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COMBINED RESEARCH AND LANGUAGE TRAINING PROGRAM
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*Political Party Networks and Human Development in Young Democracies: A
Municipal Analysis of Bosnia and Herzegovina*

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Research Abstract:

How and under which conditions do political leaders in young democracies promote or hinder development by subverting mechanisms of democratic accountability? While billions of dollars in international aid and numerous democracy-building projects have taken place over the past two decades in Bosnia and Herzegovina, they have not directly addressed the impact that political party networks have on human development. My research investigates the dynamics between members of the same party and among members from different parties in regard to local decision-making, fiscal allocations, and municipal development outcomes. I find evidence to suggest that most parties in BiH do not behave according to democratic norms. Instead, party leaders and parties that control regional governments provide discretionary benefits to lower level politicians via career and economic incentives. Decision-making and policy outcomes at the local level are therefore more responsive to partisan cleavages and the interests of party elites in their quest to maximize their control over public resources, rather than to the needs of local citizens. This project was undertaken to develop my dissertation prospectus, which I will defend this academic year.

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Research Goals:

While contemporary democratic theory and internationally sponsored democracy-building projects have highlighted the importance of civic engagement and institutions of good governance, at the empirical level this has been put in question by the experience of new democracies in which weak institutions are pervasive and impede the ability of citizens to influence public policies. In such environments, where citizens and government also have limited experience with representative democracy, political elites may find it easier to subvert weak institutions and avert public scrutiny while engaging in opportunistic behavior.

My project fills two significant gaps in political science research. First, scholars acknowledge that there is a positive correlation between democratic regimes and economic development, but quantitative cross-national studies continue to leave the scholarly community without a conclusive answer as to the cause (see: Przeworski and Limongi 1997, Boix and Stokes 2002, Boix 2011). Several recent quantitative studies also show that democracies produce enormous variations in development outcomes; yet because these studies do not test specific causal mechanisms, they are of limited value for understanding *why* democracies produce such wide variations and the factors of governance that may drive this variation (see for example: Przeworski et al. 2001, Ross, 2006, Tsai 2006, Gerring et al. 2012). These studies have also focused on macro-aspects of the political economy of development without spending much time on micro-aspects of democratic accountability and within-country variation. For example, Keefer points out that the democratization and development literature assumes that elections reduce the costs of citizens to assert their demands, yet he claims that political parties are not necessarily organized to promote the collective interest of the public (Keefer 2013).

In this vein, another strand in the literature holds that as political competition intensifies in transitioning countries, corruption should be reduced and accountability to citizens increased because the need to win votes drives political elites to promote societal well-being. For example, Hellman (1998) argues that the incorporation of more political actors and broad-coalitions constrain rent-seeking elites who hold up economic reforms. Similarly, Vachudova (2005)

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argues that political turnover and a strong opposition create incentives for elites to respond to broad citizen interests if they want to remain in power. However, these theories do not take into account that rent-seeking and patronage might be so endemic that the inclusion of more political actors may not constrain such opportunistic practices (Grzymala Busse 2008). In addition, opposition parties may become co-opted if they cannot resist joining the rent-seeking bandwagon.

I argue that in order to understand variations in human development, we need incorporate other incentives and strategies that politicians use to retain power and control resources in their polities. If political parties are unable make credible promises on broad policy agendas—as is often the case in transitioning countries—this creates an enabling environment for political leaders to subvert democratic accountability to citizens in favor of what I call *partisan accountability*. Partisan accountability centers around two key incentives: party leaders reward politicians with career prospects and financial resources. In exchange, politicians remain loyal to the interests of their parties, thus resolving collective action problems. Consequently, in multi-party settings, political parties compete over the expropriation of public resources and attempt to hurt other parties in this zero-sum game. Since politicians depend on party leaders to include them in party lists and to funnel them with monetary resources, politicians tacitly comply with party interests, even though this may contradict citizen welfare. More explicitly, the consequence of strong partisan accountability is that citizen welfare is desirable only to the extent that it improves the utility of parties to maximize their control of resources. Therefore, in young democracies with low linkage between citizens and politicians, my argument is that partisan accountability serves as the mechanism which explains why certain political configurations may improve economic development, while other configurations may hinder it.

