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The Effort to Reverse Ethnic Cleansing in Bosnia-Herzegovina: The Limits of Returns

Gearóid Ó Tuathail (Gerard Toal) and Carl Dahlman¹

Abstract: Two American-based geographers examine the international community's efforts to reverse ethnic cleansing in Bosnia-Herzegovina since the end of the war in 1995. The paper, based on extensive field work and semi-structured interviews, first examines the geography of the nearly one million refugees and internally displaced persons who have returned to their pre-war domiciles in Bosnia-Herzegovina. They then identify and discuss limits to the reversal of ethnic cleansing imposed by demographic, institutional, geopolitical, and economic factors. *Journal of Economic Literature*, Classification Numbers: I31, O15, O19. 7 figures, 1 table, 60 references.

ONE MILLION RETURNS

In a few months the international community will reach an important milestone in the history of its involvement in Bosnia-Herzegovina (BiH) and in the enterprise of peace building and reconstruction in war-torn regions. The United Nations High Commissioner for Refugees (UNHCR) will declare that it has recorded the one millionth returnee to their property and place of residence in 1991 just prior to the Bosnian war.² As is well known, the Bosnian war was characterized by waves of brutal ethnic cleansing that left tens of thousands dead, and displaced over half of BiH's 1991 population of 4.4 million (Burg and Shoup, 1999). Over one million of these displaced persons sought asylum in neighboring states or beyond in Europe, the United States, Canada, and Australia (MHHR, 2003). About half of these subsequently found durable solutions to their displacement with grants of asylum and regularized permanent residency, whereas the other half returned to BiH. Another million

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²For the latest statistics on returns in Bosnia, see the UNHCR in Bosnia web site [<http://www.unhcr.ba/>]. Most of the statistics on returns quoted in this paper are from that source at the time this paper goes to press (August 2004). The meaning of "return" in the Bosnian case is more precise than conventional definitions in international law. Typically, refugee return is repatriation to one's *home country*, whereas in Bosnia it is return to one's *home dwelling and property* prior to 1991. This latter form of return we term *domicile return*.

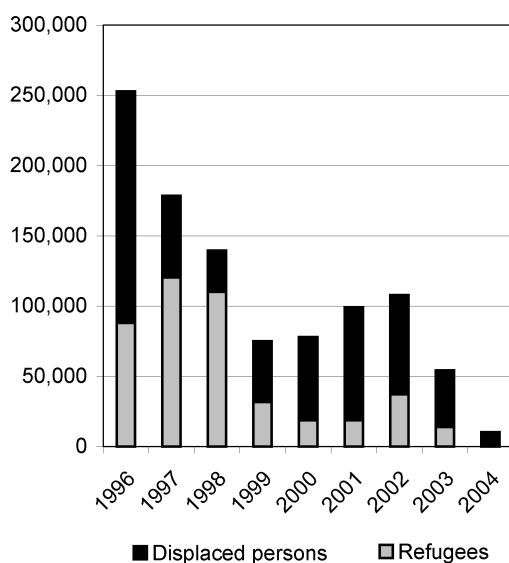


Fig. 1. Return of refugees and displaced persons to their pre-war residences, 1996–2004 (to May 31, 2004) (UNHCR, various years).

Bosnians were internally displaced, driven from the countryside to overcrowded towns and cities unable to cope with the influx.³ Schools, sports centers, army barracks, summer camps, and community halls were turned into collective centers and settlements for the displaced. For years, hundreds of thousands lived in squalid conditions in these centers and settlements. Nearly 10 years after the end of the war, over 300,000 people continue to live in displacement. Some remain in collective centers but most reside in collective settlements—new apartment complexes and land allocations. Many also continue to occupy other people's homes.⁴

In the macro-demographics of the war, the figure of one million returnees represents slightly less than half of those displaced by the war, and over a quarter of BiH's current population, which is estimated at 3.8 million (Economist Intelligence Unit, 2003, p. 20).⁵ Returns figures are broken down into refugees and displaced persons, and, as we will see, majority and minority returns. As Figure 1 indicates, the greatest year for returns was 1996 when over 250,000 refugee and displaced person returns were recorded, followed by 1997 and 1998. While the number of displaced person returns in 1996 exceeded refugee returns, this was not the case in 1997 when the largest numbers of refugee returns were recorded. The large number of refugee returns in the three years after the war is a consequence of the

³At the Peace Implementation Conference on Bosnia-Herzegovina in December 1995, it was estimated that 2.7 million people were driven from their homes, with 1.2 million of these internally displaced (Ito, 2001, p. 98). Other figures suggest that 1.7 million were refugees and "at least the same number or more internally displaced" (Fagen, 2003, p. 233).

⁴According to UNHCR statistics, 1,189 people displaced persons were in collective centers as of April 30, 2004, and 320,844 displaced persons were residing in other accommodations. Refugees (mostly Serbs from Croatia) comprise another 22,440.

⁵The most recent census in Bosnia-Herzegovina was conducted in 1991, the year before the onset of war and ethnic cleansing.

repatriation, sometimes involuntary, of those who were granted only temporary protection in Western Europe and elsewhere (Koser et al., 1998). Repatriation to the territory of BiH did not necessarily mean that refugees returned to their 1991 homes (what we term domicile return), but rather often meant repatriation into internal displacement. In some instances, repatriation made the challenge of domicile return more difficult as entrenched ethnoterritorialism and widespread housing stock destruction forced returning refugees to occupy empty properties, thereby creating new obstructions for other would-be returnees.

The entrenched ethnoterritorialism that has fueled hostility against returns is a wartime legacy. Serb ethnonationalist forces launched the war in BiH as a radical scheme to “unmix” the population of Bosnia and carve out as large an exclusivist ethnoterritory for the Serbs as possible (which they named Republika Srpska) (Gow, 2003). Ethnic cleansing was their main tactic in this radical scheme of social and spatial engineering, and the trauma it unleashed on Bosnia provoked reactive ethnic cleansing by all sides in what became a war against Bosnia as a multiethnic place of coexistence and tolerance (Cigar, 1995). The Dayton Peace Accord (DPA) legitimized the ethnoterritorial division of Bosnia into *Republika Srpska* (RS) and the Bosniak⁶-Croat *Federacija* (Federation) (Fig. 2), but it also articulated the possibility of reversing ethnic cleansing. Richard Holbrooke, its principal architect, prioritized the right of return in his characterization of the agreement, rejecting suggestions that it partitioned the country: “Dayton was not the creation of two different countries inside Bosnia. It’s one country with rights of refugees to return, open roads, free elections, a single, central government and a merger of two hostile forces, the Serbs and the Croats and Muslims. . . . This is going to be one country. If it isn’t, then we will have failed” (quoted in Rosenfeld, 1995, p. A27).

The DPA created new international power structures in Bosnia in the form of a military implementation force (IFOR, later SFOR and today EURFOR) and a civilian implementation administration, the Office of the High Representative (OHR).⁷ They also created a right to return that is unique in international law, specifying the right of the displaced to return to their prewar dwellings and property (domicile return) (Chimni, 2003). Annex VII of the DPA states that all those displaced from their homes by the war “have the right freely to return to their homes of origin. They shall have the right to have restored to them property of which they were deprived in the course of hostilities since 1991 and to be compensated for any property that cannot be restored to them” (Article I, paragraph 1; see The General Framework, 1995). In keeping with the 1951 Refugee Convention, refugees and displaced persons were also given the right *not to return* but to resettle in a place of their choice: “Choice of destination shall be up to the individual or family . . . The Parties shall not interfere with the returnees choice of destination, nor shall they compel them to remain in or move to situations of serious danger or insecurity . . .” (Article I, paragraph 4; *ibid.*). In effect, this clause merely reaffirmed the principle of non-refoulement⁸ that has long been part of international

⁶The term Bosniak is commonly used to refer to Bosnians who are culturally or nominally Muslim, but who may not necessarily be religiously observant Muslims.

⁷The High Representative is the civilian in charge of the implementation of the non-military aspects of the DPA. The High Representative is appointed by the Peace Implementation Council, a body of major governments and international agencies committed to Bosnia’s reconstruction. There have been four High Representatives thus far, all European diplomats; currently it is Sir Paddy Ashdown.

⁸“Non-refoulement” is a term used in relation to the 1951 Convention Relating to the Status of Refugees. It means that states are not to return persons seeking asylum (refugees) to situations in which they would face persecution on the grounds recognized by the Convention (race, religion, nationality, membership in a particular social group or adherence to a particular political opinion).



