BOSNIA HERZEGOVINA, THE POLITICAL SPACE OF IN-BETWEENNESS
A CONSTRUCTIVIST ANALYSIS OF IDENTITIES AND INSTITUTIONS DURING EUROPEANIZATION

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ABSTRACT

This study revisits constructivist institutionalism, a very new theory inside the neo institutional approach, in order to create a solid theoretical background for exploring the contemporary Western Balkans. The main assumptions of this theory will be applied on the institutional design created by the Dayton Agreement in Bosnia Herzegovina (BiH). The aim will be to explain the institutional malfunctioning of BiH and its relations with the EU from a new perspective. The question of statehood, the constitution-making procedure, the resulting institutional framework and the role of international actors in the BiH context are highlighted. The analytic focus is on institutions as systems of rules and on institutionalization as the processes by which they are created, implemented and interpreted according to norms and values. This particular type of institutionalization is defined in this context as Europeanization, compounded with the converse phenomenon called Balkanization. The main explanation for the incongruencies between BiH local administration and the International Community and mainly EU representatives is that BiH is for the moment being caught between two opposing symbolical phenomena manifesting themselves simultaneously at the institutional level: to whit, Balkanization and Europeanization.

It has become a common view that a society cannot reach stability and economical growth without solid institutions. Unstable geopolitical configurations are compounded by inefficient and uncoordinated institutions. Neo-institutionalists are credited with having brought institutions back into the limelight of political analysis

during the 1970s, proving that "institutions matter". Using the neo-institutionalist approach I will try to reconfigure the way Western countries tried to solve political and mostly ethnical problems in the Balkans and to prove whether they have failed or succeeded, taking Bosnia Herzegovina (BiH) as an example. A sort of "little Yugoslavia", as it was called because of its multi ethnic character, BiH has become very unstable lately, with numerous revolts and tensions taking place especially in Republica Srbska (which yearns for independence and blames the federation and the HR (High Representative) for violating the rights of Serb). The main questions which will be raised in this paper, using a constructivist theoretical framework, are which institutions were involved and how they cooperated,. First, I shall define this newly developed theory called *constructivist institutionalism*. Second, I shall describe briefly the main institutions that govern BiH in a constructivist approach and I will stress their intrinsic contradictions that in my view affect directly the political outcomes in this country. Thirdly, I will present the main hypothesis of the paper: that BiH is a non-functional state because it is caught between two opposing institutional and symbolical phenomena, Balkanization and Europeanization, a stage that I define as a space of "in-betweeness" which BiH needs to overcome in order to strengthen its statehood.

CONSTRUCTIVIST INSTITUTIONALISM – A NEW APPROACH IN SOCIAL SCIENCES

Social sciences have recently developed broader interdisciplinary approaches in order to tackle contemporary complex political phenomena. It has often been stated in this regard that, in order to understand a society, one must deal with it on its own terms. Constructivism is one of the most recent theoretical frameworks to aim at explaining social and political outcomes by using a profound contextualization. It developed at the beginning of the 90s inside the field of international relations, especially with the contributions of Alexander Wendt, Emmanuel Adler, Friedrich Kratochwill and John Ruggie, but soon it was provoking theoretical disputes between various political scientists, too. Wendt outlined a constructivist theory on how political structures, preferences and identities have been created and developed through social interaction (Wendt, 1999). The main argument was that the international arena is socially created. Later on, neo-institutionalists became more and more interested in exploring this subject in the field of institution-building. Very close to the constructivist

assumptions was sociological institutionalism, which works best at delineating the shared understandings and norms that frame action, shape identities, influence interests, and affect what are perceived as problems and what are conceived as solutions at the institutional level. But the more refined theory deriving from this approach that I shall use in this case study is the newly developed sub-specie of sociological institutionalism called "constructivist institutionalism", defined at the intersection of political science and international relations.

One of the main theoreticians of constructivist institutionalism is Colin Hay, but the works of Vivien Schmidt, Mark Blyth and Bo Rothstein among others are also extremely valuable in this debate**.** Hay understands institutions as socially constructed mechanisms, which also enables the convergence process of social actors' expectations (Hay, 2006). His key argument is that institutions and individual social actors have a two-way relationship in which social interaction is a result of social values and norms as well as calculations of preferences and interests. Colin Hay also referred to the applicability of the new concept to the European Union's (EU) *institutialization* as a good example of political realities that can be properly explained by constructivist institutionalism: "Processes of socialization and persuasion are a mechanism for the EU's domestic impact, which rationalist approaches discard, but constructivism or sociological institutionalism are well equipped to analyze" (Hay, 2006:103). Through such processes, candidate countries (and extensively Western Balkans in our case) come to consider that EU rules have an intrinsic value, regardless of the material incentives for adopting them. Europeanization is therefore defined by constructivists as a complex political phenomenon where identities and perceptions shape new institutions in the process of preparing the Western Balkans for accession to the EU.

