

## 4 Conclusion and Outlook

There can be no doubt that the former Socialist Federal Republic of Yugoslavia underwent a unique process between its creation and its destruction. Political and economic highs and lows have been also observed in other nations, but the circumstances in which they appeared in the SFRY are unique. Therefore, all conclusions drawn from this case concerning the interdependency between economy and security cannot fully and without adjustments be applied in other regions. However, the basic findings are valuable for any type of conflict among any nation or sub-nation.

Yugoslavia found itself in a “double-bang” situation in mid 1991, when its economy was in transition from centrally planned to market economy and the destruction of its political and economic union started. As there are no guidelines for nations to follow either during secession or during transition, only marginal assistance from the international community was received. Despite that lack of knowledge, the case of the former SFRY affords some significant insights into the relationship between security and economy.

Historical experiences of nations influence to a certain degree the view of individuals and groups concerning constitutions, ethnic tolerance, political culture, and acceptance of differences due to topographic facts. Loose federal political structures alone cannot guarantee the lasting existence of a federation. Economic as well as political reforms as such do not pose a major risk to the unity of a nation, but in combination with variations in speed and intensity they can cause friction in interregional or interstate relations. The form of the ethnic composition influences the likelihood of a violent conflict. Homogeneous sub-nations, such as Slovenia, cause fewer problems for the central state than heterogeneous ones, such as Bosnia and Herzegovina. Strategic importance, whether in the form of military means or economic terms, do not create immunity from tension.

The economic status of a region relative to the state can be determined by its wealth, embodied by its capital, human, and natural resources and

living standard. Although it runs against logic, more developed nations do not show a lower probability for secession than less developed ones. In the case of the SFRY, both Slovenia and Bosnia and Herzegovina declared their independence, though under different conditions. Buchanan claims that the source of the development of the better off region has to be understood as a prerequisite to the discussion of secession, since it impacts on both how the region is perceived and what its viability is.<sup>123</sup> Although most of the natural resources of the SFRY can be found on the territory of Bosnia and Herzegovina, it was Slovenia, which was the most developed republic in the SFRY. Slovenia reached this position with few raw materials, strategic locations, and no other clear advantages other than to have benefited from the union from the very early beginning. Despite its significant advantage as compared to the other republics Slovenia turned away from the mother country first. In considering the different conditions under which independence could be proclaimed, regions which have already achieved a certain amount of autonomy but still feel injustice in the system tend to split with the centre before those which have less self-rule. A high degree of decentralization combined with inequality can thus lead more easily to secession movements, which in turn can result in more or less violent conflicts. Also, this argument can be proven by the example of Slovenia and Bosnia and Herzegovina. We have seen that economics is a key element for peaceful cohabitation and economic development a necessary but not sufficient condition<sup>124</sup> for the prevention of conflicts. The destruction of the SFRY had, after having taken into account the ethnic and religious differences, more to do with economics and the – although in some cases – subjectively experienced inequalities within the state. In the case of Bosnia and Herzegovina, however, the case for economic issues to be the main motivator for secession is difficult, since the minimum critical size for the ability of a new state to survive could neither be reached by the Bosnian Croats, nor the Bosnian Serbs, nor the Bosnian Muslims. Nevertheless, the first two could count on the support of their mother countries. Second, Bosnia and Herzegovina was clearly

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<sup>123</sup> Buchanan, Allen 1991: „Secession“, Boulder, Westview Press, in: Bookman, Milica Z. 1993: “The Economics of Secession”, St. Martin’s Press, New York, 45

<sup>124</sup> As there are also conflicts in developed parts of the world, such as in Wales, Scotland, and Spain, the sufficiency is not given.

not in a position to improve its economic performance through secession, even if it could have been accomplished without massive destruction.