Fig. 2. General map of Bosnia-Herzegovina showing the two entities and local *opštini*. *Opština* borders and names are shown circa 2000 (after GISData, 2000).

refugee law though it would come to be used by the ethnonationalists against the return process, as we explain below (Allain, 2002).

Annex VII committed the local authorities (entity and local governments) to work with the UNHCR to implement a repatriation plan. The parties were to “create in their territories the political, economic, and social conditions conducive to the voluntary return and harmonious reintegration of refugees and displaced persons, without preference for any particular group” (Article II, paragraph 1). How this was to be accomplished was not specified, nor were any sanctions for non-compliance. It also created an independent commission to reestablish title and ownership of property as held before the start of the war (what became the Commission on Real Property Claims). In principle, Annex VII contained language that

created the possibility of reverse engineering the demographic character and property relations of BiH to what they were in 1991. In practice, the DPA depended upon the good faith of the parties for its implementation and since the Bosnian Serb leadership was not a direct party to the negotiations, represented at Dayton by Yugoslav President Slobodan Milosevic, they were loath to accept its terms.

Entrenched ethnonationalists on the ground in the *opštini* of Bosnia sought to frustrate and block implementation of Annex VII.⁹ Rather than return to the 1991 *status quo ante*, they stressed relocation and local integration, pointing out that Annex VII allows relocation choice and “property compensation” as alternatives to return. Their more colloquial rationalization was the essentializing primordialist mantra that “Serbs and Muslims cannot live together,” pointing out that this was especially true after the war.¹⁰ Yet the desire to reverse the legacy of ethnic cleansing was a powerful moral motivation among some in the international community and, as the civilian institutions for the implementation of Dayton gradually became established, this desire acquired political force. Realizing that they faced widespread obstructionism to the implementation of Annex VII and that refugee repatriation was not necessarily helping the returns process, the OHR began to prioritize what it termed “minority returns.”¹¹ The UNHCR also shifted its focus to minority returns.¹² The term reflected the geopolitical realities of the apartheid Bosnia created by a war that had largely succeeded in “unmixing” BiH’s demographic geography. “Minority return” was defined as the return of ethnic groups to an area controlled by an ethnic group other than their own, even if they constituted a local majority before the war. Thus, Bosniaks returning to *opštini* in the RS that had been majority Bosniak before ethnic cleansing operations were now classified as “minority returns,” as were Serbs returning to pre-war homes in Sarajevo, awarded to the Federation at Dayton. Croat returns to Bosniak-dominated *opštini* or visa-versa were classified as “minority returns” even if the returns were within the Federation. Since most of those displaced during the war were Bosniaks driven out of what became Republika Srpska, “minority returns” were predominantly Bosniaks returning to their property and homes in territory given to the Bosnian Serbs at Dayton.

The very designations “minority” and “majority” reflected the terms of the Bosnian war where population and citizenship were reduced to questions of ethnic numbers. But, in making the conscious policy choice to prioritize “minority returns” in 1998, the Peace Implementation Council, the OHR, and the UNHCR translated the moral impulse to reverse ethnic cleansing into a bureaucratic agenda that promoted the “re-mixing” of Bosnia’s separated ethnic groups. This policy of emphasizing domicile return over relocation as a durable solution had its critics inside the UNHCR and in the international community (Cox, 1998;

⁹The *opštini* (sing. *opština*), also known as counties or municipalities, are the local-level units of government in Bosnia and are charged with many tasks related to the returns process. Governed by an elected mayor and local council, they are typically dominated by one of the local ethnonationalist parties.

¹⁰This reasoning is, of course, circular and constitutes that which it seeks to explain. Purity-seeking ethnonationalists unleashed a war upon difference and then explained war and polarizing antagonism in terms of that difference.

¹¹Minority returns were not initially a priority of the OHR and UNHCR. The term appears in the OHR’s 3rd and 4th Reports to the UN Secretary General as “so-called ‘minority returns’” and remarks that it is taking place at a small scale but is also being fiercely resisted. It was not until the 6th Report (July 1997) that it is conceded that “there have been few successful minority returns” (OHR, 1997). The Open Cities initiative of that year, according to the Report (paragraph 62), “signals a renewed focus in facilitating minority returns by the international community.” For all the Reports see www.ohr.int.

¹²The initial focus of the UNHCR was on organized voluntary repatriation to “majority areas,” while accepting ethnonationalist “relocation” sentiment (Ogata, 1995).

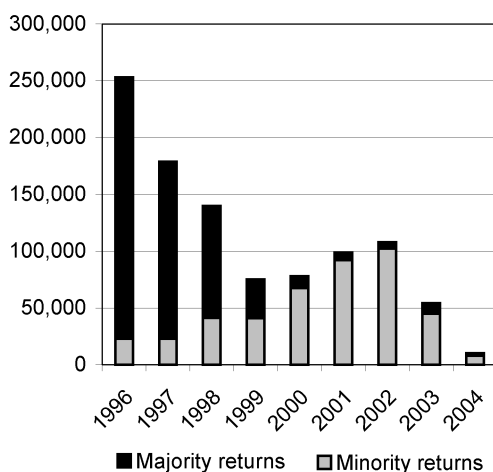


Fig. 3. Majority and minority returns to pre-war residences, 1996–2004 (to May 31, 2004).

Ito, 2001). Indeed, it seemed to commit the international community to a seemingly impossible re-engineering of Bosnia's demographic geography in an effort to reverse ethnic cleansing.

As Figure 3 indicates, the level of minority returns was quite limited after the war ended. Indeed, after the initial return of refugees from 1996 to 1998, the returns process seemed dead (ICG, 1999b). Potential returnees were quite reluctant to cross the inter-entity boundary line established at Dayton. Ethnoterritorialism triumphed at the ballot box as the fears and deprivations of post-war Bosnia kept locally homogenous populations from voting across ethnic lines (Malik, 2000). Dayton seemed to be a failure (ICG, 1999a). Relocation and local integration seemed the most practical means to durable solutions for the displaced. It was not until four years after the war that significant levels of minority returns were recorded. In the years 2001 and 2002, the number of minority returns peaked. This turnaround is due in large part to changes made by the international community, as we will explain below. Today in Bosnia, the returns process is winding down in most areas, although in a few, like Srebrenica, it is still an active process.

The nearly 442,000 minority returns registered as of May 31, 2004 affect nearly all *opštini* in Bosnia but are concentrated in a few areas. As shown in Figure 4, the largest minority return areas are: Sarajevo and its suburbs; western Bosnia around Prijedor and Banja Luka; and the northeast *opština* of Dobož, Brčko, Bijeljina, and Zvornik. Others areas of notable return are Mostar, in southern Bosnia, and some of the central Bosnian *opštini* where total return numbers are small but significant in relation to the local population. In all of these areas, minority returns constitute a significant presence in villages and towns ethnically cleansed during the war. In only a few places, however, have minority returns tipped the ethnic balance in the favor of the returning group, as most returns are to *opštini* where returnees are outweighed by resident and displaced persons of the locally dominant group. For example, in the northeastern *opština* of Zvornik, the return of nearly 13,000 Bosniaks is set against a pre-war Serb population of 28,000 enlarged by an additional 30,000 displaced Serbs. Before the war, Bosniaks were the majority (60 percent) in Zvornik. In contrast, a relatively small number of Serb minority returns to southwest Bosnia have reestablished their pre-war majority in three *opštini*. Many other *opštini*, despite some minority

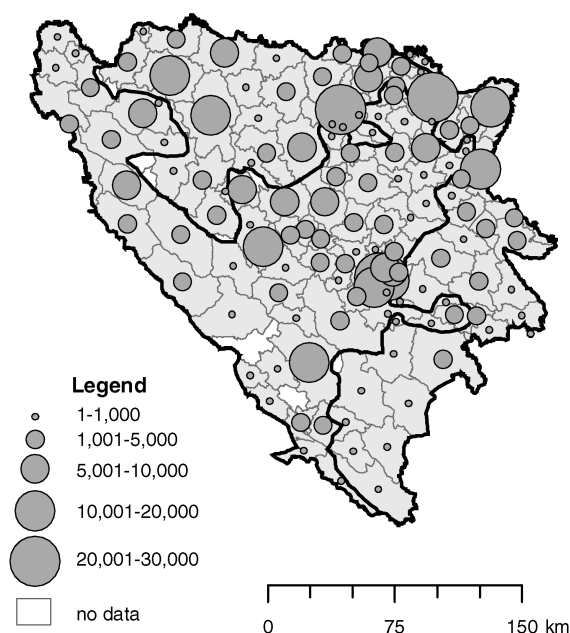


Fig. 4. Total minority returns (all ethnicities) by *opština*.

returns, show the results of ethnic cleansing through the persistence of homogeneous local populations.

