reason why Bosnia and Herzegovina survives as a state, satisfying the needs of political elites. On the other hand, this situation provides an opportunity for excellent insight into the differences between the centralized and decentralized part of Bosnia and Herzegovina, with the highlight on the state of personal and any other freedoms.

This phenomenon, however, poses a number of questions: Are there any (political/economic and other) differences between the centralized and decentralized part of Bosnia and Herzegovina? What are the consequences of the complex political and legal structure of Bosnia and Herzegovina in the context of personal freedom of its citizens? What is the status of personal freedoms in Bosnia and Herzegovina, and what is the greatest challenge in this area?

Another important question that must be addressed is why is the (democratic) decentralization important for liberals? First of all, it improves the general and personal freedoms of the individuals and is an essential factor in achieving economic growth – which may also be observed in the case of Bosnia and Herzegovina. Democratic decentralization in the long run leads to the advancement of personal freedoms. Still, complexity can result in problems regarding the rule of law, which is shown by the *Human Freedom Index*, as the most problematic part of personal freedoms in Bosnia and Herzegovina.

#### **INTRODUCING DECENTRALIZATION IN BOSNIA AND HERZEGOVINA**

The small European country of Bosnia and Herzegovina (B&H) is truly unique when it comes to the relationship of decentraliza-



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tion and centralization. The peculiar constitutional arrangement of the country, which was primarily crafted due to war during the 1990s and the intervention of the international community, created a decentralized state structure that alongside the central government has entities, cantons, and municipalities as the levels of local government. Such a complex state structure provides specific insight into the consequences of (de)centralization and the comparison of its effects. It also enables an analysis of the impact of decentralization on the human rights of citizens of B&H. Before analyzing the specifics of this country, it is necessary to consider the essence and all the advantages of the decentralization process, especially from the libertarian position.

## WHAT IS DECENTRALIZATION?

Decentralization is a process that significantly marks the first decades of the 21<sup>st</sup> century. Whether it is the decentralization of the Internet and the rise of cryptocurrencies like Bitcoin, or the fact that the OECD area has grown more decentralized over the last two decades, the fact is that decentralization is here and is happening all around us. Although there has been a trend of centralization in the last two hundred years<sup>1</sup>, the world has been turning to decentralization, especially in the context of the development of information technologies primarily linked to the Internet.<sup>2</sup> Whether it is a country, a region, a local community, a department in a company, or cryptocurrencies, this process changes the way people make decisions, but also how the elites are formed. Motives for this are different and range from mainly democratic/political motivations – eastern European countries (decentralization wave in 2000, 2004, 2006: Poland, Slovakia, the Czech Republic, Estonia, Hungary, among others) – to mainly economic/public finances motivation – Greece, Italy, or Portugal.<sup>3</sup> In short, decentralization is defined as the process of distributing or dispersing functions, powers, people or things away from a central location or authority.<sup>4</sup> With the understanding that the “cen-

<sup>1</sup> BitcoinWarrior.net (2014) *WSJ Reports on the Megatrend of Decentralization*. Available [online]: <https://bitcoinwarrior.net/2014/10/wsj-reports-megatrend-decentralization/>

<sup>2</sup> Sharma, G. (2014) *Weekend Read: The Imminent Decentralized Computing Revolution*. Available [online]: <https://blogs.wsj.com/accelerators/2014/10/10/weekend-read-the-imminent-decentralized-computing-revolution/>

<sup>3</sup> Allain-Dupré, D. (2010) *Decentralisation Trends in OECD Countries: A Comparative Perspective for Ukraine*. Available [online]: <https://www.oecd.org/regional/regional-policy/Decentralisation-trends-in-OECD-countries.pdf>

<sup>4</sup> The Economist. (2009) *Decentralisation*. Available [online]: <http://www.economist.com/node/14298890>



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tral authority” is usually government, it is clear why decentralization is desirable from the position of classical liberalism and why its greatest scholars, such as Smith, Hayek, Mises, and Rothbard, glorified decentralization. Adam Smith wrote about the need for greater decentralization and accountability in state projects such as public education, toll roads, harbors, and even paving the streets of London. He emphasized that these should be provided at the local level. Even though public works could be captured or corrupted by special interests, limiting them to localities meant that even when errors or abuses emerged, the extent of the damage was limited.<sup>5</sup> Nobel Prize-winning economist Friedrich von Hayek stressed that free markets themselves are decentralized systems where individuals

who use prices as their guide produce outcomes without explicit agreement or coordination.<sup>6</sup> In discussing human rights, Murray N. Rothbard summarized this position as “universal rights, locally enforced”.<sup>7</sup> Ludwig von Mises is even more radical, leaning towards secession, writing that a nation has no right to say to a province: “You belong to me, I want to take you. A province consists of its inhabitants. If anybody has a right to be heard in this case it is these inhabitants”.<sup>8</sup>

Ideally, decentralization should proceed all the way down to the level of individual communities, to free cities and villages as they once existed all over Europe.<sup>9</sup> The libertarian position on this matter emphasizes the localization of costs, but also the fact that people closer to the problem know the best solution to solve it. They see these as main advantages of decentralization. As Matt Kibbe concludes, the future now depends on a continued commitment to the ethos of decentralization, the idea that even in politics, the customer is always right.<sup>10</sup>

## DIFFERENT TYPES OF DECENTRALIZATION

When it comes to governments and decentralization, there is a general trend towards decentralization, though with considerable variation in the degree and type of decentralization across countries.

<sup>6</sup> Zelkowitz, M. (2011) *Advances in Computers*. New York: Academic Press, p. 3.

<sup>7</sup> Rockwell, Jr. L. H. (2005) *What We Mean by Decentralization*. Available [online]: <https://mises.org/library/what-we-mean-decentralization>

<sup>8</sup> Mises L. (2012) *Mises on Secession*. Available [online]: <https://mises.org/library/mises-secession>

<sup>9</sup> Hoppe, H. (2014) *From Aristocracy to monarchy to democracy, The tale of moral and economic folly and decay*. Auburn: Mises Institute, pp 65.

<sup>10</sup> Kibbe, M. (2012) *Hostile takeover*. New York: Harper Collins Books, p. 332.

