Neo-Liberalism, the Islamic Revival, and Urban Development in Post-War, Post-Socialist Sarajevo

By

Zev Moses

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Department of Geography and Program in Planning
University of Toronto

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This thesis examines the confluence between pan-Islamist politics, neo-liberalism and urban development in Sarajevo, Bosnia and Herzegovina. After tracing a history of the Islamic revival in Bosnia, I examine the results of neo-liberal policy in post-war Bosnia, particularly regarding the promises of neo-liberal institutions and think tanks that privatization and inflows of foreign direct investment (FDI) would de-politicize the economy and strip ethno-religious nationalist elites of their power over state-owned firms. By analyzing three prominent new urban developments in Sarajevo, all financed by FDI from the Islamic world and brought about by the privatization of urban real-estate, I show how neo-liberal policy has had unintended outcomes in Sarajevo that contradict the assertions of policy makers. In examining urban change, I bring out the role played by the city in mediating between both elites and citizens, and between the seemingly contradictory projects of pan-Islamism and neo-liberalism.
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i. Introduction

This thesis explores the Islamic revival in Bosnia and Herzegovina¹ (BiH) as it unfolds in tandem with the country's post-war, post-socialist transitions, and the attempts of the World Bank and the International Monetary Fund to shift the country to a market economy. I focus on the connections between the resurgence of Islam, foreign investment in Bosnia from the Islamic world, and the new urban spaces that such investment has created. Three recent large scale redevelopments in Sarajevo, financed by capital from the Persian Gulf will provide my empirical focus: Bosnia Bank International Centre (BBI Centre), Sarajevo City Centre and the Bristol hotel. These developments, and the urban space they have produced, are intimately connected to the Islamic revival in Bosnia, as the investors decreed that all three facilities would be run according to sharia principles, meaning that no pork, alcohol, gambling or pornography is allowed to be sold or consumed on site. This fact has generated significant controversy amongst many secular Bosnian Muslims and much ink has been spilled in the Bosnian press on this aspect alone of these new developments. In order to understand why these new sharia urban spaces created such a furor, it will be necessary to chart the history of Islam in Bosnia in light of its revival and reappearance in the public and political spheres in the past three decades. These developments also open up a space to discuss the role of FDI in bringing Islamic norms into the urban fabric, and the consequences of the neo-liberal policy which advocated for rapid privatization and inflows of foreign capital.

Nearly two decades after the end of the war in Bosnia, the city of Sarajevo is still struggling with the legacy left to it by three and a half years spent under continuous siege. The newly formed country Bosnia-Herzegovina also continues to suffer from the damage—social, economic, psychological and individual—of divisive ethnic warfare. Yet Sarajevo, and BiH more widely, are not just experiencing the difficulties associated with post-war reconstruction in a post-conflict society; they

¹ Though this is the full name of the country (Bosna i Hercegovina), I follow the standard convention of referring to it as either Bosnia or BiH throughout.
are also undergoing the long and torturous transition to a market-based, capitalist economy and society that goes under the heading of post-socialism. Making sense of post-war Sarajevo, however, means going back further than the 1990s, especially when it comes to understanding the changing role of Islam in Bosnian society since the war years.

The 1970s saw a global resurgence of Islamist politics, as theologians, politicians and activists throughout the Islamic world attempted to come to terms with the Arab defeat in the Six-Day War in 1967 and the peripheral place of most Islamic countries in the Cold War world order. This Islamic revival, as it is now known, empowered a whole host of new and existing Islamist political movements, from the opponents of Nasserism and Anwar Sadat who turned to the Muslim Brotherhood in Egypt, to the Ayatolas who launched the Iranian Revolution, to the Saudi fundamentalists and followers of the teachings of Ibn Wahab, who advocate a return to the austere, simple life that the prophet Mohammed led in 7th century Arabia. Bosnia-Herzegovina, then part of a socialist Yugoslavia, was not untouched by this global renewal of Islamic thought.