Examining the ethnic breakdown of the geography of minority returns provides further evidence of the degree to which the reversal of ethnic cleansing can be said to have occurred. Figure 5 shows total Bosniak minority returns as a percentage of the pre-war Bosniak population for each *opština*. As is evident, Bosniak returns to western and northeastern RS number more than 30 percent of their pre-war level with somewhat lower figures for other parts of the Serb entity. Parts of central Bosnia and the eastern Bosnian Krajina held by Bosnian Croats during the war have also seen these rates of return. This pattern may be compared with Figure 6, which shows the rate of Croat minority returns to be highest in parts of central Bosnia (held by the Bosnian army during the war) and the Posavina region (in the strategic Brcko corridor where eastern and western RS connect). The total number of Croats in Bosnia has declined significantly, however, and may now be less than 10 percent, as many have moved to the economically more prosperous Croatia. Similarly, Figure 7 indicates the total rate of Bosnian Serb minority returns as a percentage of the pre-war population of Bosnian Serbs. Most Serb returns are to the city of Sarajevo and to the predominantly Serb suburbs they abandoned in early 1996. But it is worth noting Serb returns to the *opštini* of Titov Drvar, Glamoc, and Bosanski Petrovac, a lightly populated and somewhat remote part of the Bosnian Krajina region that was overwhelmingly Serb. These minority returns were strongly contested by the Croat forces that took over this region in the wake of Operation Maestral toward the end of the war. Despite this opposition, charismatic Serb community leaders were successful in encouraging Serb returns to these *opštini*, reestablishing their pre-war Serb-majority status (ICG, 1998).

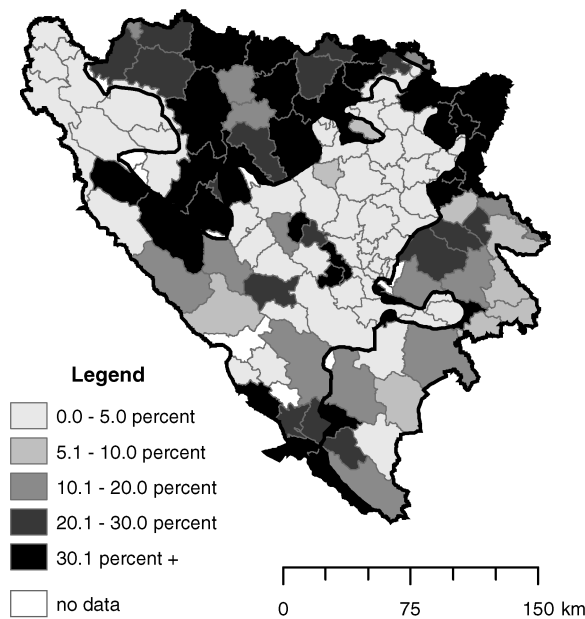


Fig. 5. Total Bosniak minority returns as a percentage of pre-war *opština* Bosniak population. The fact that all *opštini* report minority returns of Bosniaks (even those in which Bosniaks currently are a majority) reflects in part a situation of “split *opštini*,” wherein one part of an *opština*’s territory is under the majority control of one group (e.g., Croats) and another part by another group (e.g., Bosniaks). Thus it is conceivable that there could be a situation in which there are Bosniak, Croat, and Serb minority returnees to the same pre-war *opština*. This possibility should be kept in mind when interpreting spatial patterns of returns for Croats and Serbs as well (Figs. 6 and 7).

Creating the conditions that have allowed one million people to return to their pre-war place of residence has been an expensive and arduous struggle for the international community. The relative success of the effort to reverse ethnic cleansing has been built on a series of factors. First, the international community has demonstrated considerable commitment to rebuilding Bosnia in the form of reconstruction assistance, foreign aid to the state, and support for the international institutions implementing Dayton. Per capita assistance in the first two post-war years in Bosnia was \$1400, the highest of any international state-building project since World War II (Dobbins et al., 2003, p. 148).¹³ While this aid was not effectively coordinated and deployed at the outset, initial mistakes stimulated the creation of an OHR-led bureaucratic structure, the Reconstruction and Return Task Force (RRTF), which proved to be an effective coordination and management mechanism spearheading returns at the local level. Second, as noted, the returns process was long hampered by obstructionist *opštini* dominated by the ethnonationalist forces that launched the war and profited from it (Andreas, 2004). It was not until the OHR acquired the power to remove local officials for obstructionism and established itself on the ground in Bosnia’s localities with regional offices that the balance of power between the international community and the local ethnonationalists began to tilt in a way that made returns politically acceptable. Third, returns were also blocked by

¹³This figure is higher than in Haiti (1995–1996), Kosovo (2000–2001), and Afghanistan (2002–2003), as well as post-World War II spending on Germany (1946–1947) and Japan (1946–1947).

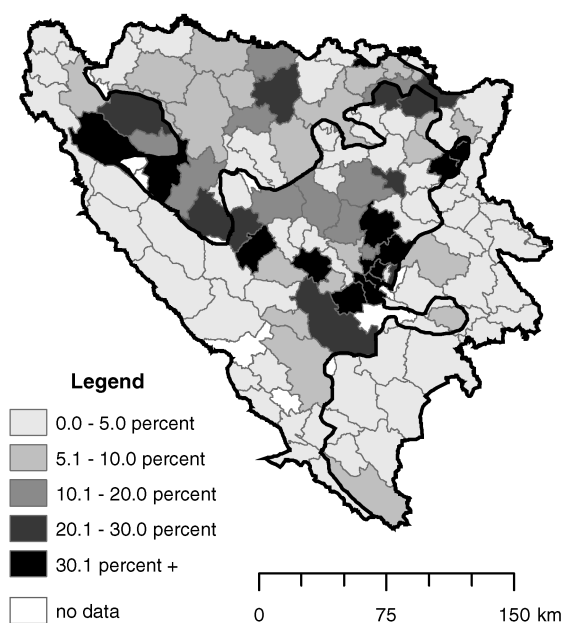


Fig. 6. Total Croat minority returns as a percentage of pre-war *opština* Croat population.

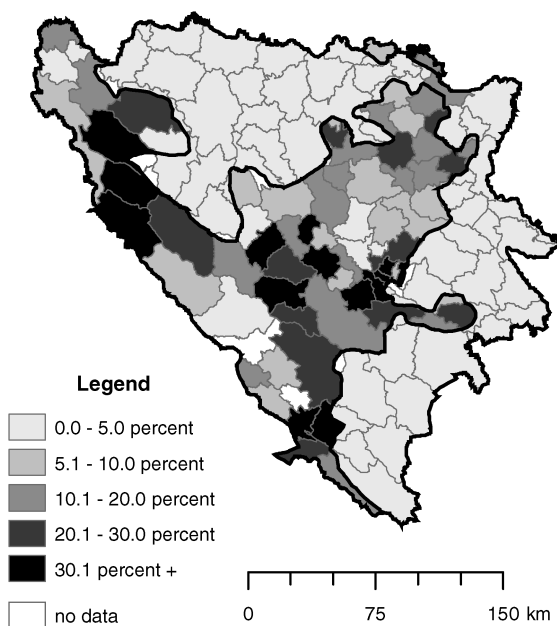


Fig. 7. Total Serb minority returns as a percentage of pre-war *opština* Serb population.

the myriad of wartime and post-war laws passed by the entities and *opštini* that legalized the theft of residences and property belonging to displaced persons. The OHR eventually addressed the problem by canceling all entity property laws and imposing a uniform property law implementation process on Bosnia's entities and *opštini*. This created a transparent mechanism whereby the international community could measure and monitor property reclamation. Obstructionist *opštini* could be easily identified and blockages addressed in localized diplomacy between the international community, particularly OHR and OSCE officers, and local mayors and housing staffs. Finally, the OHR undertook an extensive national media campaign to promote returns and counteract the misconceptions and myths promoted by ethnonationalist media about returns.