<sup>5</sup> Mueller, P. (2015) *Was Adam Smith a Libertarian?*. Available [online]: <https://www.libertarianism.org/columns/was-adam-smith-libertarian>



# UNDER DECENTRALIZATION, JURISDICTIONS MUST COMPETE FOR RESIDENTS AND CAPITAL, WHICH PROVIDES SOME INCENTIVE FOR GREATER DEGREES OF FREEDOM

Majority democracies and unitary states have undergone the greatest and most systemic decentralization, while decentralization in consensual democracies and federal states has occurred more at the margins.<sup>11</sup> Decentralization – the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent governmental organizations and/or the private sector – is, undoubtedly, a complex multifaceted concept. The World Bank lists four standard types of decentralization: political, administrative, fiscal, and market.<sup>12</sup>

Political decentralization allows powerful decisions to be made at lower levels, while administrative decentralization refers to the redistribution of authority, responsibility, and financial resources to enable public services at the lower, local levels. Fiscal decentralization deals with the issue of adequate level of revenues to carry out decentralized functions effectively. Finally, from a libertarian perspective, the most desirable decentralization is economic or market decentralization. It implies switching power and responsibility from the public to the private sector through privatization and deregulation.<sup>13</sup> For further consideration, however, it is administrative decentralization that is most relevant.

## VIRTUES OF DECENTRALIZATION

There are many virtues of decentralization, and many have been previously stated by libertarian authors. Murray sees decentralized government as the best solution for the protection of freedom,<sup>14</sup> while Hayek writes that when the economic power is centralized as an instrument of political power, it creates a degree of dependence scarcely distinguishable from slavery.<sup>15</sup> Rockwell Jr. lists several reasons why decentralization is good.<sup>16</sup>

First, under decentralization, jurisdictions must compete for residents and capital, which provides some incentive for greater degrees of freedom, if only because local despotism is neither popular nor produc-

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<sup>13</sup> Ibid.

<sup>14</sup> Murray, C. (1988) *In Pursuit of Happiness and Good Government*. Indianapolis: Liberty Fund, p. 266.

<sup>15</sup> Hayek, F.A. (2013) *The Road of Serfdom*. London: The Institute of Economic Affairs, p. 42.

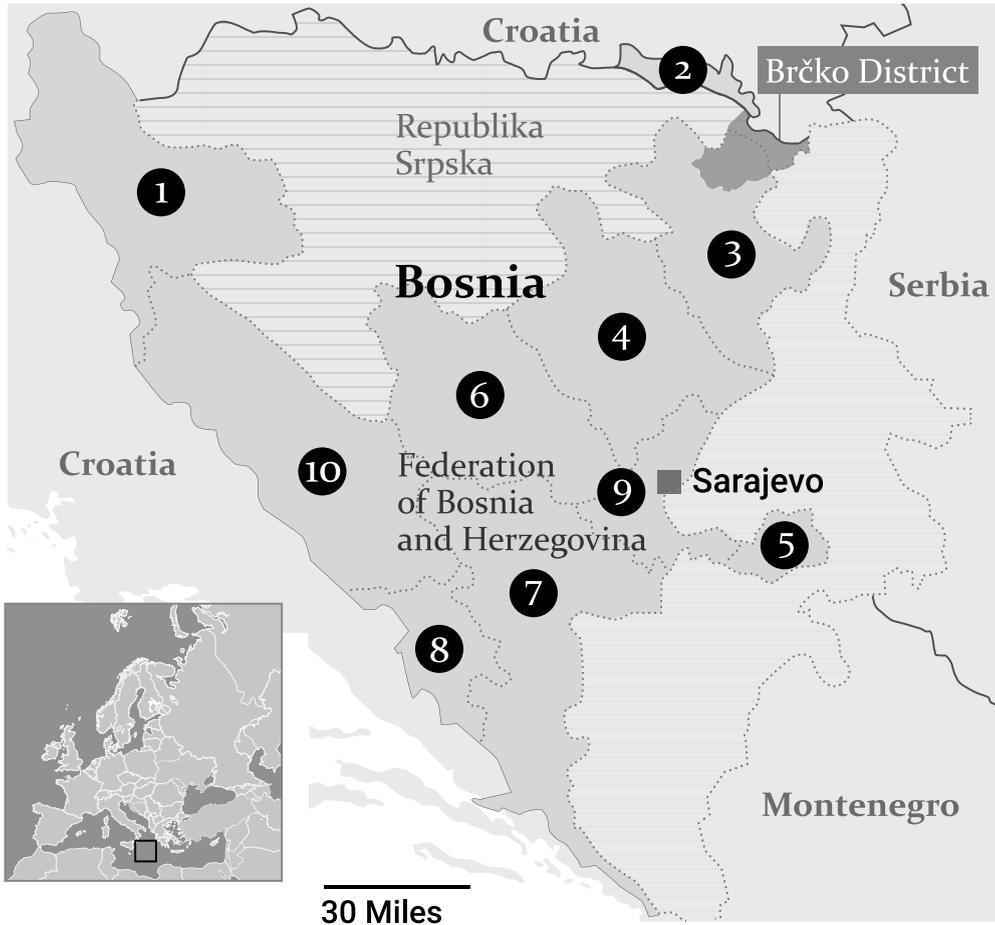
<sup>16</sup> Rockwell, Jr. L. H., op.cit.

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<sup>11</sup> Cain, B.E. et.al. (2003) *Democracy Transformed?: Expanding Political Opportunities in Advanced Industrial Democracies*. Oxford: Oxford University Press.