Whenever political stability is mentioned inside a political analysis (and this may be the most frequently used concept in the context of post conflict Western Balkans, as an ideal type never to be fully reached) one should look more closely at the main instruments developed over the recent period and designed to ensure stability. These instruments are mainly institutions and organizations, and so the conceptual framework of constructivist institutionalism can be applied to any type of political community striving for stability and economical growth by reshaping its institution building. For post-conflict or post-crisis societies such as the Balkans the incentives for institutional reform come merely from outside. Often, externally induced processes of 'modernization' or transition are turned into "simulated change"

against the backdrop of structural, informal continuities. In other words, an informal order balances the formal one, making sure that things are never quite as bad or as good as they seem. In fact, the entire South East European post communist region is an example of this situation of unfulfilled democratization. Thus I argue that this new approach in neo institutionalism is applicable in the Western Balkans because the area is in a phase of state adaptation, state rebuilding or even of nation-building and is experiencing a transitory and intricate process of institutional reform. Most authors consider that this comprehensive process is the essence of the so-called Europeanization (Featherstone and Radaelli, 2000).

Another theoretical argument in favor of constructivist institutionalism applied to the Western Balkan context is that institutions themselves should not be treated as neutral structures of incentives but, rather, as the carriers of ideas or 'collective memories' which make them objects of trust or mistrust and changeable over time as actors' ideas and discourse about them change in tandem with changes in their performance (Rothstein, 2005:7). So the institutions need to be seen as being built through social and cultural processes rather than merely by rational intention or mechanical reproduction that is efficiency oriented. Another important scholar that has contributed to the deepening of sociological neo institutionalism is Frank Schimmelfennig, whose writings are focused on the construction of the EU polity. He considers that actors in European integration perform strategically on the basis of individual specific policy preferences, but do so in a community environment that affects their strategies and the collective interaction outcome (Schimmelfennig, 2003). The name for this process is *institutional socialization* and I shall use it in explaining externally imposed reforms in BiH. The next part of the analysis will briefly describe the institutional features of Post Dayton BiH and after that will analyze these changes from the constructivist perspective.

POST-DAYTON INSTITUTIONAL DESIGN IN BIH

The Dayton Peace Accords, mediated by the international community, established a federation of *de facto* three entities with strong decentralization in Bosnia and Herzegovina. These accords put an end to the three and a half year long war in Bosnia (1992-1995), one of the most bloody armed conflicts in the former Socialist Federative Republic of Yugoslavia. The present political divisions of Bosnia and Herzegovina and its structure of government were agreed upon as part of the constitution that makes

up Annex 4 of the General Framework Agreement (GFAP) concluded at Dayton, Ohio (USA) and signed in Paris on 14th December, 1995 with a key component of "the delineation of the Inter-Entity Boundary Line", to which many of the tasks listed in the Annexes referred. The agreement mandated a wide range of international organizations to monitor, oversee, and implement components of the agreement.

As a result of the Dayton Agreement, Bosnia and Herzegovina is divided into two main *Entities*—the Federation of Bosnia Herzegovina and the Republika Srpska— as well as the district of Brcko. Each of the Entities has its own constitution. This founding act retained Bosnia's exterior border and created a joint multi-ethnic and quasi-democratic government. The national government - based on a proportional representation similar to that which existed in the former socialist regime - is charged with conducting foreign, economic, and fiscal policy. It combines multiple levels of governance in a polity composed of different ethnic and religious groups.

The country is now home to three ethnic groups or so-called "constituent peoples" (a term unique for BiH). These are: Bosniak Muslims, the largest population group of the three, with Bosnian Serbs second in number and Bosnian Croats third. The Chair of the Presidency of BiH rotates among three members (Bosniak, Serb, Croat), each elected as incumbent of the Chair for an 8-month term within their 4-year term as a member. The three members of the Presidency are elected directly by the people (Federation votes for the Bosniak/Croat, Republika Srpska for the Serb). The Presidency is the Head of State institution and it is mainly responsible for foreign policy and proposing the budget. There are 10 cantons which are granted a substantial autonomy, their own local government and which are allowed to adopt cantonal laws so long as they do not contradict the Federation ones. Besides the State constitution mentioned above, the Federation and Republika Srpska decided to promulgate their own and separate Constitutions; thus, they have different administrative and political systems. The Executive branch is held by the Council of Ministers. The Council is responsible for carrying out various policies and decisions in the fields of diplomacy, economy, inter-Entity relations and other matters as agreed by the Entities. Each of the Entities has its own Council of Ministers, which deals with internal matters not dealt with by the state Council (Bojkov, 2003).