The apparent relative success of one million returns, and the general effort to reverse ethnic cleansing, needs to be carefully contextualized within contemporary Bosnian realities. Drawing upon field work on the localized dynamics of the returns process over the last two years in Bosnia, we wish to argue that there are significant limits to the returns process. Our point is not to argue against the international intervention and presence in Bosnia, which we see, on the whole, as a positive force. We do not subscribe to libertarian readings of the international community's efforts in Bosnia as an objectionable project of social and spatial engineering (Dempsey, 2002). Nor are we convinced by interpretations of the international community's presence in Bosnia as a neocolonial project (Chandler, 1999). While some aspects of these critiques have merit, they tend to provide tabloid and totalizing accounts that fail to capture the complexities of the mixed yet not unsuccessful record of the international community in Bosnia on reconstruction and returns (Knaus and Martin, 2003). Rather, we wish to make a series of more precise and grounded arguments that uses the organizing idea of "limits" as an alternative to totalizing pronouncements about the "success" or "failure" of the international community's effort to reverse ethnic cleansing in Bosnia. We advance these arguments while noting the localized geopolitical struggles that still remain as the BiH state attempts to transition beyond what European Union Foreign Minister designate Javier Solana (2004) has characterized as the "era of Dayton" towards the "era of Brussels."

THE DEMOGRAPHIC LIMITS OF RETURNS

The political desire on the part of the international community to "reverse ethnic cleansing" is a noble one, but did it make sense to try to return BiH to 1991 in the wake of a traumatic and bloody war against the demographic character of the country? Some suggested the international community's commitment to "minority returns" was potentially a "mistaken priority" (Black, 2001). Returning Bosnia to its 1991 *status quo ante* appeared to be an expensive and "unnatural" project of reverse social engineering. The ethnically cleansed apartheid geography of "Bosnia 1996" was to be returned to the putatively harmonious organic geography of "Bosnia 1991" (Mahmutcehajic, 2000; Ó Tuathail and Dahlman, 2004a). Aware of non-refoulement concerns, the international community did acknowledge the right of the displaced to choose to relocate, but only if they could secure durable solutions that did not impact potential returnees. In contrast, the comprehensive policy approach adopted by the OHR and the UNHCR prioritized return as the durable solution to displacement in Bosnia, with emphasis on minority returns. While commendable as an explicit effort to reverse the legacy of ethnic cleansing, this policy emphasis has, nevertheless, three important limits.

First, the process of ethnic cleansing in Bosnia is correctly judged as a war crime.¹⁴ But, the process of violently displacing one half of the country's population was also a process of traumatic forced urbanization. One senior member of the international community explained it to us as a "compressed urbanization process." "Two decades of natural urban drift [rural to urban migration as part of modernization] were crushed into two months" in 1992 when a large part of the displacement of the Bosniak population from rural regions occurred.¹⁵ Young Bosniak families driven out of rural villages, like those surrounding the town of Zvornik in northeast Bosnia, ended up in collective centers in Tuzla where they spent the war. Driven out in 1992, most of these families have not had the opportunity to return to their destroyed rural villages until nearly a decade after their displacement. Their children have grown up in urban or semi-urban areas and have become integrated into social services and educational institutions in these areas. War effectively was a process of compulsory urbanization. To the extent that it sponsored the movement of urban dwellers back to rural, and often marginal, villages such as the Bosniak mountain villages surrounding Zvornik, the process of return effectively ran counter to "natural" modernization and urbanization. In effect, the international community was underwriting a process of urban to rural migration.

This argument, made to us by an experienced international official in Bosnia, does not describe all forms of return in Bosnia. Many Bosniaks lived in urban areas before the war and have taken the opportunity to reclaim their property there. The same is true for Serbs and Croats. Also many rural Bosniaks "voted with their feet" by returning to their so-called "marginal mountain villages" and indeed were among the first to initiate the process of return, often in a "spontaneous" fashion that caused considerable problems for the international community. Nevertheless, the power of larger structural processes of modernization and urbanization has conditioned the geography of returns in Bosnia. The war saw not only forced but also voluntary migration from rural villages to urban centers and surrounding villages. Many of these migrants have strongly resisted leaving urban regions.¹⁶ Some families have judged it impractical and unrealistic to return to remote regions, and have consequently missed out on international aid. Meanwhile, the international community has spent millions on reconstruction and utility provision to marginal regions. The viability of these returns over the next decade is questionable, and it remains to be seen if the international community did not make a mistake in prioritizing returns at all cost over local integration and poverty reduction in urban areas.

The second demographic limitation is related to the first. As we have observed during our field work in return sites throughout Bosnia, returns to uncontested space have a predictable demographic dynamic.¹⁷ After de-mining, adult men usually undertake initial site visits to destroyed properties either by their own transportation or in UHNCR-sponsored buses. When it is established that the site is secure from intimidation and attack by local residents, adult women with the help of adult men undertake "house cleaning," meaning the

¹⁴In fact, ethnic cleansing as practiced in Bosnia comprises a number of specific war crimes under international humanitarian law.

¹⁵Interview with Graham Day, Head of the OHR regional office, Banja Luka, June 14, 2004.

¹⁶The Bosnian Croat-dominated *opština* of Jajce has been named by the OHR as one of the four most obstructionist *opštini* to returns in all of Bosnia-Herzegovina. One significant reason, according to an experienced international official, is that the town has considerable numbers of rural Croats who do not want to give up their urban apartments (interview with Christine Zandvliet, OSCE headquarters, Sarajevo, March 8, 2004).

¹⁷Return sites are classified in Bosnia as "uncontested," namely to property that is not occupied (invariably destroyed and mostly rural), and "contested," namely occupied apartments and houses usually in urban areas.

preparation of the site for reconstruction and, if possible, the initial reconstruction of a make-shift shelter room where one member of the family can stay overnight. The family will then begin a process of extended commuting between their place of displacement and their place of reconstruction and possible return. International community aid regulations require that aspirant returnees re-establish physical ownership of their property and show a willingness to return, in the form of temporary residence on the ruins or nearby, in order to be eligible for reconstruction assistance that comes in the form of bricks, tiles, and cement. The returnees then have to make arrangements for the actual rebuilding, which they often do themselves or with help from neighbors and family.

The viability and success of this process depends on the support networks and logistical linkages returnees have to their own community and place of displacement. Return for many is a tentative process involving a graduated degree of commitment. It makes economic sense to attempt return since one can obtain international aid to help reconstruct the family house, though this is tempered by economic conditions in the place of return. It also makes sense to retain strong linkages to one's place of displacement since this is the place where one has the strongest sense of security and established networks of support. Education, health care, and pensions are vital community services and most returnees prefer to obtain these from "their people" in "their space." Thus, for example, in our interviews with Bosniak returnees in the mountain villages surrounding Zvornik town, we encountered no one who would go to the USAID-reconstructed¹⁸ hospital in the town because it was perceived as a "Serb hospital," where the standards of treatment for Bosniaks would be questionable. All preferred to return to their place of displacement in Tuzla for medical treatment and health care. Similarly, their pensions in the RS were not comparable to those in the Federation, thus encouraging the maintenance of linkages with the Federation.

Consequently, the process of return is not a finalized one but a speculative activity characterized by all sorts of "hedging" behavior. In many instances, this produces a particular demographic profile of returns, with older members of the family, those with durable and deep attachments to a particular place and property, returning to the rural family home but not young families with children in urban schools. Single mothers and war widows with children that have grown up in urban settings are the least likely to return. If there are no local schools with Bosniak teachers, young families are unlikely to return and only older persons will.¹⁹ A lot of families commute between two locations, an urban apartment and the rural family home and return site. In some instances, particularly pronounced among Croats in the Posavina region, returnees used their reconstructed family homes as "weekend houses" or "summer houses" since they have regular employment in Croatia, or in Germany and Austria as *gastarbeiters*.²⁰

A 2003 UNHCR survey of 600 persons displaced from the Podrinje region of the RS (Srebrenica and surrounding *opštini*) provides some statistical evidence of the demographic limits to return. While a majority in the survey (55 percent) wished to return to their pre-war properties, the overwhelming reason for not doing so was a lack of reconstruction assistance (see below). Female-headed households and young women are less likely to have applied for reconstruction assistance than other groups.²¹ While 52 percent of the women interviewed (426 out of 600) expressed a wish to return, women and men above 60 and young males

¹⁸United States Agency for International Development.

¹⁹Interview with Natasha Stankovic, Repatriation Officer, Mercy Corp, Tuzla, March 10, 2004.