Contemporaneous with this renewal of Islam, the neo-liberal revolution was in full force by the 1980s, preaching its own brand of austerity and adherence to the ironclad laws of economic theory. The insights of the Washington Consensus arrived in Yugoslavia in the late 1980s, as the last Yugoslav prime-minister Ante Markovic attempted to liberalize the country in its final days, only furthering its decent into ethnic warfare. However this was not the end of neo-liberal policy in the former-Yugoslav space, as the World Bank and International Monetary Fund (referred to as the international financial institutions, or IFIs throughout) came to post-war Bosnia-Herzegovina to rebuild the country's destroyed economy and society. The construction of a market economy and the institutions required for its operation was conceived by the IFIs as a technocratic process, to be carried out by experts and

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bureaucrats in the international institutions charged with Bosnia's reconstruction. These institutions thus aimed for a de-politicized transition, and saw little need for public input or democratic participation. 5

With this confluence of the post-war, post-socialist transitions underway in Bosnia-Herzegovina, the Islamic revival, and global neo-liberalism in mind, the following questions will guide my inquiry: what is the relationship between pan-Islamist politics and neo-liberalism in Bosnia, has neo-liberal policy challenged the power of ethno-religious nationalists in Bosnia, or has it entrenched it further? What role does the urban and urban space have to play in these post-socialist power realignments? And finally, how have the pan-Islamists come together with neo-liberal policy to produce new urban spaces in Sarajevo and what ramifications do these spaces have for the city and its residents?

I argue against the claims of the international financial institutions (IFIs), (the World Bank and IMF) who suggest that privatization and foreign direct investment are invaluable in de-politicizing the economy and crippling the power of the nationalist parties. Instead I will show how the centres of Bosniak nationalist and pan-Islamist political power have benefited from foreign investments and found their way into the organizational fabric of newly privatized firms. Unlike the universalist models of the IFIs which hold capital flows to be 'ethnically blind,' the foreign investment that has touched down in Sarajevo circulates with religious and political baggage reflective of both its historical and geographical origins. I thereby argue that ethno-nationalist political projects in Bosnia are perfectly consistent with, and indeed are enhanced by, neo-liberal restructuring and the emphasis on FDI as a driver of economic development. Rather than questioning the logic of the IFIs in the context of so called 'failed privatizations,' which neo-liberal think tanks have themselves criticized, I demonstrate that even in the case of successful privatizations or foreign investments, opportunities are opened for

politico-ideological projects to latch on and profit from such ventures.

Turning to the city, I argue that the production of urban space plays an important role in enacting the power of the new ethno-nationalist elites in post-war Sarajevo. I show how investments in the built environment by foreign capital have helped further the goals of the pan-Islamist current in Bosnia by projecting Islamic norms into the urban fabric. Through an engagement with the work of Henri Lefebvre, I discuss the role played by the urban in mediating between the project of social transformation of the pan-Islamists and the dictates of neo-liberal urban development. I argue that these urban interventions are key in transmitting ideology from elites into the everyday life of the city. Lefebvre can thus help us think about why the new sharia compliant developments in Sarajevo caused such an uproar amongst both secular critics and their defenders in the Islamic community. At stake in these debates over new urban spaces in Sarajevo are larger questions and controversies about Bosnian (Muslim) identity, the place of Islam in Bosnian society, and the influence of foreign investors and religious actors in remaking the urban and religious fabric of the city.

In focusing on recent attempts to understand the role of foreign actors and networks in bringing new forms of Islamic practice to Bosnia, I will be engaging with an existing literature on the subject, reviewed in chapter 1. However I will also be arguing that this literature is limited and incomplete. In focusing solely on educational, cultural, and communicative networks between Bosnia and the Muslim world, it has neglected how business, economic and financial networks are also instrumental in bringing 'foreign' Islamic practices to Bosnia. These business networks not only represent a new modality for the extension of foreign Islamic influence, they may also present more attractive forms of connectivity with the Islamic world for local elites. Such networks are easier to control and benefit from than unpredictable aid donations, educational linkages and missionaries, which have all challenged the hegemony of local centres of political and religious power.