<sup>12</sup> World Bank (2001) *What Is Decentralization?*. Available [online]: [http://www.ciesin.org/decentralization/English/General/Different\\_forms.html](http://www.ciesin.org/decentralization/English/General/Different_forms.html)

<sup>17</sup> Nardelli, A. et al. (2014) *Bosnia and Herzegovina: The World's Most Complicated System of Government?*. Available [online]: <https://www.theguardian.com/news/datablog/2014/oct/08/bosnia-herzegovina-elections-the-worlds-most-complicated-system-of-government>

Figure 1. Map of Bosnia and Herzegovina<sup>17</sup>

1 | Una-Sana Canton 1

2 | Posavina Canton

3 | Tuzla Canton

4 | Zenica-Doboj Canton

5 | Bosnia-Podrinje Canton Goražde

6 | Central Bosnia Canton

7 | Herzegovina-Neretva Canton

8 | West Herzegovina Canton

9 | Sarajevo Canton

10 | Canton 10



UNDER THE TERMS OF THE DAYTON PEACE AGREEMENT, B&H WAS ORGANIZED AS AN ASYMMETRIC FEDERATION UNDER THE PRECEPT THAT IT WOULD PROVIDE A FRAMEWORK FOR INTER-ETHNIC ACCOMMODATION, CREATE CHANNELS FOR DEMOCRATIC CONTESTATION, AND ULTIMATELY BRING PEACE AND STABILITY

tive. Second, localism internalizes corruption so that it can be more easily spotted and uprooted. Third, tyranny on the local level minimizes the damage to the same extent that macro-tyranny maximizes it. Fourth, no government can be trusted to use the power to intervene wisely. With such power, central governments will always invoke good motives even if they are

a purely a mask for power grabs. Fifth, the plurality of governmental forms – a “vertical separation of powers,” to use Stephan Kinsella’s phrase<sup>18</sup> – which prevents the central government from accumulating power.

One libertarian virtue of decentralization is that it provides a “safe space” for a citizen to have political commotion, regardless of the action of central authority. For individuals to be creative and innovative, they must be able to pursue their truth.<sup>19</sup> This is especially important from the human rights point of view. Decentralization allows an individual to have her/his own kind of truth.

Moreover, decentralization also pushes both responsibility and decision-making closer to the coal face, to the people who really know what is going on.<sup>20</sup> This is all point of the knowledge problem, stressed by Hayek.

Finally, it is possible to notice the interesting correlation showing that richer countries tend to be more decentralized, if we follow the relationship between subnational government (SNG) spending as a % of GDP and GDP per capita.<sup>21</sup>

## DECENTRALIZATION IN BOSNIA AND HERZEGOVINA

When it comes to decentralization in Bosnia and Herzegovina, this special phenomenon could only have resulted from the war during the 1990s. Without a given historical context, it is difficult to understand the cur-

<sup>18</sup> Kinsella, S. (2009) *The Unique American Federal Government*. Available [online]: <http://www.stephankinsella.com/2009/10/the-unique-american-federal-government/>

<sup>19</sup> Allison, J.A. (2015) *The Leadership Crisis and the Free Market Cure*. New York: McGraw-Hill Education, p. 44.

<sup>20</sup> Walling-Russell, E. (2012) *50 Ideas You Really Need to Know, Management*. London: Quercus, p. 61.

<sup>21</sup> Allain-Dupré, D. op.cit.



BOSNIA  
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OF SEVERAL  
PARLIAMENTS

rent administrative structure of B&H, nor would it have spontaneously developed under normal, peaceful circumstances.

Under the terms of the Dayton Peace Agreement,<sup>22</sup> B&H was organized as an asymmetric federation under the precept that it would provide a framework for inter-ethnic accommodation, create channels for democratic contestation, and ultimately

<sup>22</sup> The General Framework Agreement for Peace in Bosnia and Herzegovina, also known as the Dayton Agreement, Dayton Accords, Paris Protocol or Dayton–Paris Agreement, (Bosnian: Dejtonski mirovni sporazum, Serbian: Dejtonski mirovni sporazum, Croatian: Daytonski sporazum) is the peace agreement reached at Wright-Patterson Air Force Base near Dayton, Ohio, United States, in November 1995, and formally signed in Paris, France, on 14 December 1995. The signatories were Franjo Tuđman, the president of Croatia, Slobodan Milošević, the president of Serbia - who later was tried at The Hague as a war criminal- and Alija Izetbegović, the president of Bosnia and Herzegovina.

bring peace and stability.<sup>23</sup> Hence, the primary motivation for decentralization was political – to exploit its alleged potential as a management tool for ethnic conflict. This involved a peculiar layering of government structures, from the central to the local level, aimed at balancing political and ethnic fractions.<sup>24</sup> In particular, the state structure consists of a central government, two entities, and a single district, a self-governing unit under the jurisdiction of the central government<sup>25</sup> (See Figure 1).

Bosnia and Herzegovina, with a population of 3.8 million, has three presidents, 13 prime ministers, more than 180 ministers, and 700 members of several parliaments.<sup>26</sup> Nardelli, Dzidic, and Jukic state in the *Guardian* that B&H is the world's most complicated system of government.<sup>27</sup> However, this complexity is to blame for the survival of the country during the twenty-three years following the war.

As summarized by *The Economist*, the government system in B&H puts an emphasis on consensus. Formally or informally, governments in Bosnia and Herzegovina need partners, who often come from different ethnic groups.<sup>28</sup> The Bosnians are

<sup>23</sup> United Nation Peacemaker (1995) *General Framework Agreement for Peace in Bosnia and Herzegovina (Dayton Agreement)* Available [online]: <https://peacemaker.un.org/bosniadaytonagreement95>

<sup>24</sup> Bojičić–Dželilović, V. (2011) "Decentralisation and Regionalisation in Bosnian-Herzegovina: Issues and Challenges", [in:] *LSEE Papers on Decentralisation and Regional Policy 2*. London: London School of Economics and Political Science.

<sup>25</sup> CIA (2018) *The World Factbook*. Available [online]: <https://www.cia.gov/library/publications/the-world-factbook/geos/bk.html>

<sup>26</sup> Klix.ba (2015) *Američki analitičar: BiH, zemlja sa tri predsjednika, 13 premijera i bez pristojne vlade*. Available [online]: <https://www.klix.ba/vijesti/bih/americki-analiticar-bih-zemlja-sa-tri-predsjednika-13-premijera-i-bez-pristojne-vlade/151110080>

<sup>27</sup> Nardelli, A. et al., op.cit.