The interregional trade in the SFRY undoubtedly played an important role in the country's economy, although various sources differ as to its intensity which was between 60 per cent and 70 per cent of the overall Yugoslav trade. But as two different motivations exist to foster the internal exchange of resources and goods, namely to maximize economic growth and to alter regional disparities and equalize regional imbalances, the Yugoslav government was faced with a trade off in the choice between these two policies. The first favoured the support of already developed regions while the latter focused on less developed areas. The situation in this regard was somehow unclear in the SFRY. Independently of the government's policy, both factions, the Slovenes for the developed regions and the people of Kosovo and Bosnia and Herzegovina for the less developed regions, argued about too much contribution and too little distribution, respectively.

Nationalism caused the leaders to turn away from the interests of their country and to base political and economic decisions on their personal advantage instead. The Yugoslav nationalism was not a regular one. Djilas described it as "...not classical nationalism, but a more dangerous, bureaucratic nationalism built on economic self-interest. This is how the Yugoslav system will begin to collapse".<sup>125</sup> The hotbed for such a development was formed by the political vacuum emerging after the death of Josip Broz Tito against the backdrop a steady deterioration of the economic performance, the end of the cold war, and the breakdown of the Warsaw Pact.

Prosperity, in the case of Bosnia and Herzegovina and the SFRY, respectively, can be seen as a zero-sum game in which one group tried to improve its position at the expense of another. It can be shown that an increase in interethnic animosity is related to economic deprivation.

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<sup>125</sup> Djilas, Milovan: in: Kaplan, Robert 1993: „Balkan Ghosts“, New York, St. Martin's Press, in: Bookman, Milica Z. 1994: "Economic Decline and Nationalism in the Balkans", Basingstoke, Macmillan, 23

Where various ethnic groups lived together without major frictions for many years, tensions arose through an economic decline and an increasing feeling of economic injustice. Macro- and microeconomic problems created an atmosphere in which processes destroying security and stability proceeded. It seems clear that the general willingness to take up armed struggles exists among mankind all over the world. What differs is the trigger level, which is determined by factors such as political stability, social and personal security, economic justice, and cultural freedom.

What is most interesting and important for every security analyst as well as for economists is the predictability of a conflict. The basic theory underlying this study, that with a decrease in the perceived and observed security of a region, the economic performance will also decrease with a certain time-lag, had to be defeated in the case of Bosnia and Herzegovina. Neither the companies examined, the official institutions, or agencies of both Bosnia and Herzegovina and the former SFRY, nor the interviews with numerous representatives and witnesses on both sides and officials of international organizations working on the spot, such as OSCE, IFES, WB, EU, or NATO could give clear evidence for the theory. The most striking argument against it was trust in the system. People of Bosnia and Herzegovina could not believe that from inside a system, which guaranteed them a job and social security during the last 40 years, could emerge a threat against one part of the system. The possibility of getting involved in an armed conflict was just ignored. No immediate reaction of the local economy to the upcoming crisis could be detected and reactions were confined only to “hard facts”, such as the blockade of transport routes, or the disconnection to the electric power system. The situation cannot be better described than with the following statement of an interviewed citizen of Bosnia and Herzegovina: “We have seen Slavonski Brod burning but we could not believe that it [the war] will jump over the river [Sava].”<sup>126</sup>

Modern peace and conflict research has to be seen in the light of human ecology or political ecology, respectively. It should basically be

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<sup>126</sup> Interview with Mrs. Hadžiabdic, IFES, Sarajevo, 15 August 2001

concerned with violent transformation of society-nature relationships by focusing on power struggles, hierarchical structures, resource distribution, underdevelopment, and security issues. In such a scenario, the economy can play its role as a strategic tool, a strategic target, a strategic goal, and/or as the root of the conflict. Although the economy cannot be seen as a sufficient factor for the outbreak of violence, between certain actors at a given period of time it doubtless presents a necessity. Together with an analysis of the actors, their opportunities and preferences, their historical past and desired future, the understanding of the importance of the economy and the proper influence and use of it can enable leaders at every level to ensure stability and peace for their area of responsibility. A state's task in this includes not only the promotion of strategic and networked thinking, but also drawing attention to synergies existing between security and economy, so that all levels of government understand the importance of their interdependency.