In making this argument, I suggest that a key problem with this literature is its inability to
connect the religious and cultural spheres with that of the economy. The failure to see the economy as inherently political, cultural and indeed ideological serves to mask the ways that 'purely' economic linkages fit perfectly with politico-ideological projects. In describing the cultural content of capital flows, I follow a burgeoning literature in economic-geography coming out of that discipline's engagement with the cultural turn. Such work focuses on interrogating the constitutive relationship between cultural norms, social relations and economic processes. With this more reflexive understanding of culture and economy in mind, this thesis is aimed at critiquing various institutions (the IFIs) and individuals (the head of Bosnia Bank International) who attempt to portray the project of attracting foreign investments as an apolitical economic necessity—in the process disavowing both the highly politicized nature of neo-liberal policy around FDI, and the cultural content of the capital flows that have come to Bosnia.

ii. Methodology

In researching and gathering data for this study, I used a mixed methodological approach, drawing on field research, interviews, archival research of newspaper reports as well as contemporary journalism, participant observation and academic literature. Using such a mixed approach allowed me to collect data from a variety of sources, a necessity given the sparse availability of information on urban development in Sarajevo. It also helped me make connections between the local particularity of the case study, and wider macro dynamics occurring at the global scale, which many geographers have identified as a strength of mixed methods research.

I conducted five weeks of on-site research in Sarajevo in June-July of 2011. During this time I carried out a number of interviews with journalists, developers, employees of international financial

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7 “Where economy and culture were 'once cast as "self" and "other"' (Crang, 1997: 4) they are now seen to be linked, co-constitutive or seamlessly intertwined.” Castree p.206.

institutions and representatives of the international community. Though I was oftentimes met with suspicion by my interlocutors, especially when interviewing members of the business community, I was nevertheless able to gather a wealth of information, particularly from local independent journalists who were eager to tell me at least the basic facts, and the latest gossip, surrounding major urban developments in the city. I also conducted participant-observation research of the two urban development projects discussed here that are already completed, BBI Centre and the Bristol Hotel. I regularly visited the Bristol Hotel cafe, with its vast outdoor patio that provided an optimal view of both the comings and goings of the guests of the hotel, as well as the many passers-by along the Vilsonovo pedestrian thoroughfare. I also spent a considerable amount of time at BBI Centre, with its lure of free wireless internet and its air-conditioned cafes providing relief from the heat of the Bosnian summer. From these cafes I noted the much-discussed phenomenon of families and couples strolling through the shopping mall without making any purchases, or sometimes without even setting foot in any shops. During my research, I stayed across the Miljacka River from the future Sarajevo City Centre, and watched the slow progress being made on this mega development.

I also learned much about everyday life in Sarajevo through a number of friendships made during my stay. Through connections made during a brief pre-research visit to the city in 2009, I was introduced to a whole Sarajevo subculture, which was referred to as the “Sarajevo alternative scene.” Most of my friends in this scene expressed their disdain for the nationalist politics that dominate post-war Bosnia, and many articulated their own hopes for an end to ethnic exclusivism in favour of more pan-Bosnian or non-nationalist forms of identification. Their feelings of alienation from contemporary Bosnian society, and their fond memories of pre-war Sarajevo doubtlessly had an impact on the tone and content of my analysis. My research also coincided with the beginning of Ramadan in August of 2011, and I made note of the fact that many people expressed a desire to leave the city for the duration of the holiday, whether to take advantage of the summer party season on the Croatian coast, or to avoid
the religious proselytizing that accompanies such an important Islamic holiday.

