Most citizens blame politicians for the stagnant economy as Bosnia and Herzegovina's unemployment rate tops 44%.

BELGRADE, Serbia — As protests continue in Bosnia and Herzegovina, many citizens press for change, saying the unrest reflects mounting frustrations at a dysfunctional political system and a failing economy that is a product of a flawed peace agreement signed nearly 20 years ago.

The protests — which have brought the worst unrest to the nation since the end of the Bosnian War — began this month in Tuzla, a badly depressed industrial area in the north of the country. Demonstrations spread to the capital, Sarajevo, where rioters set fire to the presidential building and trashed the city center last week.

"Our lives are miserable," said Emir Hodzic, 36, of Sarajevo. "Pensions are not enough to pay the bills. People are literally hungry. Young people have no future.

"And we have had 20 years of transition — transition from what to what?" he said. "Things have never been worse."

In some areas, protests have been put on hold this week as demonstrators set up citizens' assemblies to press for change.

"I call on politicians to not to ignore the voices of citizens," EU Enlargement Commissioner Stefan Fule said this week.

Their economy on the decline, the citizens of Bosnia-Herzegovina have decided to step up, said Alida Vracic, executive director of the Think Tank Populari in Sarajevo.

"For the first time, people see that they have to take power in their hands," Vracic said. "The political elite feels fear and is insecure about its position for the first time in 20 years."

The eruption has followed years of political promises to improve Bosnia-Herzegovina's economy, where problems stemming from communist rule through the early 1990s are still rampant.

"There have been 20 years of really badly managed privatization policies," Vracic said. "Companies are broken down and cannot be easily restructured."

Citizens blame politicians for the stagnant economy as the country's unemployment rate tops 44%. (w)

"It was a matter of time when something like this would happen. I even expected it would be worse, when you take into account how wrong everything is," said Eldin Hasanagic, 33, a graphic designer who hopes the government will resign. (w)"The same people are holding power all the time. They don't do anything, but they do get incredibly large salaries. In two months, they earn more than I do in a year."

Politicians operate in a system that might not grant them the power to change much, analysts say.

The Dayton peace agreement signed in 1995 at the end of nearly four years of ethnic wars, which killed more than 100,000 people, was a milestone for peace efforts in Europe. Almost two decades later, the peace agreement has lost its luster, and critics say the political system it created has kept the county Balkanized, as well as restrained economic growth.

Bosnia-Herzegovina's central government is divided by a power-sharing agreement between Bosniaks, Croats and Serbs who don't always cooperate with each other.

"The political system revolves around these three groups, and the ethnic component is still influential," said Theresia Toeglhofer, an analyst at the German Council of Foreign Relations who specializes in the western Balkans. "Decision-making is very difficult because the political leadership is divided along ethnic lines."

Outside the central government, the country is divided into two entities, the Serb Republic — which has its own president and maintains separate foreign relations with Serbia to the east — and the Bosnian Federation, which is divided into 10 cantons (counties) with high degrees of independence.

The many layers of government curb economic development because no one is in charge, said Dusan Reljic of the German Institute for International and Security Affairs in Berlin. He isn't sure if anyone actually wants to be in charge.
"The constitutional order is extremely difficult to handle," he said. "Croats and Serbs don't identify much with this Bosnia-Herzegovina state while Bosniaks see themselves as the main nation of the country. They stay in the same country because of western, first of all American, pressure. But they don't think really that it was a good idea, mainly from the United States, to keep Bosnia together." (1)

Dysfunctional government keeps the country from improving ties with the European Union, its best hope for prosperity. (1)

In 2011, the EU and Bosnia-Herzegovina signed an agreement that spells out their relationship, including the changes Bosnia would need to enact to join the EU. Before that agreement can take effect, EU officials demand that the ethnically divided central government change laws that allow only Bosniaks, Croats and Serbs to hold federal office. (1)

The laws were ruled illegal in 2009 after Jewish and Roma plaintiffs challenged them in the European Court of Human Rights. (1)

Bosnia-Herzegovina lawmakers have proposed electoral changes that are under review. In the meantime, the slow EU-integration process has had devastating consequences. (1)

"Bosnia failed to adopt EU export standards and now is not able to export products, especially animal products, to Croatia," Toegilhofer said. "It is losing a lot because Croatia, now an EU member (since 2013), is one of the most important trading partners for Bosnia." (1)

The United States is pulling back diplomatically from the region as memories of the Yugoslav wars fade, Relic said. (1)

"The U.S. has been always seen as the ally of Bosnia and Muslims," he said. "However, in the last couple of years, the U.S. has not shown very much interest in what is going on." (1)

Serenelli reported from Berlin. (1)