<sup>28</sup> The Economist (2017), *Why hasn't Bosnia and Her-*

expected to behave like the Swiss, who are champions of compromise.<sup>29</sup> Different levels of government and the complexity of the entire system of government create an incentive for political elites to maintain this system and not to divide the country. In short, an extremely decentralized system preserves the existence of B&H as a state.

### POWER STRUCTURE IN THE MOST COMPLICATED COUNTRY IN THE WORLD

When it comes to the level of power within a complex administrative structure in Bosnia and Herzegovina, it is mostly located in two entities,<sup>30</sup> each having the two largest budgets in the country. The central institutions of B&H are weak, with the bulk of governmental competencies residing in the two entities. The central government has a limited budget, which, because of the blockade from the Republic of Srpska (RS), representatives have not been increasing since. After the entities, cantonal budgets have the biggest power along with Brčko District as a separate unit beside the two entities.

Now, concerning the cantons. In existing constitutional arrangements, in line with the Swiss model, the cantons operate as mini-states. Most of their budgets are spent on education, but also for the judiciary, healthcare, and other local affairs. Below the cantons are municipalities and cities as a unit of local self-government.

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*zegovina collapsed?*, Available [online]: <https://www.economist.com/blogs/economist-explains/2017/11/economist-explains?zid=307&ah=5e80419d1bc9821eb e173f4f0f060a07>

<sup>29</sup> Oertig-Davidson, M. (2011) *Beyond Chocolate, understanding Swiss culture*. Basel: Berigi books, p. 152.

<sup>30</sup> Encyclopaedia Britannica (2018) *Bosnia and Herzegovina*. Available [online]: <https://www.britannica.com/place/Bosnia-and-Herzegovina#ref42673>

Simply put, B&H is administratively divided into two entities and one district. While one entity (Federation of B&H) is decentralized with the distribution of powers towards cantons and then municipalities, the other entity (RS) is centralized with municipalities and cities as the lowest levels of local self-government. Knowing this, are there any substantial differences between the two parts of B&H and, if so, what are the effects of these on human rights?

### DIFFERENCES BETWEEN TWO ENTITIES

First of all, it is important to note that it is indeed difficult to determine the causes of some social phenomena. According to Nassim N. Taleb, in the complex world, the notion of "cause" itself is suspect.<sup>31</sup> For this reason, we will only try to look at and perhaps briefly explain some noticeable differences between the centralized and decentralized part of Bosnia and Herzegovina.

It is important to note that the Federation of B&H and the RS are different on many grounds, and not solely regarding their administrative structure. For instance, the Federation of B&H is traditionally more oriented towards industry, while the RS is oriented towards agriculture. Also, in the Federation of B&H, there are almost twice as many inhabitants (mostly Bosniaks and Croats), while in the RS, there are fewer inhabitants (mostly Bosnian Serbs). Geopolitically, the Federation of B&H is more connected with Croatia and the international community, while the RS has special ties with the Republic of Serbia, and more connections to Russia. When it comes to the cantonal level, there are numerous competencies, but the two most important fields in their budget, next to administration costs, are education and healthcare.

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<sup>31</sup> Taleb, N.N. (2012) *Antifragile, Things that Gain from Disorder*. London: Penguin Books, p. 56.

### (1)3 EDUCATION SYSTEMS<sup>32</sup>

The education system in Bosnia and Herzegovina is largely decentralized, because not only is education not within the jurisdiction of the state,<sup>33</sup> but it is also, as in the case of the Federation of B&H, it is within the jurisdiction of cantonal levels and even in some cases to the competence of municipalities. Unlike the Republic of Srpska, where the Ministry of Education and Culture has the greatest power in defining education in this entity, in Federation of B&H, cantons are regulating the education system. The Federal Ministry only coordinates the planning of the activities in the field of education.<sup>34</sup> This means that cantons can make educational curricula themselves or define ways of implementing educational policies.

It is not “one system for the entire society”, as stated by David Boaz.<sup>35</sup> Cantons maintain all the power not explicitly entrusted to the federal government and are particularly authorized for determining educational policy, which includes the adoption of educational regulations, and the definition and

implementation of cultural policy.<sup>36</sup> Thus, for example, Canton Sarajevo prepares its own curriculum based on successful examples of some countries in the world.<sup>37</sup> On the other hand, the Tuzla Canton plans to introduce the subject of entrepreneurship into its education system.

One of the direct effects of the decentralization of education in the Federation of B&H is that “hot” educational topics, including teachers’ problems or strikes, are localized at the canton level. This creates a situation where children in some cantons start their school year on time, while others have extra days of summer break due to the strike of educational unions. Another “hot” issue, namely religious education within the education sector, is also dealt with at the canton level, and each of the cantons has a different policy on this matter (whether the religion as a school subject is optional or not, or whether it enters the grade average).<sup>38</sup>

On the other hand, there are no variations in the RS, which means that more secular parents (or religious, in the context of future reforms) have no alternative when it comes to the education of their children. This is also the case with language, which is one of the political problems in B&H. The Ministry of Education and Culture in the RS does not recognize the Bosnian language,

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<sup>32</sup> Bosnia and Herzegovina has 13 ministries of education – at the level of the Republika Srpska, the Federation of B&H, ten cantons, and the Brčko District. In addition, there is one ministry at the state level, the Ministry of Civil Affairs, which is responsible for carrying out tasks that are in the competence of B&H and related to the establishment of basic principles of coordination of activities, harmonization of the plans of the entity authorities, and defining the strategy on the international plane, among others, for the field of education. At the level of B&H, there are several strategic documents, agencies, and co-ordination bodies related to education. Nevertheless, lower levels have the highest role in education.

<sup>33</sup> At the state level there is no ministry of education, but the Ministry of Civil Affairs, which has very modest, almost symbolic competencies in education in the country.

<sup>34</sup> Federalno ministarstvo obrazovanja i nauke (2018) *Pregled sektora*. Available [online]: <http://www.fmon.gov.ba/Sektor/PregledSektora?id=2>

<sup>35</sup> Boaz, D. (2008) *The Politics of Freedom*. Washington, D.C.: Cato Institute, p. 152.