This argument leads to two testable hypotheses: (1) Inter-party fragmentation in municipal councils (where many different political parties are represented) hinders development, the logic being that fragmentation increases collective action problems, leads to inefficient decision-making, and reduces the provisioning of public goods. (2) Intra-party alliances between

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local and cantonal or entity governments should have a positive effect on local development. The reasoning here is that such networks give mayors access to additional resources via co-party members who are represented at higher levels of government.

BiH is a promising case to investigate these hypotheses. It is a young democracy that struggles to implement the rule of law and has a highly decentralized administrative structure, but with intense political competition between multiple political parties (in terms of alternation of power and margin of victory). Although some may criticize the appropriateness of selecting BiH as my case on grounds that its unique ethno-federal structure inhibits generalizability to other young democracies, since ethnicity acts as a dominant cleavage that structures party competition. I counter this argument by pointing out that BiH's rigid ethnic quotas for political office structures competition *within* ethnic blocks rather than between them. Furthermore, I plan to treat the Federation of BiH and Republika Srpska as empirically separate cases. If ethnicity, rather than political party affiliation, were to be the main independent variable explaining patronage and variations in development, results would be different in each entity since the Federation is multi-ethnic and the Republika Srpska overwhelmingly mono-ethnic.

Research Activities:

My research activities were two-fold: to develop my theoretical framework and establish empirical feasibility for my dissertation. In regard to the former, I sought evidence that would support or disprove my preliminary theory of partisan accountability, which I had articulated in my MA thesis. Accordingly, I planned to interview a wide range of scholars, expert practitioners, and politicians across BiH. If I found consistency on the basic mechanics of partisan accountability, I would use qualitative information from these interviews to refine my understanding of the political and economic incentives at play, the costs and benefits at the micro-level, and the causal implications for local community development. For example, which actors control candidate lists of mayors and local politicians? Does this extend all the way up to party leaders? When and why do politicians decide to switch parties rather than staying loyal to a

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party? How important are relations between mayors and municipal council members for passing laws and development policies? How do mayors overcome or succumb to opposition from their party or from council members who attempt to block their efforts?

These interviews would also reveal additional hypotheses that may have only become obvious from speaking with individuals who are directly involved in politics and are subject to political party pressures on a regular basis. It was therefore imperative for me to meet with local politicians to hear the benefits and challenges they faced from their parties and from municipal council members from different parties. In particular, I met with many municipal politicians from parties that were part of the opposition at the entity or cantonal level and/or had recently switched parties, and were regarded as mayors with strong and popular personal reputations. This would validate whether higher levels of government indeed acted in a discretionary manner in regard to allocation of municipal funds and resources.

On the empirical side, my goal was to assess the validity of two dependent variables—unemployment and registered businesses—that I used to measure economic development in my MA thesis. More importantly, I was in search of other potential indicators that would be more directly linked to political party configurations. Before I began my field research, I had familiarized myself with local and regional government laws and statutes, particularly Laws on Local Self-Governance in the Federation and RS which outline several competencies of municipal governments, ranging from the provision of public utilities, local transportation, economic growth and employment, etc. However, in a young democracy such as Bosnia where laws are often not fully implemented, and with many shared competencies between local and regional governments that may lead to confusion (see: McNeil et al. 2009, Zloklapa 2009), it was imperative to speak with municipal governments to understand the most relevant activities and sources of tension between local and regional governments, and the ways in which mayors and municipal governments overcome or succumb to these challenges.

A substantial portion of my interviews were geared towards these goals. For example, which types of budgetary resources are most relevant for municipal development projects? And

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which competencies of municipal governments are most important for promoting development? Are any of these budgetary resources or outcomes of these competencies readily available? If not, what sort of data and systematic method for collecting it could I feasibly implement in the future? Furthermore, I also sought to identify the most interesting municipalities that could be used as cases for in-depth study. For example, I was eager to learn about municipalities that had a good track record of development despite unfavorable political conditions, in order to learn best practices.

It was therefore imperative that I leverage my professional network that I had developed over the years while I studied and worked in BiH prior to my PhD studies. Establishing more professional and academic contacts would also be useful for running an expert survey or survey of residents' perception of local governance in the future. Thus, in such ways did I plan to use the information I gleaned from interviews and field trips to establish the feasibility of my two main hypotheses and to develop additional ones.