²⁰Interview with William Quayle, Head of Department, Refugees and Humanitarian Affairs, OHR, Brcko, June 27, 2002.

under 20 expressed the greatest interest in returning. Those expressing the most uncertainty about return were female-headed households (including those who lost males during the Srebrenica genocide), couples between 20-40, and single women. Education concerns, poor security, fear of reprisals, and psychological trauma were the main reasons given for not wanting to return (UNHCR 2003).²²

The third demographic limit on returns concerns data or rather the lack of it. UNHCR return statistics are gathered in a variety of ways. Officially, the data is collected by the *opština*, which required returnees to register themselves with it. When *opštini* statistics are suspect or incomplete, local UNHCR officers use their own statistics on return and reconstruction sites to adjust the numbers. This methodology is often haphazard—counting houses with lights on or interviewing local shopkeepers about returns—but they are the best statistics the international community has in the absence of a census. Our experience in Bosnia has led us to question the accuracy of these statistics, which we believe overstate the level of returns. Our conclusion is based on two observations. First, there is an in-built bias in the collection process towards overstating returns. *Opštini* today want to be seen as cooperative so as not to attract scrutiny by the OHR. Returnees, who may have not fully returned, want to convince aid agencies they have in order to receive reconstruction assistance. The UNHCR and implementing agencies are keen to demonstrate the success of their endeavors. Second, numerous international officials told us that the much-hyped property law implementation rates (property repossession) are not a reliable indicator of returns.²³ People obtain legal title to their property but many do so merely to sell it, using the proceeds to invest in their actual place of residence. There are no public statistics on housing market sales in Bosnia (a remarkable fact in itself) but anecdotal evidence suggests many officially counted returnees quickly rent or sell their property (even though there are prohibitions against doing so). The bottom line is that many aspects of the demographic realities of contemporary Bosnia are not transparent and known to the international community or Bosnian governance institutions. This will remain the case until the next census is organized and administered, which will not happen until Annex VII has been declared implemented by BiH authorities and the international community.

INSTITUTIONAL LIMITS TO RETURN

The Dayton Peace Accord brought peace to Bosnia-Herzegovina but it did not resolve the conflict. The peace accord was a compromise that, on the one hand, endorsed the creation of a unified and independent Bosnian state yet, on the other hand, partitioned this state into two discrete ethnoterritorial entities separated by an internal “inter-entity boundary line.” As already noted, the DPA legalized and legitimated the wartime entity Republika Srpska, whose territorial extent was created through large-scale ethnic cleansing and genocide. Yet it seeks to make the reversal of ethnic cleansing possible via Annex VII. Led by the United

²¹Women often have difficulty obtaining documentary ownership of property since properties were in the name of males and not always legally transferred after marriages.

²²The construction of the memorial at Potocari to the victims of the Srebrenica genocide has helped the process of returns in the area as living families have followed their dead to reclaim the region. According to Pollack (2003) repatriation and reburial were intimately linked in the minds of survivors from Srebrenica and surrounding *opštini* (also based on an interview with Charlie Powell, Head OHR office, Bratunac, March 15, 2004).

²³For example, interviews with Jonathan Glazebrook, RRTF Officer, Banja Luka, August 2, 2002; Margriet Prins, Head, OHR Annex VII Verification Unit, Sarajevo, March 18, 2004; and Christine Zandvliet, OSCE, Sarajevo, March 8, 2004.

States, the predominant concern of the international community was to stabilize Bosnia, to “end a war” (Holbrooke, 1998). Peace building was a secondary concern, as is evident from the structure of the DPA and immediate funding priorities. In contrast to the 11 pages of detail in the military annex (Annex 1), the ten other annexes are sometimes vague and without detailed implementation mechanisms and procedures.²⁴ The initial Implementation Force (IFOR) received priority funding, whereas civilian implementation was unfunded by the Americans, who opposed an active OHR.

The failure of the DPA to resolve the basic conflict over the nature of the Bosnian state hobbled the country with a governance structure that is divisive and dysfunctional to economic development, administrative efficiency, and effective governance. Rather than using the returns process as a means of building a centralized administrative structure (since the returns process covered the whole country), the DPA made it the responsibility of the entities created through displacement. Making the international community facilitators of the process ensured that Annex VII would not be wholly forgotten in the implementation process, provided that civilian implementation could secure adequate funding. It also ensured that the political will required to reverse ethnic cleansing was independent of the parties to the Bosnian war. While this institutional structuring of the returns process has produced results, it has also been marked by three important limitations.

First, the international community took a considerable amount of time to develop the capacity required to make returns happen. At the outset, the overwhelming emphasis of Dayton implementation was on military implementation. Returns were not on the international community’s immediate agenda and, as we have noted, “spontaneous returns” by Bosniaks were discouraged. As funds for reconstruction began to flow through United Nations institutions, state overseas development agencies, international aid organizations, and their implementation partners, a plethora of projects were launched in various sites without any overall coordination or strategic planning. Efforts to make aid for local authorities conditional on their openness to returns was undermined by large donors who wrote their own rules. The result was that much of the initial reconstruction aid was wasted on non-priority projects (e.g., the building of what were, in effect, “holiday homes” for Croats in Brcko and schools that were underutilized) or on the pet projects of local politicians with international connections. Corruption was a deep structural challenge as international organizations struggled to come to terms with operating in a post-war environment dominated by criminal networks and political parties with strong mafia linkages.²⁵

It took years for the international community to build the capacity (giving the High Representative the power to removal uncooperative officials and localizing international institutions), develop the coordination (through the Peace Implementation Council and local RRTFs), and structure the legal environment (especially property laws) to facilitate meaningful movement on returns. This delay undoubtedly diminished the prospect that some

²⁴The European Union negotiator on Bosnia at Dayton was Carl Bilt, who succeeded David Owen. Bildt later became the first High Representative. His memoirs record the reluctance of American officials to address civilian implementation issues at Dayton and their efforts to sabotage the Office of the High Representative. Bildt had to borrow vehicles and acquire emergency funding to begin operating an office in Bosnia (Bildt, 1999, p. 173). According to him, Dayton was “a military operation with some form of civilian annexe,” whereas the Europeans tended to see it the other way round (*ibid.*, p. 131).

²⁵The corruption question came to a head when *The New York Times* published a front-page article alleging that “as much as a billion dollars has disappeared from public funds or been stolen from international aid projects through fraud” (Hedges, 2000, p. A1). A subsequent report by the U.S. General Accounting Office (GAO, 2000) concluded that endemic crime and corruption threatened implementation of the DPA.

displaced would return “home” (Black, 2002). International officials we interviewed operated with the rule of thumb: there was a 10 percent attrition rate in returns per year of displacement, meaning that one was likely to see only 30 percent returns levels in 1999 amongst people displaced in 1992.²⁶ By 2000, however, the OHR’s new power of removal, the Westendorp decision to annul all entity property laws, the establishment of new property laws, and the coordinating activities of the RRTF did produce the spike in returns recorded in that year and the subsequent two years (see Fig. 3).

By the same year, however, a second institutional limit was becoming apparent: a funding gap. Many returnees face substantial delays in obtaining reconstruction assistance; for example, some who returned to their homes in 1998 only received assistance in 2004.²⁷ With capacity and procedures in place, the international community found itself in the position of having multiple clients awaiting reconstruction and return assistance while “donor fatigue” and a backlash against corruption set in among donor states and relief agencies (Smith, 2000). The Kosovo war and subsequent NATO occupation of the territory deflected resources that might have gone to Bosnia. East Timor became another site of international reconstruction efforts. The wars in Afghanistan and Iraq in the wake of September 11, 2001 created yet more siphons of international reconstruction funds. In 2002, the U.S. government ended funding through the Bureau of Population, Refugees, and Migration for reconstruction and returns in Bosnia, although USAID continues to operate with a reduced budget. The mandate of the Commission on Real Property Claims ended in December 2003, and it has now transferred its databases and functions to the state-level Ministry of Refugees and Displaced Persons.

Implementing agencies have also reduced their operations substantially. For example, in 2000 Mercy Corps had over 100 personnel associated with its Tuzla headquarters and deployed across various return sites. In March 2004, it had 20 staff and no field officers.²⁸ The UNHCR has closed field offices in Doboj (2003) and Zvornik (2004) and is implementing a graduated closure of its regional offices, with Tuzla scheduled to close by late 2005. With reconstruction assistance increasingly limited, implementing agencies like Mercy Corps are attempting to select what they consider to be the most sustainable returns. Current selection criteria emphasize young families and the interview process probes the depth of desire to return and whether such returns will be economically and socially sustainable.