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<sup>36</sup> Večernji list (2009) *Federacija BiH je uzurpirala ovlasti županija u kulturi i obrazovanju*. Available [online]: <https://www.vecernji.ba/federacija-bih-je-uzurpiralao-ovlasti-zupanija-u-kulturi-i-obrazovanju-61656>

<sup>37</sup> Ibrahimović, N. (2018) *Od naredne školske godine novi kurikulum eksperimentalno u školama*. Available [online]: <http://www.skolegijum.ba/tekst/index/1461/od-naredne-skolske-godine-novi-kurikulum-eksperimentalno-u-skolama>

<sup>38</sup> Muminović, D. (2011) *Vjeronauka u bh. školama: Koliko ministara toliko i pravila*. Available [online]: <https://www.nezavisne.com/novosti/bih/Vjeronauka-u-bh-skolama-Koliko-ministara-toliko-i-pravila/88305>

mostly spoken by the Bosniaks.<sup>39</sup> The Ministry of Education and Culture in the RS struggles with the right name for the Bosnian language, although Bosnian is defined by the constitution. For this reason, numerous protests and boycotts throughout the RS have been organized from 2015 until today,<sup>40</sup> but there is still no change because this requires greater consensus within the entity and an intervention without the possibility of the localization of the problem.

A somewhat similar problem exists in the Federation of B&H, which is practicing "two schools under a single roof," i.e. the practice of separating children in one educational institution by ethnicity and accordingly under different education plans and programs, is still localized and reproduced in three cantons. Most of these schools are located in the Central Bosnia Canton (14), followed by the Herzegovina-Neretva Canton (12), and the Zenica-Doboj Canton (6).<sup>41,42</sup> The local and foreign media usually inaccurately report that the phenomenon of "two schools under one roof" is the problem for B&H.<sup>43</sup> This is not true, as it is the problem of the particular cantons,

which makes it easier to solve. Regarding the quality of education, especially higher education, there is no clear data that could be used to look at the differences between two entities. Still, it is evident that although all Bosnian universities lag behind the European standard, the universities in the Federation of B&H are far ahead of those in the RS.<sup>44</sup>

Interestingly, even though private universities are present in the RS, there are cantons in the Federation of B&H that are also liberal in this regard. In the Central Bosnian Canton, private faculties are opened, while in Zenica-Doboj Canton they are outlawed. Consequently, students in B&H often go from one canton to another to study what they want.

## CHEAPER AND/OR BETTER HEALTHCARE

Healthcare is another area that differs in between the two entities. The management and financing of healthcare in Republic of Srpska is centralized, unlike the Federation of B&H where this area is regulated even at cantonal levels. The federal level has a coordinating role in the management and financing of programs treating cardiovascular and malignant diseases and the provision of haemodialysis services at the level of the Federation.<sup>45</sup>

Just like in the case of education, the healthcare system in the Federation of B&H is largely decentralized. These administrative differences significantly con-

<sup>39</sup> Aljazeera Balkans (2018) *Salkić: Najteži oblici diskriminacije Bošnjaka u RS-u*. Available [online]: <http://balkans.aljazeera.net/vijesti/salkic-najtezi-oblici-diskriminacije-bosnjaka-u-rs-u>

<sup>40</sup> Aljazeera Balkans (2018) *Roditelji bošnjačke djece nastavljaju bojkot nastave*. Available [online]: <http://balkans.aljazeera.net/video/roditelji-bosnjacke-djece-nastavljaju-bojkot-nastave>

<sup>41</sup> Aljazeera Balkans (2017) *Bosanski jezik u RS-u: Roditelji će vratiti djecu u škole po provedbi presude*. Available [online]: <http://balkans.aljazeera.net/video/bosanski-jezik-u-rs-u-roditelji-ce-vratiti-djecu-u-skole-po-provedbi-presude>

<sup>42</sup> Diskriminacija.ba (2017) *Mapa: Dvije škole pod jednim krovom u BiH*. Available [online]: <http://www.diskriminacija.ba/teme/mapa-dvije-%C5%A1kole-pod-jednim-krovom-u-bih>

<sup>43</sup> Reuters (2017) *Bosnian students keep up their protest against segregated schools*. Available [online]: <https://www.reuters.com/article/us-bosnia-protests-students/bosnian-students-keep-up-their-protest-against-segregated-schools-idUSKBN19B26P>

<sup>44</sup> Slobodna Bosna (2016) *Svjetska rang lista fakulteta: Univerzitet u Sarajevu na 1850 mjestu, a banjalučki na 3969 poziciji*. Available [online]: [https://www.slobodna-bosna.ba/vijest/26791/svjetska\\_rang\\_lista\\_fakulteta\\_univerzitet\\_u\\_sarajevu\\_na\\_1850\\_mjestu\\_a\\_banjaluchki\\_na\\_3969\\_poziciji.html](https://www.slobodna-bosna.ba/vijest/26791/svjetska_rang_lista_fakulteta_univerzitet_u_sarajevu_na_1850_mjestu_a_banjaluchki_na_3969_poziciji.html)

<sup>45</sup> Huseinović, S. (2017) *Zdravstvo u BiH je „komplikirano“ i „neefikasno“*. Available [online]: <http://www.dw.com/bs/zdravstvo-u-bih-je-komplicirano-i-neefikasno/a-38140412>

tribute to the different treatment of patients, i.e. the situation when residents in one part of B&H have less or greater rights in the field of healthcare insurance, easier or more difficult access to healthcare services, and a better or worse quality of these services than residents in other parts of the country.

However, the ratio of the B&H healthcare-related spending as part of GDP is 7.2%, which is similar to the allocation rate in countries of the former Yugoslavia (Croatia 7.5%, Montenegro 6.8%, Slovenia 8.4%, Serbia 8.0%), EU countries (Sweden 8.9%, Norway 8.7%, Italy 9.0%, Austria 9.9%), and countries that were once part of the communist bloc (Romania 5.7%, Russia 5.3%, the Czech Republic 6.8%, Bulgaria 6.9%, Albania 6.2%). There are, however, entity differences, so in the Federation of B&H healthcare-related spending is higher (8.82%) than in the RS (5.58%).<sup>46</sup> Nevertheless, the domestic healthcare system is the worst in the region.<sup>47</sup> The real problem is not the issue of financial allocations, but the lack of proper healthcare initiatives and corruption.