Important Research Findings:

The first important finding is in regard to vertical relationships between politicians from the same party. According to several experts and politicians that I interviewed, party presidents and leaders not only influence, but are able to control candidate lists for mayors. This is despite the fact that multiple steering boards at different levels of government formally exist for the purpose of candidate screening and selection. Furthermore, I found that mayors indeed face political pressures from two sides: one is electoral pressure in that they are directly elected by citizens and must produce some concrete development outputs in order to win votes. The second follows the concept of partisan accountability. During my interviews, I was provided with evidence of career, economic, and physical threats that mayors faced from party leaders and regional governments if they veered away from party interests. In addition, when a mayor came from a different party than the party in control of the regional government, and when the mayor was popular with his constituency or successful in promoting development, the municipality

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received fewer budgetary and material resources than a municipality in which the mayor and regional government came from the same party. This was evident during the unfortunate floods that occurred two days before I arrived in BiH, not only through interviews but through news reports that revealed that humanitarian relief provided by entity governments was not evenly distributed nor effective. As I began looking at municipal budgets, I discovered that tracing the link between partisan interests, relations between regional and local levels of government, and discretionary allocations were also more obvious in the RS than in FBiH, because the RS has a more centralized administrative structure. That is, while the Federation consists of cantons and municipalities, the RS only consists of municipalities below the entity level.

I also found that mayors who displayed a strong degree of professional competence and development orientation were able to overcome pressures of party interests and lack of resources provided by entity or cantonal governments by securing funding from outside sources, such as international grants or resources from diaspora communities abroad. This showed a great deal of inventiveness and a glimmer of hope that partisan patronage networks might be overcome by competent politicians who built strong personal reputations in their communities through concrete policies and projects. For example, such politicians were able to switch to smaller parties and still gain re-election; furthermore, they were not vulnerable to party pressures since the party considered them to be political assets.

Regarding horizontal relations between municipal council members and mayors from different parties, it became clear from my interviews that party interests shape decision-making outcomes. This leads to cohesion amongst co-party members at the local level. In all municipalities that I investigated, council members from the same parties always vote the same way, and this is decided in municipal caucus meetings beforehand. In addition, coalitions between parties at the municipal level are strategic, rather than ethnic, and usually formed on the bases of “personal” or “economic” interests. In many municipalities in the RS for example, if the mayor comes from a party in opposition to the entity government, he usually receives the support of members from parties with a small number of seats, including non-Serb parties. In sum, there

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is strong party cohesion in municipal councils in terms of voting together or blocking proposals from a mayor who is from a different party or coalition.

Regarding empirical feasibility, I found that unemployment and registered businesses were not good indicators for the dependent variable, since there are many confounding factors and they are too indirectly tied to political configurations. While I had reasoned beforehand that municipal governments would have incentives to reduce unemployment and encourage business start-ups as a way to increase municipal budgets (as employment increases, the amount spent on social welfare benefits decreases; businesses also increase municipal budgets through taxes, fines, etc.). Several interviewees however pointed out that most local politicians are not concerned with establishing long-term economic sustainability of municipal governments, especially if the sources of revenues are small and take time to accrue. Instead, they are more focused on short-term opportunities for rent-seeking through selling or renting municipal assets to private parties with political and/or patronage affiliations.

I found that the most promising readily available quantitative data would be to compile data on budgetary allocations from higher levels of government and international funds that were featured in municipal budgets. By comparing this to political party configurations in municipal and entity governments, such an analysis would empirically show whether there is a significant degree of discretionary fiscal allocations, and whether the amount of international funding was greater in municipalities that received fewer funds from the domestic government, in order to make up for the shortfall.

Policy Implications and Recommendations:

Although there is a tendency to view Bosnia's problems through the lens of ethnicity, my preliminary research shows that while the politicization of ethnicity may be an aggravating problem, systemic patron-client relations of political parties in their goal of dominating state resources is more fundamental to gaps in democratic accountability and development. The fundamental implication of my research activities is that political parties exert a high degree of

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influence on local development through their patronage networks. In addition, the ways in which parties internally operate do not follow democratic norms: rent-seeking appears to be the norm and parties in power at the entity and cantonal levels predate state resources and funnel them to co-party members at local levels through discretionary budgetary allocations in order to induce loyalty from below. This can be viewed to the detriment of democratic accountability to citizens and their socio-economic welfare.

