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Crony capitalism and emigration from Bosnia and Herzegovina²

For almost 30 years, Bosnia and Herzegovina (B&H) has been in a very difficult, sometimes even (at the time of the Civil War 1992-1995) dramatic economic, social, ethnic, religious, political, cultural and moral transformation. There is no area of individual, private, group, collective or social life that has not been affected by a powerful, dangerous and devastating crisis and anomie that produce a strong sense of hopelessness and loss of perspective in the citizens of B&H, especially in young and middle-aged people (40-55 years old). This situation has caused one additional difficulty for B&H, which is quite a massive departure of citizens (emigration) to the countries of Europe, the USA, Australia, Canada, and even China.

In this paper, we are analyzing the book written by Braco Kovačević, named "Escape from Bosnia and Herzegovina", which considers the reasons, causes, and dimensions of this new phenomenon in B&H. The author looks for reasons why such frequent emigrations occur and why there is an even greater desire of young people to seek employment and a new life outside B&H as soon as they graduate. The author points out that the causes are found in "pronounced external but also extremely latent and manifest internal factors". And then he adds that "for this bad situation no justification can be sought in the influence of external factors and globalization". Those who make decisions and influence on the development of Bosnia and Herzegovina are certainly responsible for being "poor hosts", incapable of providing a better and safer life for the population.³

In this book, Braco Kovačević divided the causes of emigration from Bosnia and Herzegovina into several groups: social inequalities; poverty; precarious and unemployment; social exclusion; nepotism and crony capitalism.

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² Braco Kovačević. *Bjektivno iz Bosne i Hercegovine*, Banja Luka: Evropski defendologija centar, 2020.

³ *Ibid.* p. 10

1.

Professor Kovačević's starting point is that, despite great expectations, from the end of the war until today nothing has changed significantly in Bosnia and Herzegovina in terms of significant progress in the economic, social and political situation of the society. "When it is emphasized that nothing or almost nothing has changed in Bosnia and Herzegovina, this does not refer to "equality of goods" but rather to a better economic, political and social situation, i.e. better for the majority of the population. The situation is not good, and one of the areas where this is evident is in the social area, especially in the area of social inequalities."⁴

The author points out that "social inequality and differentiation between rich and poor" in the world is a general characteristic and a "normal" state, both globally and locally. Particularly interesting is the following author's statement: "one-tenth of the world's population is constantly hungry, while one-tenth of the richest in the world cannot remember when one of their family members was hungry."⁵ Another view, which can also be understood as the motto or the maxim of this book, deserves to be stated here: "when the rich talk about the "war against poverty", they are actually talking about the *war against the poor*."⁶

Bosnia and Herzegovina is a very typical example of social inequality since it is a very poor country, "in which there are huge social differences between the rich and the poor so that despite the country's poor economic condition, some social layers live very well." The number of multimillionaires in Bosnia and Herzegovina is constantly increasing. For example, in 2012 there were 65 multimillionaires, while their number increased to 92 in 2015. Of course, there are even more of them today. It is estimated that there are over 500 millionaires today in Bosnia and Herzegovina. He further notes that "politics in Bosnia and Herzegovina is a very lucrative business, parliamentarians can earn more than 300,000 BAM in a single election term," and that "nowhere in Europe do politicians earn up to eight times more than their citizens, except in Bosnia and Herzegovina". The author cites numerous examples of the privileges enjoyed by B&H politicians and functionaries, that together with corruption, "influence trade" and many other elements enable them to acquire millions in wealth.⁷

⁴ Ibid. p. 15

⁵ Ibid. p. 23

⁶ Ibid. p. 26.

⁷ Ibid. p. 28-30.

On the other hand, poor people do not have enough financial resources to meet their basic life needs, so they are socially excluded from society and its institutions. Poverty refers to deprivation, that is, the inability to include people in the processes of work and society. Poor people are deprived of the opportunity for a dignified life. World Bank data from 2016 show that in Bosnia and Herzegovina approximately 600,000 people live with 3 to 5 BAM per day. War devastation, slow reform, high unemployment, inadequate systems of health and social protection, human rights violations, corruption, organized crime, and many other reasons are listed as the main causes of poverty. Reference data show that Bosnia and Herzegovina is one of the poorest countries in the world and the poorest country in Europe, which is the fact causes many of its inhabitants to move out. The cost of living is double and for some workers even three times their wages.⁸

Professor Kovačević notes that, opposed to the plutonomy and the rich, there are precarious workers, i.e. the precarious proletariat, meaning, workers of the world “who live an increasingly insecure life” and “a life of uncertainty”, “people who have an uncertain existence on the outskirts of society”, and who are developing sense of hopelessness and despair. The so-called “precarious work” can be defined as an employment relationship in which job security doesn’t exist. Precarious work is a volatile, insecure, temporary, occasional and poorly paid work with irregular wages, where workers have neither legal nor social protection.

Precarious workers are uneducated and educated, seasonal workers, undeclared workers, freelancers, contract workers, those who do occasional jobs through various agencies, experts working on projects. They are not credit-worthy, have no career, no perspective, and they are degraded. They are deprived of civil rights, as well as of the opportunity to think about the future. Precarity encompasses the part of the population that is the object of neoliberal flexible exploitation or “flexploitation”.⁹

In Bosnia and Herzegovina, this term refers to people such as undeclared workers, workers working for ad-hoc wages, workers who worked in companies that disappeared in the privatization process.