In the Federation of B&H, there are significant differences between the cantons themselves, so Sarajevo Canton for healthcare spends as much as the entire budget of some cantons.<sup>48</sup> Average spending per insured person per canton is uneven and ranges from BAM 466 (app. EUR 238.04) in Central Bosnia Canton to BAM 888 (ap. EUR 453.84) in Sarajevo

<sup>46</sup> Mujkić, E. (2011) *Sistem zdravstva u Bosni i Hercegovini: stanje i pravci moguće reforme*. Sarajevo: Fondacija Centar za javno pravo

<sup>47</sup> Aljazeera Balkans (2014) *Zdravstvo u BiH najlošije u regiji*. Available [online]: <http://balkans.aljazeera.net/vijesti/zdravstvo-u-bih-najlosije-u-regiji>

<sup>48</sup> Aljazeera Balkans (2017) *Bh. zdravstvo: Dobro nam je, tako nam i treba*. Available [online]: <http://balkans.aljazeera.net/vijesti/bh-zdravstvo-dobro-nam-je-tako-nam-i-treba>

vo Canton.<sup>49</sup> This created an initiative to change the whole system because of discrimination.<sup>50,51</sup>

What is also interesting is that, similar to education, the strikes of healthcare workers are localized and reduced to the canton levels. In general, the Federation of B&H provides better healthcare services with better quality clinics. The best healthcare center is in FB&H.<sup>52</sup> Some healthcare services are better in the RS, but what makes it different is a healthcare fund which more generously funds certain services (such as In Vitro Fertilization). This is possible due to smaller obligations and fewer users of the fund. Also, the fund covers treatment in the Federation of B&H.<sup>53</sup> In practice, B&H citizens have alternatives for using better quality healthcare services in the Federation of B&H and cheaper healthcare insurance in the RS.<sup>54</sup>

## ECONOMIC DIFFERENCES

When it comes to economic issues, there are some differences, although it is difficult to determine if they are caused by the de-

<sup>49</sup> Federalni zavod za programiranje razvoja (2017), *Izveštaj o razvoju Federacije BiH 2016*. Sarajevo: FZPR

<sup>50</sup> Vukmanić, V. (2009) *Do univerzalne zdravstvene zaštite u Bosni i Hercegovini pregled stanja i preporuke za djelovanje*. Sarajevo: Inicijativa i civilna akcija (ICVA).

<sup>51</sup> Numanović, E. (2017) *Zdravstvena zaštita u BiH*. Available [online]: <http://eu-monitoring.ba/zdravstvena-zastita-u-bih-problemi-decentraliziranog-sistema-medunarodne-politike-i-neophodnost-reforme-zdravstva/>

<sup>52</sup> Tadić, N. (2016) *Evo zašto je UKC Tuzla najbolji zdravstveni centar u BiH*. Available [online]: <http://ba.n1info.com/a130054/Vijesti/Vijesti/UKC-Tuzla-najbolji-zdravstveni-centar-u-BiH.html>

<sup>53</sup> Fond zdravstvene zaštite Republike Srpske (2018) *Zdravstvena zaštita u drugom entitetu*. Available [online]: <https://www.zdravstvo-srpske.org/pitanja-novinar/zdravstvena-zastita-u-drugom-entitetu.html>

<sup>54</sup> Večernji.ba. (2017) *Trudnice iz Federacije idu po knjžice u RS*. Available [online]: <https://www.vecernji.ba/vijesti/trudnice-iz-federacije-idu-po-knjzice-u-rs-1208932>



NO MATTER WHERE THEY LIVE, CITIZENS OF B&H RECEIVE SIMILAR OR SAME PROTECTION OF RIGHTS REGARDING LEGAL GENDER, PARENTAL RIGHTS, AND THE LIKE

gree of decentralization or other predispositions (such as industrialization of the Federation of B&H). Generally, the residents of the Federation of B&H are relatively richer, with lower net debt per capita.

According to data from 2015, GDP per capita in Bosnia and Herzegovina was BAM 7,473 (EUR 3820.88 ).<sup>55</sup> When it comes to entities, data from 2015 show that GDP per capita of the Republic of Srpska is BAM 6,463 (EUR 3,304.48), which is below the average of B&H, while the GDP per capita in the Federation of B&H was BAM 8.010 (EUR 4,095.45), more than BAM 1,500 (EUR 766.93 ) than in the RS. It should be noted that the GDP per capita in both entities is several times lower than the EU average, and three times lower than in neighboring Croatia.<sup>56</sup>

<sup>55</sup> Bosnia and Herzegovina uses BAM currency. One euro is 1.96 BAM.

<sup>56</sup> Ajanović, A. (2017) *RS (ni)je bolji dio BiH*. Available [on-

When discussing entity economies, it is not possible to ignore the amount of public debt of both entities. The latest comparable data, from June 2016, show that net debt per capita in the Federation of B&H amounted to BAM 2,396 (EUR 1225.06 ), while in the RS it was 81% higher, with BAM 4,328 (EUR 2212.87) per person. Also, on the basis of indirect taxes, the RS pays much less than the Federation of B&H (BAM 3.3 billion to 1.56 billion – EUR 1,68 billion to 797 million).<sup>57</sup> This shows that it is much easier to create public debt by a more centralized entity.

However, decentralization also has its own shortcomings, in particular, because of the inability to apply economies of scale in a single economic space, but also because of the enormous bureaucratic apparatus that is partly a consequence of decentralization. This is clearly visible in the *Human Freedom Index*,<sup>58</sup> regarding the economic freedoms.

B&H has the lowest ratings in terms of the *Size of Government* (score 5.3, out of 10.0) and of the *Legal System and Property Rights* (score 4.2, out of 10.0). This is precisely the price of decentralization that B&H pays. The decentralized system produces a huge government, which is also one of the reasons for the existence and stability of the whole country. The complexity of the decentralized legal system leads to the rule of law not being sufficiently developed and the central government having no influence on reform in this area.

line]: <http://istinomjer.ba/rs-nije-bolji-dio-bih/>

<sup>57</sup> Ibid.