I relied heavily on the local Bosnian press for much of the empirical information related to my case studies. Like most national news industries, the various newspapers, magazines, televised news channels, and online news portals that make up the Bosnian media have their own political, religious and ethnic audiences and allegiances. However Bosnia is particularly notorious for the proximity of its news outlets, both financially and ideologically, to political parties. The two biggest daily newspapers, Oslobodjenje (Liberation) and Dnevni Avaz (Daily Voice) are both owned by wealthy local businessmen. The former was recently purchased by the powerful Selimovic family, while the latter is centre of the media-business-political empire of Fahrudin Radoncic, leader of the newly formed political party Alliance for a Better Future (Savez za bolju buducnosti, or SBB). Though Oslobodjenje is often accused of having ties to the Social Democratic Party of Bosnia-Herzegovina (SDP), it is also at times sharply critical of the party and its policies, especially in the satirical weekly columns of Boris Dezulovic. The same cannot exactly be said for Dnevni Avaz, which openly promotes the political campaigns of its owner's party, and regularly conducts systematic media lynches of its political and business opponents, particularly against the Selimovic brothers who own the rival Oslobodjenje.\(^9\) Avaz is also infamous for producing gossip ridden and factually dubious investigative reports with the by-line given simply to “Avaz's investigative team.” I am thus very wary of citing any such reports by Avaz to corroborate my empirical claims.

A more ambiguous case is that of two weekly magazines Dani (Days) and Slobodna Bosna (Free Bosnia). Though both make a regular practice of producing sensationalist exposes on various corruption scandals and political malpractices, they both follow a higher journalistic standard than Avaz, often couching their most controversial and circumstantial claims in vague, suggestive language.

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\(^9\) For detailed analyses of Avaz and Radoncic, enumerating the various public figures who were once targets of smear campaigns, see Vildana Selimbegović, “Radončić je mafijaški medijski reketaš,” Interview with Enver Kazaz, Dani 01 Feb 2008; and “Avaz je simptom, bolest je ozbiljnija,” Dani 01 Feb 2008. All translations from French or Serbian/Croatian/Bosnian are my own unless otherwise noted.
rather than the bold assertions of Avaz. Nevertheless I found them both useful in putting together an empirical story of urban development in Sarajevo. I also relied on smaller publications such as Start BiH and Banke u BiH (Banks in BiH), as well as online portals such as Zurnal, Buka, Sarajevo-x and Moje Vijesti.

Given my focus on Sarajevo, all of the above publications are based in the Federation. However I also found that the Banja Luka based Nezavisne Novine (Independent Newspaper) contained some informative and relatively unbiased articles about urban development projects in Sarajevo, perhaps because of their position in Republika Srpska outside of the everyday internal contestations of the Bosniak political scene.

Reading through archives of the Bosnian press was often a frustrating experience. Reports and columns are often written more with the intent of attacking political opponents than with providing a reliable source of information to the public. However once one pieces together the political positions of the various news sources and becomes cognisant of the often bitter and sometimes violent rivalries that exist in the Bosnian press, it becomes easier to differentiate between reportage and slander. The Bosnian media can then be a useful tool for clearly identifying the crucial points of ideological contestation in Bosnian society, in addition to being a source for empirical information, providing one reads with the proverbial grain of salt.

Although there has been little academic work done on urban development in Sarajevo, I relied extensively on the existing scholarly literature on BiH in building my knowledge of the country's political scene.

iii. Genesis of the project

My initial interest in BiH and its recent history was piqued by the city of Sarajevo itself, its urban form, its architectural heritage and the way that successive social formations and political

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10 The Dayton accords which ended the war in Bosnia split the country into two entities, the Croat/Muslim Federation of BiH and the Serbian Republika Srpska. These entities are joined by weak central institutions and a rotating Presidency made up of one Serb, one Bosniak, and one Croat member.
structures have imprinted themselves on the built environment over centuries. Thus history in a certain sense can be read off Sarajevo's urban form as one walks east to west, beginning in the Turkish market district of Bascarsija, through to the Austro-Hungarian facades lining the Fehardija pedestrian street, to where Ulica Marshala Tita (Marshall Tito Street) takes one off in the direction of the post-WWII, socialist era apartment block neighbourhoods of the city's inner and distant suburbs. However what interested me more (at least academically speaking) than these historic districts was Sarajevo's most recent past. What has the present post-war and post-socialist conjuncture in BiH contributed to the city in terms of urban spaces? How has the radically altered political-economic context shaped new development in Sarajevo in the 15 plus years since the end of hostilities?