The institutional framework designed by the Dayton Agreement showed, in theory, the significance of federalist arrangements for easing tensions in multi-ethnic states, but in practice it has often been proved to be dysfunctional. This political

system forms an *international protectorate*, with decisive power given to the High Representative for Bosnia and Herzegovina (HR). The HR, now under the jurisdiction of the European Union, has to oversee the implementation of the civilian aspects of the agreement. About 250 international and 450 local staff members are employed by the HR. This represents the highest political authority in the country, the chief executive officer for the international civilian presence in the country. Since 1995, the HR has been able to bypass the elected parliamentary assembly or to remove elected officials. The methods selected by the HR are often seen as dictatorial (in the strict political sense, but with the role of de-blocking ethnic power abuses at every level). As an example of its paradoxical position in the country, even the symbols of Bosnian statehood (flag, coat of arms) have been chosen by the HR rather than by the Bosnian people. The source of the authority of the HR is essentially contractual. His mandate derives from the Dayton Agreement, as confirmed by the Peace Implementation Council (PIC)—an ad hoc body with a Steering Board composed of representatives from Canada, France, Germany, Italy, Japan, Russia, the UK, the United States, the Presidency of the European Union, the European Commission and the Organization of the Islamic Conference.

BIH INSTITUTIONS IN CONSTRUCTIVIST ANALYSIS

After this short description, some observations should be made regarding the institutional status of BiH from the constructivist perspective. Up until now, BiH has been considered by most analysts a rather dysfunctional state (some even call it a "failed state")with the European integration process almost being derailed due to ethnic conflicts and the blocking of cooperation at a central level. One of the main reasons for explaining this situation at the beginning was that BiH is a post-crisis society, a country still politically unstable, economically weak and socially fragile, requiring different types of institutions rather than other similar geopolitical spaces. What most scholars in the field accuse this institutional framework designed by the Dayton Agreement of is that as long as the HR continues to wield his wide-ranging "Bonn powers," (authoritarian attributes incompatible with a legitimate democratic regime), first granted in 1997 as a temporary solution to a profound institutional crisis, a functional democracy and the rule of law will not be achieved in Bosnia. And that is because government is caught between the competing pressures of nationalists who oppose cooperation and block decision-making procedures by leaving no space

for negotiation. Even though this statement may be too harsh, leaving no hope for positive institutional change, there is no doubt that the virtually absolute power of the international community in Bosnia has encouraged an atmosphere of dependency, passivity and even resistance when it comes to governance among the Bosnian political leadership. Other analysts consider that Bosnian institutions are not working because no one has been willing to admit publicly that the Dayton Agreement (mainly as a Peace treaty, not a constitutionally founding act as in the case of other nation states that implemented democracy after communism) fashioned a political system that makes the country virtually impossible to govern successfully without an international presence, entering a sort of "institutional vicious circle" (Kleibrinck, 2008). From this perspective, Dayton created a deeply decentralized form of governance dominated by two artificial and largely autonomous entities, each lacking authority and legitimacy over the other—the Serbian-dominated Republika Srpska and the Muslim (Bosniak)-Croat Federation of Bosnia and Herzegovina. Dayton has fostered a system that now boasts multiple parliaments and more than 100 ministries which are dominated mostly by legitimacy debates rather than solving community problems.

In order to apply the constructivist arguments, I need first to bring into discussion some other types of institutionalist arguments in order to explain change and recent instability in the region, focusing on the lack of cooperation between Bosnia and Republica Sbrska, which is deeply embodied right in the institutional political structure of governance established in 1995 by the Dayton Peace Agreement. The basic rationalist position is that actors create and modify institutions when they see a benefit, employing a rigid calculus of costs and benefits. Once established, institutions become *payoff matrices*; they specify the costs and benefits of choosing a certain course of action. Institutional evolution can be explained by way of certain mechanisms of change such as the layering of new elements onto otherwise stable institutional frameworks and the conversion of institutions through the adoption of new goals or the incorporation of new groups (Ostrom, 1990). This type of institutional change can be observed taking place over the last 10 years in BiH. After a delayed transformation, the Stabilization and Association Agreements (SAA) with the EU were signed, which act surely represents a step forward for Bosnia and reflects a move toward EU membership status, a status is reached through a complex process called Europeanization. This overall process characterizing European integration has a profound impact on member-to-be countries. (Featherstone, Radaelli, 2000).