<sup>58</sup> Vásquez, I. and T. Porčnik, (2017) *The Human Freedom Index 2017*. Washington, D.C.: Cato Institute, Fraser Institute, and Liberales Institut. Available [online]: <https://www.cato.org/human-freedom-index>.

This is a long-term obstacle to the lives of citizens of B&H, especially companies and entrepreneurs.

In addition, decentralization complicates and creates more regulation, especially when it comes to regulating business (score 5.3 in the *Human Freedom Index*). Specifically, there are over 400 parafiscal levies<sup>59</sup> with no central register for them. Each of the levels of government can *ad hoc* impose certain levies on businesses and citizens, which can only be challenged by higher levels of the judiciary in the long run generating cost for the entire society.

## HUMAN RIGHTS IN BOSNIA AND HERZEGOVINA

When it comes to human rights in Bosnia and Herzegovina, it can be concluded that, unlike economic freedoms, personal freedoms (according to the *Human Freedom Index*)<sup>60</sup> have better ratings (7.93 versus 6.61 for economic freedom). The best score in the area of personal freedom B&H received on issues of *identity and relationships* (9.3), *security and safety* (9.0), *religious freedom* (8.8), *association* (8.8), and *expression and information* (8.7).

Regarding identity and relationships, no matter where they live, citizens of B&H receive similar or same protection of rights regarding legal gender, parental rights, and the like. As far as security and safety, government security agencies and police have a remarkable degree of coordination, no matter how complex the system of jurisdiction is. There are sporadic interethnic incidents, but these are mostly local.

<sup>59</sup> Novalić, N. (2016) *Kako parafiskalni nameti koče bh. privredu: Vlast poslodavcima naplaćuje i kisik*. Available [online]: <https://www.klix.ba/biznis/privreda/kako-parafiskalni-nameti-koce-bh-privredu-vlast-poslodavcima-naplaćuje-i-kisik/160929104>

<sup>60</sup> Vásquez, I. and T. Porčnik, op.cit.

It is interesting to mention in this context the spectacular operation "Ruben", which was performed in the entire RS entity, and was presented as an act of arrest on the dozens of people associated with terrorism. It was subsequently found that these people were not related to terrorism and that the police action was an act of force and intimidation. Some people arrested even filed a lawsuit.<sup>61</sup> This discovery led to numerous criticisms, arguing that these activities were to shock the Bosniak returnees who were expelled from the area of RS during the Bosnian war.<sup>62</sup>

Regarding religious freedoms, they are guaranteed in B&H no matter where the person lives. There are sporadic physical attacks on religious holidays, especially on the returnees in the RS, which are well indexed and observed (8.3 scores for harassment and physical hostilities on the *Human Freedom Index*). Citizens of B&H also have the freedom of association, and the NGO sector is extremely developed, especially in the Federation of B&H (there are associations registered at cantonal level). Freedom of assembly and protest is determined by decentralization, which means it depends on local regulations.

When it comes to Expression and Information, it is indicative that B&H has the worst rating on the indicator *Laws and Regulations That Influence Media* (6.7) on the *Human Freedom Index*. Apart from laws of local character, domestic media is mostly legally influenced by the Communications Regulatory Agency of Bosnia and Herzegovina (CRA), which is centralized, i.e. it oper-

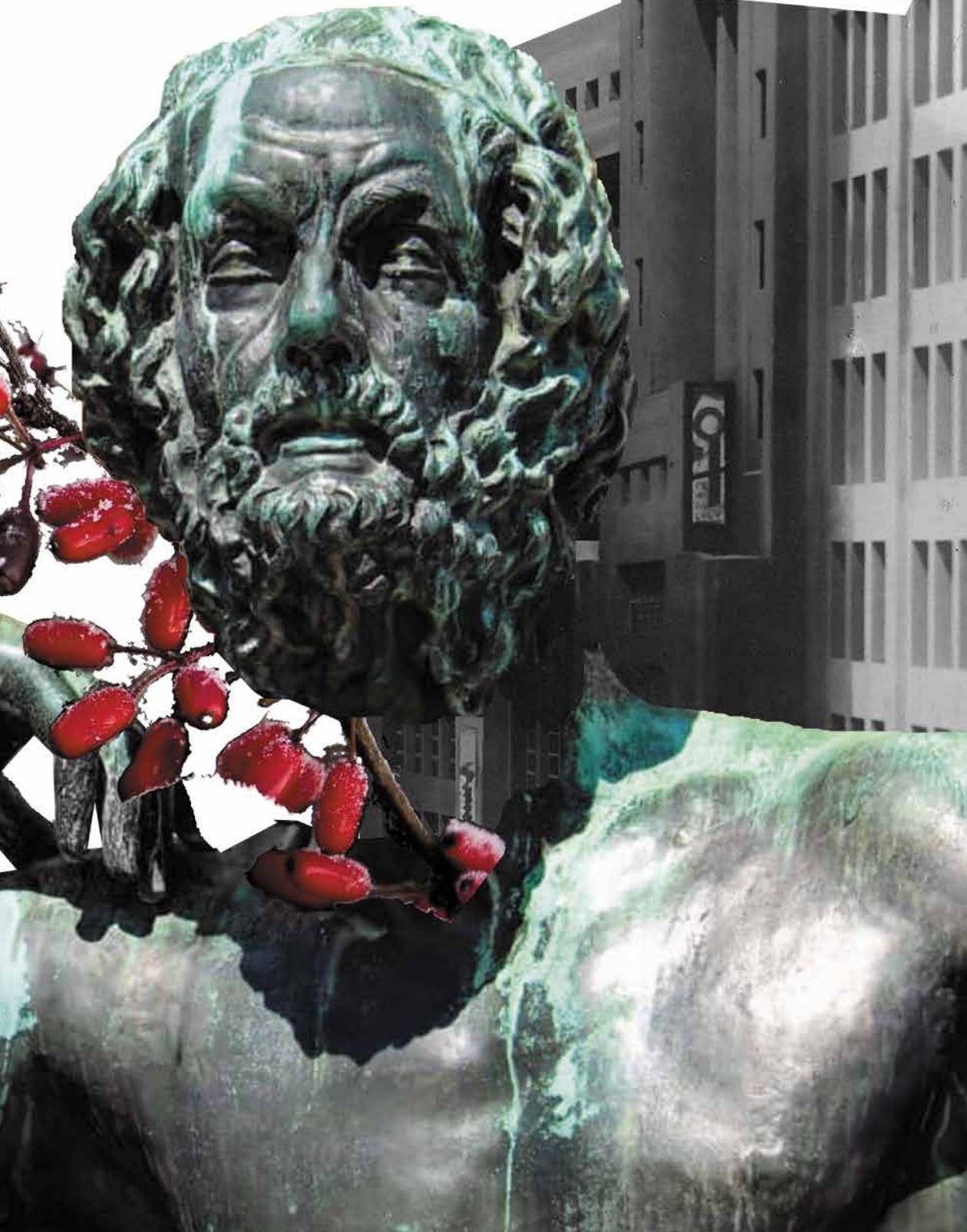
<sup>61</sup> N1 (2016) *Obustavljena istraga protiv uhapšenih u akciji "Ruben"*. Available [online]: <http://ba.n1info.com/a95322/Vijesti/Vijesti/Akcija-Ruben.html>