According to some data, 250,000-300,000 workers in Bosnia and Herzegovina are employed based on different types of service contracts, or simply, on an undeclared basis, and in most of the cases, the amount they receive is less than the official average salary. Part-time work, seasonal jobs, lack of social protection and impairment of workers’ elementary rights, develop a sense of insecurity and hopelessness. Unemployment is a big social problem.

⁸ Ibid. p. 41-42.

⁹ Ibid. p. 65-67.

According to the Agency for statistics of Bosnia and Herzegovina, in June 2019 there were 405,476 of unemployed people in the country. Unemployed persons, persons belonging to the precarious world and poor people are socially excluded.¹⁰

In this book, the author reminds us that social exclusion is one of the causes of alienating citizens from social resources and that it “implies a state in which individuals are pushed to the very edge of society and prevented from fully participating in it.” The socially excluded are marginalized unemployed people, poor people, people without access to education, housing, medical and social care, and other services. According to the Human Development Report (UNDP BiH, 2006), the general social exclusion index in B&H reached a high 50.32%, the extreme social exclusion index 21.85%, and the long-term social exclusion index showed that almost half of the population (47%) has limited opportunities to improve its economic, material, financial and social position.¹¹

Today, in 2019, as the author points out, this situation is certainly worse. Social exclusion in Bosnia and Herzegovina is enormously high. Because of this situation, it is clear why many, especially the young people, decide to leave and escape from Bosnia and Herzegovina.

The author emphasizes that Bosnia and Herzegovina is a country of various forms of nepotism and “crony capitalism”. He perceives “crony capitalism” (crony - a close friend, friend) as a form of capitalism “based on the links between politics and business, political and business elites, where business success is solely dependent on informal and illegal but privileged partnership.”¹²

Author Kovačević more precisely defines the essence of “crony capitalism” as activities in which there are “firm partnerships, close personal and almost sectarian secret relations, connections and agreements between business owners and political oligarchy, i.e., politicians in power. These close relationships between politicians and business owners, firms and companies are manifested in the form of giving special privileges to companies”. In partnerships relations, corrupt governments favor a certain group of entrepreneurs with whom they have close partnerships. Crony capitalism turns into “godfather” relationships, nepotism, clientelism, corruption and organized crime.¹³ Outlining the root causes and conditions that encourage, condition and push citizens to flee Bosnia and Herzegovina, the author concludes that according to the level and prevalence of corruption, Bosnia and Herzegovina is at the very top of Europe.

¹⁰ Ibid. p. 71-73.

¹¹ Ibid. p. 77-78.

¹² Ibid. p. 82.

¹³ Ibid. p. 82-83.

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The previously mentioned groups of causes of population emigration, professor Kovačević calls factors that “push” and “pull” people from B&H, so that “population outflow” becomes a problem that has intensified “in the last few years when about 175,000 people left the country”. On the one hand, there is an increase in those who “literally flee from B&H in search of a better life”, while on the other hand there are more and more people who “make the decision that they will definitely not return to B&H, except maybe as tourists”.¹⁴

Based on an extensive analysis of causes, conditions, and factors of migration, especially migration of young people, the author constructs two groups of reasons that represent drivers for the decision to leave Bosnia and Herzegovina. The first group consists of push factors and the second group consists of pull factors, i.e. factors that pull, distract and attract individuals to choose another, specific country.

Push factors:

- poor political environment
- fear of possible job loss
- low wages
- mobbing in the workplace
- unemployment
- poor social status
- poor economic conditions in the home country
- unstable political situation
- politicians' arrogance, primitivism and unscrupulousness
- corruption
- organized crime
- discrimination
- disagreement with the dominant values of the community
- unfavorable conditions for personal development
- high taxes
- situation in B&H

Pull factors:

- better living conditions
- higher quality of life
- better health conditions
- better economic opportunities in the country of immigration
- more favorable opportunities for professional advancement
- better educational opportunities for children
- better business opportunities
- better job opportunities
- higher earnings
- job security and insurance
- a more stable living situation
- a more favorable natural climate
- better environmental living conditions
- greater opportunities for recreation
- greater opportunities for more versatile use of leisure time
- a richer cultural life

¹⁴ Ibid. p. 96-99.

When these two groups of reasons are considered more carefully, the author points out, that “staying in Bosnia and Herzegovina is perceived by people as staying in a place without a future”. The author points out one specific form of migration that refers to the departure of highly educated professionals, scientists, and intellectuals from the country, which is called a “brain drain”. “The concept of brain drain refers to the phenomenon of the emigration of young and old professionals, students, scientists, researchers, engineers, cultural workers and other highly qualified people. This term is also used for migration of students, professionals, and scholars from developing countries to developed countries; the term is also used to indicate that students from poor countries stay in developed countries.”¹⁵

The results of the latest Youth Study in B&H showed that most of the young people, almost 62% of them, want to leave the country. If we compare these results to the findings of an earlier Youth Study, there is a 12.6% of increase in the number of young people who want to leave the country compared to the numbers from three years ago. By this factor alone, by 2022 Republika Srpska will have about 35,000 fewer inhabitants younger than 15 years of age, primarily due to negative natural growth and migration.¹⁶

The book *Escape from Bosnia and Herzegovina*, which we have briefly analyzed here, provides many facts, data, analyses, attitudes and messages, as well as a description of the current situation in Bosnia and Herzegovina. From the book, it can be seen that Bosnia and Herzegovina is currently in a very difficult economic, political, social, cultural and demographic situation. The book is very useful to a wide readership.

¹⁵ Ibid. p. 103-104.

¹⁶ <https://www.rtvbn.com/3950351/sve-vise-mladih-napusta-zemlju>