Second, political competition seems to be having the opposite effect on good governance than suggested in the political science literature and mainstream strategies of international development programs. Although intense electoral competition between multiple political parties exists in BiH, this seems to go hand-in-hand with rent-seeking rather than curtailing it. Furthermore, competition for people's vote has not encouraged mainstream parties in BiH to adopt programmatic stances on social and economic policies that would differentiate them from one another. Instead, they appear to rely on clientelistic and personalistic linkages with the electorate. This appears to be in line with experiences from many young democracies not only in the post-communist world, but also in illiberal democracies in diverse regions. However in BiH, the lack of a clear left-right socio-economic distinction between parties is striking. Furthermore, parties that do espouse concrete programs are marginalized and do not possess the resources to compete with more established parties that have developed their patron-client networks over the past two decades. I recommend that foreign aid would be better spent on supporting these smaller parties in order to level the playing field.

In light of these preliminary findings, as I test my hypotheses more rigorously against new indicators for the dependent variable (budgetary allocations), this may very well suggest that greater political party pluralism at the local level may actually be harmful for securing funding for development, while vertical, patron-client linkages between co-party members at multiple levels of government may have a positive influence.

My general policy recommendations are (1) international development and good-governance projects should shift their focus from a preoccupation with legal and institutional

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reform and capacity building. This is because party leadership is able to circumvent laws and block pro-development policies if they go against their immediate interests of entrenching their political and economic power. To overcome this, I would suggest that international aid be directed at local governments through grants and loans. This way money is less likely to be diverted as rents as it makes its way down from the central government to municipalities, who are closest to citizens and deal with their day-to-day needs. Besides capacity building, transparency, and service delivery, municipal governments need capital investments so that they are able to develop responsiveness to local needs rather than being dependent on discretionary, higher levels of government. This would also be a step towards freeing municipal governments from patronage and loyalty to parties that are not oriented to solving the needs of local communities, but rather on expropriating public resources for private gain.

Co-Curricular Activity:

I met with several scholars, expert practitioners, politicians, and civil servants during my field research in Bosnia and Herzegovina. This included a project manager at USAID in Sarajevo to gain insight into political parties in Bosnia and to discuss the successes and challenges of relevant projects that USAID has undertaken. Other expert practitioners came from various international governmental organizations and NGOs based in Sarajevo.

I also had multiple meetings with four professors at the University of Sarajevo. These scholars gave their feedback on my research topic and helped me to focus my attention on important political phenomena that took place recently (e.g. recent protests in February that were a result of socio-economic and political discontent, upcoming general elections, and recent corruption scandals). In addition, they gave me their opinions on the ways in which political party networks control lower level politicians, linking this to sudden dismissal of particular mayors and politicians from office, the frequency by which political candidates switch parties, and the implications for the overall political and development situation in Bosnia. These experts



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and scholars also helped to put me in contact and schedule interviews with important political actors in municipalities across the country

I traveled to or had contact with the following municipal governments and cities for interview purposes: Bijeljina, Doboj, Foča, Goražde, Jajce, Laktaši, Sarajevo (Stari Grad), and Vareš. Since I was based in Sarajevo, I was also able to attend a municipal council session in the Stari Grad municipality. Finally, I interviewed politicians from the small, opposition party, Naša Stranka.

Plans for Future Research Agenda/ Presentations and Publications:

I plan to incorporate my findings into my dissertation prospectus which I will defend this academic year. The findings will be used to develop my theoretical and empirical framework. Regarding theory-building, I plan to identify which factors of party organization and patronage that I found to be salient in BiH have been researched in other young democracies. For example, I plan to familiarize myself with literature on competitive clientelism in Latin America and Sub-Saharan Africa in order to expand the reach of my theory. Regarding the empirical data, I plan to design a set of surveys that will incorporate the most relevant factors of quality of governance and local development which I learned from my fieldwork, and return to BiH and conduct these surveys with political experts and residents. I also plan to extend this study to other countries, including Croatia, Serbia, and Macedonia.

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Picture 1: Bijeljina City Hall - July 25, 2014



Picture 2: Meeting with Mayor Ramovic of Gorazde - Aug 1, 2014



Picture 3: Sarajevo, Stari Grad Municipality