<sup>62</sup> Radio Slobodna Evropa (2015) *Akcija "Ruben": Za osam uhapšenih zatražen pritvor*. Available [online]: <https://www.slobodnaevropa.org/a/akcija-ruben-za-osam-uhapšenih-zatražen-pritvor/27001953.html>

The image is a collage. At the top, a golden statue depicts two women with their eyes closed, one slightly behind the other. Below this, a white banner contains the text 'LITTLE NOTED OR KNOWN, THEY BEAR SCARS' in a black serif font. The background features a dark, multi-paned window. In the foreground, a bronze statue of a hand is visible, and to the right, there are several red berries on a branch.

**LITTLE NOTED  
OR KNOWN, THEY BEAR  
SCARS**

personal freedoms





THERE ARE ALSO DIFFERENCES BETWEEN THE CANTONS IN RESPECT FOR HUMAN RIGHTS, BUT THIS IS NOT WELL DOCUMENTED. SOME CANTONS ARE MORE CONSERVATIVE, WHILE SOME ARE MORE LIBERAL

ates throughout the entire territory of B&H. Still, on the ground, political pressures influence the media, and this was recognized in the Index since the lowest rating for all indicators for B&H is precisely that in relation to *Political Pressure, Control Media* (4.3). However, unlike other countries, this does not mean that the central government controls B&H media. In the Bosnian case, different levels of government and various political parties influence different media, which gives plurality of (controlled) media information. Namely, the cantonal television stations are largely dependent on cantonal authorities controlling them through the budget. Entity television depends on political parties that have the option of re-

placing their leadership. It is most difficult to control a state (central) media, which is generally considered most neutral.

B&H has the worst ratings on individual components of personal freedom regarding the *rule of law* (5.8) and this is the highest price tag of decentralization. A complex legal system does not guarantee *Procedural Justice* (6.9), *Civil Justice* (5.0) and *Criminal Justice* (5.6). However, this is mostly the result of the pressure of political parties, and the influence of the authorities on the judiciary.

There are also differences between the cantons in respect for human rights, but this is not well documented. Some cantons are more conservative, while some are more liberal. Thus, in one canton, a bill on abortion was proposed in 2016 that forbids abortion, fetal trade, hybrid creatures, and euthanasia.<sup>63</sup> What is particularly worrying about human rights issues is the fact that the centralized RS usually has autocratic-oriented leaders who increase the sense of dominance of the majority nation in that entity. This is specifically the case with Milorad Dodik, who has been under the sovereignty of this entity for a decade. Such a thing cannot happen in the Federation of B&H, which is based on a broad coalition of winning parties, that eliminates the possibility of obtaining an autocrat to govern all processes. This in turn opens up space for local political bosses, who are controlling individual cantons.

## CONCLUSIONS

Decentralization in Bosnia and Herzegovina complicates all the political relations in it, but also keeps this country in existence and

<sup>63</sup> Dnevno.ba (2016) *Hrvatski savez HKDU-HRAST i HSP Dr. Ante Starčević: Borit ćemo se za zakon koji štiti život od začeca do prirodne smrti*. Available [online]:<http://www.dnevno.ba/vijesti/hrvatski-savez-hkdu-hrast-i-hsp-dr-ante-starcevic-borit-emo-se-za-zakon-koji-stiti-zivot-od-zaceca-do-prirodne-smrti-41388/>

makes it more stable in the long term. This is precisely the main feature of decentralized systems that appear to be fragile at first, but are still much more stable in the context of extraordinary shocks compared to centralized systems. This happened in 2014 during the “Bosnian Spring” events, which, in fact, only represent the fall of five cantonal governments. The potential revolution was again localized thanks to decentralization.

Importantly, the citizens of B&H have different opinions about (de)centralization. Citizens of the Federation of B&H, for example, seek more centralization through the abolition of cantons, while citizens in the RS, and especially the opposition there, seek more decentralization through the establishment of regions. Based on the presented analysis, it is possible to outline several recommendations:

1. It is necessary to preserve the decentralizing framework of B&H, with the possibility of specific, administrative reforms in the direction of better regionalization and strengthening of the middle and lower levels of government in relation to the entities.
2. It is necessary to improve fiscal decentralization and to establish a fairer system for the transfer of revenues from lower-level taxes. Also, a rise in the budgets of entities should be stopped, compared to lower units' budgets.
3. For the benefit of the stability of relations in the entity, but also in the whole country, the cantonization or regionalization of the RS would be the best option in the long run.
4. It is necessary to make constant efforts to improve human rights in B&H, especially when it comes to minorities that may be discriminated in certain parts of the country.

These topics can be analyzed and explored from different angles, and a lot of research is needed in this direction to get the right conclusions. Future research in this area should pay greater attention to the factual differences between centralized and decentralized parts of B&H, and, based on that, make conclusions about the best possible administrative structure of the country. ●



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ADMIR  
ČAVALIĆ

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