With funding drying up, international attention switching elsewhere, and the OHR contemplating the end of its mandate in Bosnia, there has been a concerted effort to develop local capacity and ownership over the returns process among Bosnia’s own governance structures. At the end of 2003, the OHR closed down its RRTF structures and transferred them over to domestic leadership. It consolidated its returns-related activities into Annex VII verification units that are scheduled to close at the end of 2004. The OHR proclaimed that sole responsibility for the implementation of Annex VII now rested with Bosnian authorities. The OHR, however, has had to force the establishment of the “sustainable framework for domestic leadership on Annex VII” that it envisions (OHR, 2004).

At the local level, the OHR imposed a law mandating the creation of *opština*-level commissions for “Returns, Development, and Integration” as local successors to the RRTF. These commissions are intended to gather together all the relevant stakeholders in the returns process—displaced persons association leaders, housing officers, mayors, and other local

²⁶Interview with Graham Day, Head of the OHR regional office, Banja Luka, June 14, 2004.

²⁷Interview with Natasha Stankovic, Repatriation Officer, Mercy Corp, Tuzla, March 10, 2004.

²⁸Interview with Natasha Stankovic, Repatriation Officer, Mercy Corp, Tuzla, March 10, 2004.

politicians—with international community officials as observers only.²⁹ Formed in a piecemeal fashion, the extent to which these local commissions are functioning in an effective and active manner is questionable. Our observations suggest that they appear to be working well in some localities. Bosniak returnees to Doboj, for example, were very pleased with how their commission was functioning and how the mayor, a moderate Serb nationalist, was responding to their concerns.³⁰ We are more skeptical, however, of the degree to which politicians from political parties implicated in the ethnic cleansing of communities are genuinely open to their return.³¹

At the upper levels of governance, the OHR advocated the creation of three new state-level bureaucratic structures addressing returns. The first is a Ministry of Human Rights and Refugees that, it is hoped, will gradually assume the power and functions of the two entity-level ministries responsible for these issues. The move is part of a strategic effort by the OHR to build up state-level institutions at the expense of entity institutions. Instead of the current inefficiency of having entity ministries with offices in each other's territory, the state Ministry was to establish four regional centers that would assume the functions of these offices and the return co-ordination function previously provided by the RRTF. The establishment of these offices, however, has been delayed, as old entity ministry employees try to maintain their jobs while conforming to new civil service qualifications and hiring practices.

The second new state-level structure is the Commission for Refugees and Displaced Persons. Established in 2000, the Commission is a forum with representatives from the upper levels of governance in Bosnia-Herzegovina. The idea is that state and entity ministers in charge of refugee and displaced persons meet with members of the international community—the UNHCR, the OHR, and the OSCE—to coordinate and harmonize laws and policy on returns issues. The OHR has moved to strengthen the Commission by making its conclusions binding and having it serve as a governing board for a third structure, the Return Fund. The latter is envisioned as an autonomous administrative organization that will act as a financial institution overseeing the solicitation, accumulation, regulation, and disbursement of reconstruction and return funds. The idea is that entities will allocate the majority of their budgets to the Fund so these can be used to attract matching funds from international bodies like the Council of Europe. The Director of the Fund would establish country-wide reconstruction assistance criteria and oversee the allocation of funds.

Fundamental and longstanding political problems plague these new administrative structures. Entity-level politicians are reluctant to concede power to state-level institutions, while entity departments fear any diminution of their domain and budgets. Co-operation has been sporadic, with Serb members, in particular, often not turning up for meetings or seeking postponements. Efforts to attract matching funds for the Return Fund from the Council of Europe have foundered because of delays in establishing the institution, appointing a director, and

²⁹International community officials told us that the greatest personnel problem for the Commissions was not multiethnic representation but the inclusion of women. Local governance is a bastion of patriarchy in Bosnia-Herzegovina (interview with Yukiko Ishii, Associate Protection Officer, UNHCR, Tuzla, March 10, 2004).

³⁰Interview with MZ representatives in the village of Sevarlije, Doboj *opština*, March 16, 2004. One reason for cooperation is that mayors are to be directly elected in Republika Srpska. All sides were aware that the local political reality was that the mayor needed Bosniak votes in order to get re-elected.

³¹Bosniak returnees to Doboj reminded us that the current Serb member of the Bosnian Presidency, Borislav Paravac, was head of the self-proclaimed Serb "Crisis Committee" in Doboj during the ethnic cleansing of the town in 1992. He was mayor of the town from 1990 to 2000, and also a member of the Republika Srpska People's Assembly.

securing adequate capitalization.³² An experienced UNHCR official complained that the regional centers of the Returns Commission are not functioning. They do not take the initiative and have a “Communist mentality” of waiting for orders before taking any action.³³

Whether the transition from international to Bosnian authority for return programs has been successful remains an open question. So also is the question of whether Bosnian governance structures can transition from being a politicized patronage state to a competency-based modern bureaucratic state. These open transitional processes can be classified as a third institutional limit on returns that embeds the returns process within a heretofore dysfunctional Bosnian governance structure plagued by unresolved political antagonisms. While it is possible that these structures could be made to work, the early indications are not encouraging.

LOCALIZED GEOPOLITICAL LIMITS

The effort to implement Annex VII developed into a power struggle between the international community, displaced person associations, and local ethnonationalist-dominated *opštini*. In the years immediately after Dayton, the power advantage across the ethnically cleansed territory of Bosnia lay with local ethnonationalists. The “inter-entity boundary line” was effectively functioning as a meaningful border rather than a permeable line on the map (Bose, 2002). The *opština* elections of 1996 largely confirmed and legitimated the ethnonationalist hold on power. Some determined returnee groups were organizing themselves to return, but they were often met with violence, intimidation, coercion, and official obstructionism. As the military situation stabilized and the OHR began to accumulate resources and capacity, the power balance between local ethnonationalists and the international community began to change. A localized geopolitics of obstructionism gave way to a more complex game of reluctant accommodationism, adaptive ethnonationalist tactics, and subtler forms of obstructionism. At the same time, the inevitability of some returns became accepted and legal prohibitions against property theft and “double occupancy” reluctantly enforced. The machinations of this localized geopolitics have placed three limits on the effort to reverse ethnic cleansing.

The first limit is the practice of obstructionism against returns. While more explicit in the first few years after Dayton, this practice has changed form but never completely disappeared. The Bosnian war saw the emergence of a post-Communist predatory elite who used the rhetoric of ethnonationalism to propel themselves to power and to make a concerted grab for the collective riches of the state: land, housing, state enterprises, commercial contracts, and trafficking in legal and illegal goods (Pugh, 2002). The Bosnian war was a form of primitive accumulation, and political parties like SDS were vehicles for capital accumulation through coercion and institutionalized kleptocracy. Rather than being defeated by the war, peace allowed the main Serb nationalist party (SDS) to consolidate its hold over the resources it had seized during the fighting. In their regions, the Croat ethnonationalist HDZ and the Bosniak SDA were not qualitatively different (Cooper and Pugh, 2004).

Returns threatened to disturb this political economy of ethnonationalist kleptocracy in the years immediately after the war. But as ethnonationalists became comfortable with their new wealth they began to see the benefits of having legitimacy in the eyes of the

³²Interview with Amela Kreho, OHR Annex VII Verification Unit, Sarajevo, March 9, 2004, and Margriet Prins, Head, Annex VII Verification Unit, Sarajevo, March 18, 2004.

³³Interview with Yukiko Ishii, Associate Protection Officer, UNHCR, Tuzla, March 10, 2004.

international community. Consequently, they were more willing to cut deals to give back some of the stolen assets of land and houses provided their overall position of power and wealth was not threatened. Obstructionism changed from overt and violent acts to a more subtle administrative form: delays in processing property title claims, resistance to follow through on evictions, the non-extension of utility services to returnees, and petty bureaucratic humiliations. Obstructionism has not disappeared, since the property repossession process does threaten the hold of certain ethnonationalist elites over valuable property and assets—city-center apartments, desirable business locations, well-appointed houses—that returnees continue to try and repossess. Creating a climate of generalized hostility also has economic benefits for the majority community, as it induces returnees to sell their legal assets to those in stronger bargaining positions than they.