Following this view, some theoreticians in the field claim that the federalization and sustained pacification of the Balkans seems possible only within the multi national democratic framework of the EU (Juno, 2008). Europeanization in this context must be understood as a member-state building process (a broader view of 'imagining a greater community" following the expression coined by Benedict Anderson) where Western Balkan states have to review much of their legislation, adapt existing institutions or build new ones conforming to the EU's legislation, policies, and standards

This paper tries to question the perspective of full-fledged Europeanization by offering another type of explanation for the BiH institutional mixture. A point to be argued is not so much EU conditionality *per se,* but which type and how to successfully use such incentives for Europeanizing Bosnia. First, the process of Balkanization must be stopped so that afterwards Europeanization can take its place. But this process must be conducted by endogenous factors which should involve all 3 constituent entities. I believe that each state in the Western Balkans has its own "subjective potential for Europeanization" and EU conditionality should take that into consideration when shaping its enlargement strategies. The risk of not doing so would be not only a 'fake democracy' (Chandler, 200) but a 'fake Europeanization', which might in the long run endanger regional stability. If local actors are not fully committed to this process of institutional and cultural change than no institutional design could be viable for the future.

BALKANIZATION AND EUROPEANIZATION AT THE SAME TIME?

The first cause of the malfunctioning institutions is the emphasis put by the EU on formal structural aspects and the neglect of informal processes. While most federal arrangements were strong and relatively clear concerning the structure of the state and the formal multi-level decision-making, the vital processes that lubricate institutions were largely absent: neither was there a national Court that could mediate between the different interests and clarify the division of competences, nor were there regular interactions between the different layers that could have established a *culture of cooperation* (Kleibrink, 2008). This culture of cooperation, which needs to be embedded in governing institutions, needs endogenous forces to create it, whereas in BiH all federal arrangements were rather imposed or promoted by an external actor and not home-grown, in the sense that there was no direct participation of the public in the decision to adopt the new constitutional order. This "lack of social ownership"

over the problem-solving capacity of the main institutions has detrimental effects on acceptance by the local population, and thus on the functioning of the institutions understood as problem-solving mechanisms inside political communities. The problem in BiH in this regard is that institutions cannot stimulate cooperation and solidarity if they do not use in this respect the cultural implications of multiple identities, which have a structure and evolution completely different from interest-driven institutions prescribed for cooperation and efficient community management by the neo-liberal institutionalists (embodied by EU structures of incentives). So before having institutions at all there is a need to build political communities and even before that each actor needs to be able to define and assume their identity. Inside the ethnic tensions of BiH, identities are triggering forces of institutions and this fact must be taken for granted. Instead, my impression is that the international community has tried to fundamentally change this asset by imposing a completely new paradigm of statehood that would produce a functional federation. I have gathered in *Table 1* the main features of these opposing paradigms inside BiH.

Table 1: Edited by the author

	WESTERN BALKANS	EUROPEAN UNION
1. Type of "imagined political community" (Benedict Anderson)	National Identity (The Nation)	Post-Identity (Post nations)
2. Main Feature	Ethnic Homogenity	Ethnic Heterogenity / Pluralism
3. Form of Organization	Ethnostate	Transnational structure
4. Historical paradigm	(Pre-) Modernity	Post Modernity
5. Specific Political Phenomenon	Fragmentation, Segregation	Globalization, Diversity
6.Symbolical relation between Self and the Other	Exclusion	Inclusion
7. Overall political process	**Balkanization**	**Europeanization**

The main question comes now into debate as to who should mediate the negotiation of plural identities inside governing institutions—an external ad hoc institution as it has been for more than 15 years in BiH or an internal one that has emerged from the local perceptions upon community management, is able to understand each claim and build legitimately on it? Briefly put: how should social actors construct tailor-made institutions—bottom up or top down?

