

Bosnia Needs a Robert Schuman

Germans, frenchmen and Italians pooled sovereignty. Why can't different types of Bosnians?

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Fifty years ago today an exhausted Europe faced what at the time appeared to be an intractable problem, mistrust between groups that had just spent years fighting. A visionary, French Foreign Minister Robert Schuman, saw that the path to a solution lay in abandoning classical interpretations of sovereignty and harnessing strategic industries for the common good of all Europeans. Today an equally insurmountable national question in one single state, Bosnia, might benefit from a similar approach.

On May 9, 1950 Schuman proposed placing "the whole Franco-German coal and steel production under one joint High Authority, in an organization open to the participation of the other countries of Europe." At the time, just five years after the end of World War II, relations between France and Germany were still strained by territorial disputes over the Saarland, a region next to France. Germany's Ruhr was also still under international administration. The architect behind the Schuman plan, Jean Monnet, hoped to side-step these emotionally charged issues and use functional, economic integration to make further conflict between France and Germany impossible.

Within a year, the Netherlands, Belgium, Luxembourg and Italy had joined France and Germany to form a European Coal and Steel Community (ECSC). Discriminatory and restrictive state practices were abolished and Western European producers were given unrestricted access to each others' markets. Companies in member states were obliged to disclose prices and could be fined heavily for cheating. A supra-national regulatory agency, the High Authority, was created to administer Europe's first anti-trust law, but companies could appeal to the ECSC's own Court of Justice.

By pooling sovereignty in the coal and steel industries, Western Europe charted the course that has evolved into today's European Union. Once the economic benefits of ECSC membership became apparent, member governments broadened the cooperative arrangements to cover additional industries. Thus began a long process of "functional spill-over" by which integration has progressively been extended into an ever wider range of areas.

Key Sectors

In the course of the past half century, the relative importance of coal and steel to the European economy has declined. But other, newer industries have come to play an equally critical role. The key sectors of the Bosnian economy ideally suited to a Schuman-style approach are telecommunications, including broadcasting; and energy, that is electricity and gas. Most industries could eventually benefit from creating a genuine common Bosnian market, however.

Both telecommunications and energy have the potential to attract foreign investment and to generate economic growth, as they dovetail well with Bosnia's natural environment. Wireless communication uses the radio spectrum and is ideally suited to Bosnia's mountainous

geography, while the country's many rivers provide massive hydro-electrical potential. Both industries desperately need foreign investment and know-how. And both are network industries, where natural monopolies have come into being as they have developed the physical infrastructure. Only open competition will prompt the necessary changes to increase efficiency.

Under current circumstances, however, these two strategic industries cannot hope to attract the necessary foreign investment, despite four and a half years of post-war recon-



struction and an international aid package worth more than \$5 billion. The Bosnian state remains unaccountable, war-time power structures continue to wield influence and to obstruct international peace-building efforts and the conditions for self-sustaining economic growth or an even economic playing field have not been created.

Ironically, the scale of international aid, in particular the focus on large-scale infrastructure projects and rapid disbursement of money, while addressing a short-term humanitarian crisis, has in many ways contributed to the current, unsatisfactory situation. The way international funding has been channeled through existing structures has effectively subsidized and propped up the various nationalist regimes that make up the Bosnian state.

In contrast to Western Europe in 1950, alas, the political will to create genuinely competitive markets in key industries does not exist among local power brokers. At present, both the telecommunications and energy sectors are divided along ethnic lines. The Bosnian Croats, the Bosnian Serbs and the Bosnian Moslems each control their own electricity and telecommunications monopolies through political par-

ties. Moreover, in the absence of transparency, the nationalist regimes use revenues from these industries to fund illegal parallel structures, in particular, the various secret police services. The three regimes would therefore resist any weakening of their monopoly control.

The international community, which spends millions every year to reconstruct Bosnia, has a stake in trying to find a solution. Its approach to date has been to attempt to negotiate each individual issue directly with the leaders of the nationalist party structures, using political pressure and traditional diplomatic techniques.

Each individual case therefore ends up in a mini-peace process. Because it is not institutionalized, the process produces nothing lasting, and must be repeated with every new issue that arises, and also repeated regularly on any difficult issue to keep the process on track. It leaves initiatives dependent on consensus between the nationalist parties, giving each one an effective veto power.

Integration Engine

The lesson of European integration is that economics can provide an engine for integration. The international community can help overcome resistance from the nationalist regimes by appealing to Bosnian commercial interests and the general public to build a consensus. A study of the success stories of the past four years of peace implementation efforts - the creation of the Central Bank, customs reform, media restructuring and the introduction of common license plates - suggests which elements are required to achieve a breakthrough.

The office of the High Representative, which has legislative authority, could combine its forces with the international financial institutions working in Bosnia and with the major donors to give Bosnians an incentive to work together. New state-level institutions that would work to truly privatize the energy and communications industries would require appropriate resources, including qualified staff, a sound design and strong legal basis.

The Bosnian state will need a hard core of professional civil servants willing to work for Bosnia and not for the semi-independent ethnic groups. But leaving the regulatory power in the hands of the ethnic elites that own the monopoly public utilities and resist their restructuring effectively kills any prospects for real competition. It perpetuates the present monopolies. It should be a common Bosnian body that referees disputes on the conditions under which companies can use the physical infrastructure.

The international community has a chance to create sound bodies that can ultimately offer some kind of balance to the extra-legal power of the nationalist parties. Just like Robert Schuman worked half a century ago to build trust among different groups that had just worn themselves out fighting each other, the different Bosnian communities need to start seeing that by jealously guarding their separate sovereignties, they're only hurting their own interests.

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