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The political and economic consequences of the flood in the Balkans

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In mid May, Bosnia and Herzegovina, Serbia and – to a much lesser extent – Croatia were affected with floods. These were the most severe floods since records began. Over 70 people were killed, including 51 in Serbia. More than one and a half million people in BiH, i.e. 39% of the country's population, predominantly in the Serb part, have lost their homes or have no access to electricity, tap water and infrastructure. It turned out that Serbia and BiH were unprepared to deal with natural disasters and to minimise their consequences. Crisis management in the region has suffered neglect and underinvestment for many years. The economic consequences of this disaster will be felt in both countries for many years, since neither of them has sufficient funds for reconstruction. Political and economic reforms are likely to be slowed down there, as well. Dealing with the consequences of the flood, with strong support from the EU, created impulses which could have been used to enhance regional co-operation and intensify efforts towards integration with the EU. However, neither the Balkan countries nor the EU have made any major moves to this effect as yet.

The socio-economic consequences

According to initial estimates from the EBRD, the losses caused by the flood will reach around 1.5 billion euros (2.5–5% of GDP) in Serbia and 1.3 billion euros (over 7.5% of GDP) in Bosnia and Herzegovina. Agriculture has been especially strongly affected in both countries; and it is an important sector of their economies (it generates 10% of GDP in Serbia and 6% of GDP in BiH). Reconstruction of destroyed road and rail infrastructure and the water and sewage grids will pose serious problems. Serbia's power and mining sectors (the Kolubara coal basin) were hard hit. In turn, BiH has to cope with the challenge of neutralising the threat resulting from explosives being carried by water from the minefields leftover since the war in the 1990s, as well as with the increasing risk of epidemics.

Although GDP could receive a short term boost from foreign assistance and the removal of the consequences of the flood, rebuilding the infrastructure will be a heavy burden for these countries, which are already heavily indebted. This will also slow down the process of consolidating public finances and reducing the budget deficit. This will be a problem especially for Serbia, whose planned budget deficit for 2014 was 7.1% and whose debt reached 62.7% of GDP at the beginning of 2014.

The self-organisation of the public

The government's ineffective actions caused frustration in society in both countries. Shortcomings in disaster prevention, long waiting times for help, the lack of an adequate coordination of actions taken by state institutions and volunteer groups have been criticised. Self-organisation of the public (including coordination of actions via social networking services) and significant assistance from the EU, Norway and Russia played a major role in counteracting the flood in BiH and Serbia alike. Volunteers using private equipment would often replace government agencies in building levees, rescuing people who had been cut off and cleaning the cities. Local co-operation between various communities in BiH, regardless of ethnic background, was an important aspect of outreach activities. This contrasted sharply with the shortcomings in the coordination of action taken by state institutions, both domestically and between various countries across the region.

Serbia – the flood has not affected the government's position

Despite the vast material losses and numerous shortcomings in rescue operations, the Serbian government's position might be unaffected and even strengthened. Prime Minister Aleksandar Vucic, who assumed power in April this year following a sweeping electoral victory, has managed to put the responsibility for the catastrophe on the previous governments and the negligence seen for many years. The government has emphasised that this has been the worst disaster since records began in Serbia and that no one could have prepared for this. Since the government has a strong influence on the mass media, it has been able to hush up criticism of the rescue operations. Those Internet portals who are opposed to the government and analyse the errors of government agencies have been attacked by hackers or closed down. The government still has a four-year term ahead. Therefore, if it manages to successfully direct the reconstruction of the country and to use aid funds, it may retain its public support. Some steps have already been made to this effect. Activists from non-governmental organisations have been invited to the reconstruction process; and this, according to the government's declarations, will guarantee transparency during the distribution of aid funds. The government has also promised to launch investigations and to punish those guilty of negligence.

BiH – in search for a new political force

The situation of the government elite in Bosnia and Herzegovina is completely different since parliamentary and local elections will be held in this country in October this year. Mass protests were seen in spring mainly in the Muslim part of the country. Now the public is most frustrated in Republika Srpska, the part of BiH inhabited by ethnic Serbs, which has definitely been more strongly affected by the flood. As a consequence of this, the present ruling elite led by Milorad Dodik and his party, SNSD, could lose power. This party has been ruling the country for many years. Furthermore, the administrative system in RS is strongly centralised. It will thus find it difficult to put the responsibility for this disaster on other political forces.

The complex multi-level local administration system (consisting of the government of the FBiH, cantons and communes) in the Muslim and Croat part of Bosnia and Herzegovina, the

Federation of BiH, makes it more difficult for blame for the scale of the damage caused by the flood to be pinned on particular political forces. Nevertheless, the government's negligence in responding to the flood has further undermined public confidence in the political elite, which had already been very low, and public dissatisfaction is vast in both parts of BiH.

It is difficult at present to predict whether this frustration will bring about any deeper changes in the political elite. The self-support and self-organisation movement which emerged during the flood may turn into a movement of resistance to the present government elite covering the entire nation. However, the fact that this social movement is dispersed and has no clear leaders will seriously impede its being transformed into a new political force. The political elite will continue their efforts to channel public dissatisfaction by fomenting ethnic disputes and tensions; and this has been their recipe to hold onto power for many years.

Has the opportunity to enhance EU integration and regional co-operation been lost?

Dealing with the flood has made manifest the practical dimension of European integration and has revealed the need for regional co-operation in such areas as crisis management, flood protection and the management of water resources. Aid, including equipment, more than 600 people from a specialist unit and coordination of rescue operations with the use of EU mechanisms, has demonstrated the practical dimension of European integration. Furthermore, Serbia, which unlike BiH is an official candidate for accession to the EU, has been given access to the EU Solidarity Fund, which guarantees aid funds for reconstruction. The disaster has also laid bare the need to adopt a regional approach to handling natural disasters and public support for such operations. However, no actions have been taken to use this impulse to enhance regional co-operation or to accelerate the process of countries from this region being integrated with the EU. Their governments have been focused on overcoming the direct consequences of the flood. In turn, the EU, which is ever more reluctant to expand, is unable to present an offer that would make the countries in this region more determined to seek accession to the EU.