I believe that a clear solution for this situation cannot be given inside an academic article. Instead, I will try to critically deconstruct this phenomenon in order to show its components because an analyst should, at least, give the right symptoms for an

accurate cure to be found in the end. In fact, there is a visible institutional dispute over the power of the international representative (HR) between external and local actors, and this reflects the fact that the international community left BiH's Constitution from Dayton with no *political* strategy, leaving space for the development of a Balkanizing politics (Juno, 2008). As a direct consequence of this we witness the failure of institutions in socially constructing cooperation. Had there been agreement at Dayton that Bosnia should be prepared for EU membership (and the process of Balkanization perceived as not worthy by local actors) and that the EU would provide people and an institution to support this preparation (Europeanization thus being perceived as "the only game in town"), the tasks of the civilian authority, the powers needed, and the resources to be supplied would have been made clear and the political evolution might have been totally different. But let us not speculate: instead let us look more closely at what actually happened in BiH.

The observation that I will take as the basis of this short analysis is that in BiH there is no dominant ethnic group, neither politically, nor economically, nor militarily, but that all 3 entities are power-maximizing structures, which in terms of cooperation and reaching an accepted compromise creates the most difficult case. The main goal of the democratization process in BiH was the generation of consent between actors and the "construction" of culturally, socially and politically desirable and acceptable institutions in order to prevent violent conflicts. Cooperation was therefore an essential feature of institution building. The context of this institutional design was unfortunately not fit for public consultation and democratic debate because after the end of the war the main concern of all actors was to avoid any conflict situation. The fundamental act which "constructed" these institutions in BiH, the Dayton Agreement, was in the first place a peace accord. At the forefront of debate at the time were not institutional design and long term functionality, but rather ending the war and reaching a political compromise that was "almost" acceptable for all involved parties. So how can functional institutions exist when "the identity negotiations" are still ongoing? The result of this founding act was a single person with no formal accountability to the people (the ones which are most influenced by his decisions) concentrated in his office of legislative, judicial and executive authority - the HR perceived both as a savior and a dictator. Moreover, this authority cuts across all levels of government in BiH, producing an extraordinary pool of horizontal and vertical power, very difficult to justify as legitimate to the ordinary citizens.

The basic assumption is that for a federation to be institutionally functional the various constituent communities should share a joint purpose, thereby being willing to shift parts of their loyalties to the federal level. If there is not even a sub-national identity to begin with, there will be little willingness to share sovereignty with another level of government (Kleibrink, 2008). It has become clear in recent years that inside BiH, against the background of an ethnically based political culture and the persisting international presence, the process of nation-state building is not yet complete. Consequently, citizens and politicians try to "over-construct" their future within the EU, as the most recent opinion polls show (Gallup Balkan Monitor 2009), yet paradoxically still fail to take the first step and see their future within a common functioning federal state. In addition, the above-mentioned absence of a healthy political culture leaves little space for the creation of a stable overarching *Bosnian identity* to be transformed into a *European identity*.

For a functional political community to be reached in BiH, local authorities and international community should follow either one or the other path for development (Balkanization or Europeanization). The explanation offered by Schimmelfennig's constructivist institutionalism are very useful within this context. The phenomenon called *international socialisation* refers, according to him, to "the process that is directed towards a state's internalization of the constitutive beliefs and practices institutionalized in its international environment" (Schimmelfennig, 2003). In these terms of our analysis, in order to form a functioning modern federal institutional arrangement, there must be one overarching political community that shares a common identity. This insight from the new institutionalism helps us understand why political communities matter and why we need to explore the culturally "constructed" institutions in BiH in order to manage them in their own interest. In the particular case of BiH there is little that serves as a cohesive force. This collective purpose which brings cohesion and collective action can only be internalized if the federal structures are lubricated by the appropriate processes, if people and citizens have the feeling of "ownership" over the adoption of rules and if membership of a political community has been sustained over certain time period without radical changes of rules or context (Deutsch, 1958). The process of Europeanization needs to come after this stage has been overcome and stabilized. Balkanization is, as *Table 1* shows, incompatible with Europeanization. Table 2 comprises the political outcomes of the simultaneity of these opposing forces in the institutional framework of BiH.