The second limit is the effort by the ethnonationalist forces in Bosnia's localities to preserve wartime population shifts by ethnic engineering, especially through land allocations. One of the reasons why Bosnia-Herzegovina's *opštini* are locally powerful is that they own valuable land and apartment lease assets. The land, called socially owned property, was always a basis for a local political economy of politicized preference. People would often build illegal structures on socially owned land that would be legalized at a later stage through complex instruments of "use rights." After the war, mayors of ethnonationalist *opštini* began distributing land plots to displaced persons of their same ethnicity in order to meet their demands for more housing. The policy was a means whereby hardline ethnonationalists could subvert any reversing of ethnic cleansing by keeping their own displaced, locking in the demographic majorities produced by the population movements during the war. Land allocations were also presented as a reasonable response to returns. As "minority returns" reclaimed and re-occupied their property, *opštini* had a "humanitarian obligation" to provide for those who chose to stay, as was their right under Annex VII.³⁴ This allocation of socially owned land for construction sites was a policy of ethnic engineering. It was first pioneered by Bosnian Croats in the Stolac and Capljina region south of Mostar, but was quickly adopted by *opštini* across RS and some Bosniak-dominated *opštini* in the Federation. Grasping the discriminatory nature of this ethnic engineering, the OHR first declared the practice illegal in May 1999 and tried to regulate it with a series of proclamations thereafter. However, the OHR lacked the capacity and enforcement powers to regulate the practice effectively. It persisted despite being pronounced illegal and ethnonationalists were able to create "facts on the ground" that amounted to a considerable victory for them over the international community (Ó Tuathail and Dahlman, 2004b).

This brings us to a third limit created by the dynamics of localized geopolitics: the generalized acceptance of ethnic separation and ethnoterritorialism in Bosnia today. Most experienced international officials in Bosnia readily concede that the goal of recreating the demographic structure of "Bosnia 1991" is a utopian one that will never be attained. The refrain that one hears is that "too many people are dead," "too much has been destroyed," and "too many people are living elsewhere." Little appears to remain of the social spatiality that allowed multiculturalism to flourish in Bosnia's urban centers. "Bosnia 1995" was a segregated country with apartheid geography and fetishistic practices of border maintenance. "Bosnia 2004" is not the apartheid state that hard-line nationalists would like: The "inter-entity boundary line" is not impermeable, property has been restored to those from whom it was stolen, and returns have reached the one million mark. Yet, Bosnia's cities are

³⁴This is how the Republika Srpska Prime Minister, Dragan Mikerevic, defended the practice in a question and answer session at the Woodrow Wilson Center in Washington, D.C. on February 4, 2004.

overwhelmingly mono-ethnic places today. Once a thriving multiethnic town, Banja Luka is now an overwhelmingly Serb place that is brimming and bustling with Serbs not only from across Bosnia but from the Croatian Krajina also.³⁵ A foundation stone for the rebuilding of the destroyed Ferhadija mosque was laid in 2001, but reconstruction has not yet begun nor is it soon likely, as low-level antagonism grinds the process to a standstill. In any event, few Bosniaks or Croats want to live in today's Banja Luka. Likewise Sarajevo is an overwhelmingly Bosniak city, even though many Serb families have returned. City streets have been renamed to emphasize the Bosniak and Muslim character of the city, while signs in Cyrillic script have been removed (Robinson et al., 2001).

Despite a constitutional court decision giving equal rights all "constituent nations" in Bosnia's entities, the exclusivist name Republika Srpska remains and garners identification and legitimacy as the "homeland" of Bosnia's Serbs. Among Bosnian Serbs, the desire to separate from Bosnia proper and unite with Serbia remains strong.³⁶

In sum, although the international community may have won the "returns war" against local ethnonationalists across Bosnia-Herzegovina, they appear to have lost the larger "homelands war." Arguably, the principal reason is that it was lost from the outset or, at least, from when the international community decided that it was not going to outlaw nationalist parties and prohibit the perpetrators of the war from holding public office in postwar Bosnia. Those who started and profited from the war in Bosnia, with the exception of a few prosecutions for egregious war crimes in the Hague, have not been brought to justice for their crimes (ICG, 2000). Ethnic chauvinism was normalized by the war and ethnoterritoriality has had over a decade to become embedded in the grain of everyday life in Bosnia-Herzegovina. One encounters it on the landscape, on the television screen, on one's mobile phone, and in the quotidian spaces of the country.³⁷ Liberal internationalists may wish it otherwise, but there are very few liberal internationalists in the governance structures of contemporary Bosnia.³⁸

THE ECONOMIC LIMITS TO RETURNS

A further problem limiting Bosnia's return and reconstruction process is its economy. Even without the war, the transition from socialism was always going to be difficult for Bosnia. While some authors argue that the war in Bosnia was largely the result of economic crisis inside Yugoslavia during the 1980s (e.g., Woodward, 1995), it would be impossible to extricate a single factor of explanation from the political machinations, popular nationalism, and larger political-economic changes in Central and Eastern Europe at the time. The

³⁵It is estimated that some 30,000 Croatian Serbs reside in Banja Luka (interviews with Jonathan Glazebrook, RRTF Officer, Banja Luka, August 2, 2002, and Graham Day, Head of the OHR regional office, Banja Luka, June 14, 2004).

³⁶Tracking polls on the question of separatism in 2003 continued to show a majority of Bosnian Serbs favored either total independence for the entity (25.2 percent) or separation from Bosnia and reunification with Serbia (38.1 percent) (UNDP, 2003, p. 27). More recent polls show continued interest in separatism among Bosnian Serbs, but also indicate that their support for the issue is much weaker than before (cf. UNDP, 2004).

³⁷Two small examples of banal nationalism in Republika Srpska (RS): the weather forecast on RS television shows a map of the RS only as it discusses the weather for the entity. It then discusses the weather for the Federation as if it was a foreign country. The RS automobile map features the RS demarcated by a thick red line with the "inter-entity boundary line" as equivalent to a national border (cf. Billig, 1995).

³⁸It should be noted that neither is the OHR a democratic institution, answering only to the international diplomats that comprise the Peace Implementation Council, the enlarged successor to the Contact Group.

Table 1. Primary Economic Indicators, Bosnia-Herzegovina, 1990–2001, in million \$US^a

Year	GDP	International aid	Year	GDP	International aid
1990	10,633	n.d. ^b	1997	3,527	861.91
1991	n.d.	n.d.	1998	4,121	905.20
1992	0	9.68	1999	4,690	1040.30
1993	0	41.17	2000	4,544	737.08
1994	1,256	395.54	2001	4,801	639.18
1995	1,867	932.36	2002	5,249	587.40
1996	2,741	844.75	2003	6,612	n.d.

^aAll figures are in 2001 US\$.

^bn.d. = no data.

Sources: Compiled by the authors from IMF, 2003, p. 29; OECD, 2003, p. 109; World Bank, 2003c.

economy was and remains a primary arena of political competition that ties together nationalist parties and organized crime, directly affecting the reconstruction and returns process. Many rural return areas lack economic opportunities for returnees, whereas would-be returnees have had some success earning incomes in the cities of their displacement. The relatively limited opportunities in Bosnia's post-war economy have done little to encourage the return of refugees from other countries, many of whom possess skills and talents needed in rebuilding the country. Plans for Bosnia's reconstruction did not adequately grasp the profound structural transition challenges Bosnia faced before the war (e.g., see Tesche, 2000). The international community's neo-liberal assumptions for Bosnia's post-war economy combined with Dayton's political contradictions to create new obstacles to economic recovery and development. In many ways, the Dayton era has deepened the country's economic problems with slow implementation of common macroeconomic institutions, the fragmentation of regulatory and fiscal responsibility, and rampant corruption (World Bank, 2002, 2003a).

From its near total collapse during the war, Bosnia's economy grew rapidly after 1995, although from a very low base and due largely to international aid. By 2000, Bosnia's economic recovery was showing limitations inherited from a pre-war economy based largely on Yugoslav military production and a small number of export-oriented enterprises involved in mining, textiles, and wood products. Many households, however, remained dependent on agriculture. For example, industrial production accounted for more than 50 percent of Bosnia's pre-war GDP and a quarter of the jobs, while 40 percent of its workforce was engaged in small-hold agriculture that produced about 14 percent of GDP (Woodward, 1998, 11). War damage accounted for the loss of some industrial capacity, but far more devastating was the disruption of intra-Yugoslav and now inter-entity linkages. More importantly, Bosnia's main enterprises have remained closed during a tumultuous transition process in which problems with privatization have compounded the competitive disadvantage that came with exposure to global markets. Dayton provided little economic coordination but for a central bank that eventually established a common currency (Cousens and Cater, 2001, p. 94).