Table 2: Edited by the autor

Actors	Local authorities of the 3 Constituent peoples	EU High Representative Central Government of the Federation
Strategies of interaction at the institutional level	Non cooperation	Cooperation
	Low level of negotiation	Compromise
	Lack of trust	
	Lack of legitimacy for the central authorities	Transfer of legitimacy and responsability at the local level
Political Phenomena	Balkanization	Europeanization
Political outcomes	Institutional dysfunctionality Problematic statehood (semi-protectorate) EU membership delay Rise of nationalist retoric	

What constructivist institutionalism brings into discussion regarding BiH is that this federal consociationist arrangement (in the terms of Arendt Lijphart) has failed because of the absence of stable political communities linked with ethnic communities that have shaped governing institutions. There has been a co-existence between different, albeit *shaky* political communities: Bosniaks/Croats/Serbs. In addition to that, the mere co-existence of these separate communities does not allow for the internalization of shared norms. Nor does it allow for efficient decision-making on multiple layers of government (that can overlap with the different affiliations to political communities). Another problematic issue is the continuous "blame game" between the cnternational community in Bosnia and the local authorities, which has a very negative impact upon the efficiency of the reform and de-legitimises governing institutions in the eyes of the confused citizens. But, in constructivist terms, the first important condition for an institution to function efficiently (not only in checks and balances, but also in cultural terms based on respecting identities and symbols) is that actors have to accept each other as legitimate partners for negotiation. So imposing the terms of cooperation has been "the only rule of the game" and this action has been perceived as permissive and altruistic by the international community. Conversely, the local actors do not perceive it as a beneficial approach tailored to their evolution, so their reaction is opposite to that expected by the international community (non-compliance with the rules, or a simulation of compliance). Bosnian institutional design and the latest performances prove that mistrust makes institutions fail. Therefore, my explanation for the dysfunctional relations between EU and BiH at the moment is that

the two actors are constructing each other on unrealistic bases: each of them expects from the other too much, and as a result of that disappointment negotiations and any form of compromise are blocked

Another aspect which I would like to pinpoint is the need for continuity as a model which provides stability and coherence, instead of a "controlled continuous change" of rules and procedures. Since its creation, the evolution of viable structures and procedures was undermined by the interventions of the High Representative, whose so-called "Bonn Powers" gave him the discretion to steer lawmaking and dismiss politicians and civil servants with little independent overseeing powers over the legitimacy of such acts. These deficiencies have aggravated the procedural aspects of the federation working on a cooperative basis. Moreover, they have undermined the trust of the citizens in the federal institutions and thus prevented the partial shift of loyalties from the ethnic-based entities to the federal structure. From this perspective, institutions are not the embodiment of accepted social values and shared meanings which link the community as seen by constructivists. Another proof of this great vulnerability of the governing actors in BiH and the lack of continuity and coherence at the institutional level is that three out of the 6 HRs were forced to resign, mainly because of high tension with Republika Srbska. In this way, resistance to change on the part of the citizens is inevitable and makes reconciliation policies even more difficult. Retrospectively, I showed that institutions in BiH have not been constructed socially, but "over-constructed" politically. Hence, their impact can hardly be anticipated as a cohesive one in the future. In other words, the form of the state established in 1995 has greatly dominated the political process ever since, giving the involved parties a scapegoat for failed initiatives, i.e. the international presence, and the absence of an imperative to cooperate fully. So the issue raised here is how can groups cooperate when the institutional framework is creating the premises of non-cooperation? The relations between Republika Srpska and Serbia complicate the issue still more, because Serbian institutions and incentives have much more influence on internal affairs than the counterpart Bosnia Herzegovina entity. The alternative of this situation, a "hands-off" approach from the international community, was from the beginning considered as a "worse case scenario" because the ethnic groups proved to be totally incapable of governing without violence against each other.

I have demonstrated that BiH is imprisoned between *donor dependency* and *local ownership* not only by its own constitution, but also by EU expectations. As a result, two

contradictory processes regarding the definition and the salience of institutions have been developing inside BiH in the last 10 years: Balkanization and Europeanization. These processes follow another useful distinction between 'national' and 'multi-ethnic' federalist philosophies reflected in building institutions. The distinctive feature is the congruence of polity and one national culture in the former, and the co-existence of two or more national or ethnic cultures in one polity in the latter (Bose, 2002). Homogeneity, fragmentation and terittorialization are at the center of the Balkanization process, whereas heterogeneity, multiculturalism and diversity form the core values of Europeanization. Based on these distinctions, collected in *Table 1*, I argue that the coexistence of these two philosophies inside the political life of the BiH Federation places this country in an extremely difficult position that I called a state of "in-betweenness". This explains from my point of view why political life in BiH is marked by state fragmentation and symbolical violence, often accompanied by institutional collapse or even vacuums of power. That is why the confused citizens from the region have no other option but to seek the needed sense of identity in the only available and remaining resources, i.e. ethnicity, religion, myth and alternative forms of nation-building. EU conditionality fails for the moment in creating a mental shift towards transnational politics focused on cooperation, acceptance and compromise inside the governing institutions of BiH.

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