As shown in Table 1, Bosnia's GDP has continued to show steady growth, although at a more modest pace than during the immediate post-war period. Recent growth in industrial

output (up to 17.1 percent of the GDP in 2002) has offset a continued reliance on agriculture in many households (14.2 percent), although services remain the largest sector (55 percent) (Economist Intelligence Unit, 2003, p. 51). Growth has also been highly localized, largely in Bosnia's major urban areas, with significant differences between the entities. The Federation as a whole contributes about 70 percent of Bosnia's total GDP, compared to the RS's 30 percent (*ibid.*, p. 35). These patterns are somewhat reflected in local unemployment and poverty rates and impinge directly on returns.

Much of Bosnia's recent economic growth has been aid dependent, casting doubt as to the extent of real economic growth (World Bank, 2003a, pp. 11-12). Massive injections of foreign reconstruction assistance and the refinancing of a large public debt have done little to promote meaningful economic or social development. While the annual foreign aid of \$700 million or more each year since 1995 has supported a variety of sectors and programs, most international aid goes into wages and services, with material supplies imported from elsewhere. International aid to Bosnia is also highly variable across localities and sectors, with only a fraction of that assistance aiding returnees. Declining aid from international donors in recent years further reveals the problems of Bosnia's transitional economy. In particular, Bosnia's public-sector spending, largely internationally financed, accounts for about 65 percent of the GDP (World Bank, 2003a, p. 11). The proliferation of governmental levels in post-war Bosnia—one state, two entities, 10 cantons in the Federation, 142 *opštini*, and one special district—duplicate many services while failing to provide others, including adequate assistance for returnees (*ibid.*, p. 63). Bosnia's central government is effectively starved, while entity expenditures on defense and veterans account for the largest expenditures outside of government administration itself. In 2000, entity spending on these two areas accounted for roughly 60 percent of Federation and 25 percent of RS budgets, whereas both entities spent less than 2 percent on displaced persons, refugees, and returnees (*ibid.*, pp. 24-25).

The dominance of nationalist political parties overseeing public-sector spending is not unrelated to the rise in mafia-operated businesses and an underground economy. Nationalist parties and local power elites took over Bosnia's entities and cantons to divide among themselves the choicest parts of Bosnia's economy through corrupt privatization schemes and outright theft. According to a U.S. General Accounting Office report, "war-time underground networks have turned into [political] criminal networks involved in massive smuggling, tax evasion, and trafficking in women and stolen cars" (GAO, 2000, p. 13). The political parties have also rewarded wartime leaders with businesses, factories, and exclusive access to natural resources in their fiefdoms. These enterprises have been marked by tax evasion, discriminatory hiring, and asset stripping, contributing much to Bosnia's lawless political economy but little to meaningful development. USAID has estimated that about 50 percent of Bosnia's economy is underground, comprising both illicit and grey-market activities, for which no customs duty or taxes are collected and no regulations apply (*ibid.*, p. 19). The administrative corruption that hinders the due process of returnee claims at the local level also creates an unaccountable privatization process and provides for the preferential taxation and regulation of businesses.

The combined effect of these factors has limited the return of displaced persons and will continue to do so in three ways: limited resources for returnees; the uneven distribution of economic opportunities in return sites; and the questionable sustainability of return communities. First, international aid for return and reconstruction in Bosnia has been significant, but it pales in comparison to total need. A major survey of Bosnia's housing stock estimated that needed repairs to significantly damaged residential properties would total more than

US\$2.25 billion. Only US\$500 million in aid had been spent by late 1999, when international aid to Bosnia peaked, while aid flows in recent years have slowed considerably (IMG, 1999). Field officers with major NGOs told us that reconstruction activities had ended in many parts of Bosnia as aid funds dried up, especially as donors turned their attention to Afghanistan, Iraq, and other crises. This means that future returnees will need to rely more on personal assets to cover the expenses of rebuilding and re-establishing homes.

Second, and as a partial consequence of limited international assistance, the decision to return is increasingly driven by the economic opportunities in return sites. As indicated above, economic recovery is highly variable among localities and sectors. Minority returnees attempting to resume their livelihoods in urban areas are usually locked out of the factories and firms that once employed them, or they find no demand for their skills (OHR, 1998). Aside from the shortage of jobs, ethnic discrimination remains common. Those returning to agricultural areas face problems with access to markets and capital shortages. USAID has achieved some success with agricultural cooperatives among returnee communities to extend micro-credit and link farms to markets, although incomes remain low. In the *opština* of Doboј, we met with returnee leaders who were former factory workers now learning market gardening in order to revitalize their community.

These issues contribute to the third economic problem facing returns, economic sustainability (UNHCR, 2004). Most returnees face the difficulty of establishing livelihoods in Bosnia's rugged rural areas, a challenge their children are less inclined to accept. International community officers told us that the failure of some returnee communities is already under way in Bosnia, as returnees sell their property and return to urban areas where employment prospects brighten, if only dimly. From our observations, the properties of minority returnees are typically bought by someone from the locally dominant ethnic group, effectively entrenching the wartime goals of ethnic cleansing through the post-war housing market. Urban areas will continue providing greater opportunities for many families, who are increasingly dependent on the few waged jobs available. Currently, each employed person supports, on average, an additional five other non-waged people. More important, perhaps, are the warning signs that the reversibility of returns will further contribute to the loss of Bosnia's productive labor force. If given the chance, fully two-thirds of 18- to 35-year-olds and more than half of 36- to 50-year-olds say they would leave the country (UNDP, 2004, p. 54).

Poverty and unemployment also remain major obstacles for many in Bosnia, especially among returnees and those who remain displaced. Aside from the majority of displaced persons who will not return, those who have done so face an uncertain future. While persons living in urban areas are least likely to experience poverty given the greater opportunities, those who remain displaced by the war suffer the highest rate of poverty in both entities: 38 percent in the RS and 29.2 percent in the Federation (World Bank, 2003b, p. 41). Household income also shows signs of ethnic unevenness: 63.1 percent of Serb, 53.8 percent of Bosniak, and 30.9 percent Croat households have monthly incomes below \$313 (500 KM) (UNDP, 2004, p. 53). These differences are accounted for, in part, by the higher number of Serbs who remain displaced in the RS, the higher incidence of Bosniak displacement during the war, and the larger portion of the Croat population who remain in Croatia. With each return of former residents to their pre-war home, BiH approaches the end of the Annex VII era. Yet, the returns process does not end there. The economic vitality and sustainability of BiH's returnee communities and the country as a whole will determine whether reversing ethnic cleansing will itself suffer reversible returns.

CONCLUSION

There are many different political groups with a vested interest in denigrating the success of the returns process in Bosnia-Herzegovina. Local ethnonationalists point to the limits of returns and proclaim that Bosnia's different ethnic groups ultimately do not want to live together. To them the ethnic geography of Bosnia today is an inevitable product of a transcendent primordial antagonism. Libertarian and neo-liberal critics in the international community point to the limits as examples of the folly of "nation-building" or the hubris of a neocolonial trusteeship. Pragmatic critics argue that the desire to "reverse ethnic cleansing" led to a policy emphasis on returns that marginalizes other priorities such as poverty reduction, ethnic reconciliation, and the creation of a coherent BiH state as the basis for prosperity and eventual membership within the European Union.

These latter criticisms have some merit, but the international community was right to conceptualize ethnic cleansing as an abhorrent geopolitical project and place the morality and justice of its reversal at the center of post-war BiH reconstruction. Critics pessimistic about the power of the international community to reverse ethnic cleansing by creating momentum behind minority returns have been proven wrong (Cox, 1998). Yet, they were correct in asserting that ethnic reintegration is not ethnic reconciliation. BiH remains a state burdened by a conflict that was suppressed, not resolved, by Dayton. The international community's concerted effort to allow ordinary Bosnians the right to return home to their property after war has been a relatively successful international endeavor that required years of hard work by many different constituencies. Working within the limits of a flawed political settlement, this process has created the possibility for people victimized by ethnic cleansing to acquire a modicum of justice even though most of their victimizers have not yet been brought to justice. With one million returns after a war as dislocating as that suffered by the people of Bosnia, this is no small achievement.

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