The genesis and mutations of this research project itself tell us something important about the methodology of studying urban space. I first set out to analyze several new urban spaces in Sarajevo, in terms of their architectural features, their contribution to Sarajevo's new urban fabric and their place in the city's diverse architectural history. However as I did more research, I found that the story of these urban developments could not be told without attending to the political-economic shifts experienced by BiH as part of its post-socialist transitions and its post-war redevelopment. I thus became enthralled with one such consequence of these transitions, mainly because of its immediate relevance to the urban projects I was interested in: the opening up of BiH to flows of foreign direct investment (FDI). With this in mind I began to focus my research questions on establishing exactly who the most prominent investors in Sarajevo's built environment were, why they became so interested in investing in a seemingly peripheral place like Sarajevo, what they hoped to accomplish through such investments, and how BiH's political-economic environment affected their willingness to invest in its capital city. These were the main lines of enquiry which guided my field research in Sarajevo, undertaken in June-July of 2011. However during my field work, and more so upon returning to Canada, it became apparent that I had neglected an important aspect of the urban development process: how these
Developments are both emblematic of, and a contribution towards, the emergence of new distributions of power amongst local Bosnian political and business elites since the signing of the Dayton Accords. In short I saw the necessity of reading these spaces politically, as constitutive moments in the unfolding of particular visions of society and space associated with active political projects. With this in mind I turned my attention to the Bosnian political scene, focusing on the Bosniak elite in Sarajevo, and the connections between Bosniak nationalism and Islam. It was here that I discovered Xavier Bougarel's work on the pan-Islamist current in Bosnia, which was helped me formulate the political and social ramifications of the foreign financed urban developments that had been the focus of my attention.

Thus my initial interest in the urban design and architectural forms of several urban spaces in Sarajevo led me to an investigation of BiH's political landscape, and to a series of more expansive phenomena that form the context for urban development in contemporary Sarajevo. This line of research helped me think about role that urban projects play in establishing, increasing and consolidating the power base of local elites, who often have a greater political stake in local projects than do foreign investors simply looking to make a profit. By a thorough investigation of the local political environment, we can begin to approach the crucial question of why political and business elites get involved in urban development projects in the first place. Though economic motives no doubt play an important role in spurring investments in the built environment, urban developments can also serve political or cultural purposes which cannot be explicitly reduced to questions of profit or a return on investment. We cannot arrive at a satisfactory analysis of urban development without demonstrating how such development takes place in an already contentious and competitive political environment.

iv. Outline

This thesis will begin by charting a short history of the Islamic revival in BiH, focusing particularly on the period since 1990 when the League of Communists of Yugoslavia (LCY) lost its monopoly on power and a multi-party political system was established in BiH. I will focus my account
on a domestic political movement based on the renewal of Islam as a political ideology. However I also
detail the connections and networks between this political current and the wider Islamic world, as well
as the attempts by Islamic countries, particularly those in the Persian Gulf, to introduce more observant
Islamic practices amongst Bosnia's mostly secular Muslim population. After reviewing some of the
existing scholarly literature on the impact of various foreign influences on local religious practices, I
will suggest that this literature is silent on a new form of connectivity between BiH and the Muslim
world established through business and economic linkages, connections best exemplified by the new
urban development projects that will form the empirical focus of this thesis. In chapter two I turn to the
founding of Bosnia Bank International (BBI) by three Persian Gulf based Islamic banks. I argue that
the example of BBI provides a powerful counter narrative to the insistence of the IFIs on the ability of
privatization and foreign direct investment to de-politicize the economy, and disempower nationalist
elites. I continue this argument in chapter three, where I describe the privatization and redevelopment
of three new urban spaces in Sarajevo, BBI Centre, Sarajevo City Centre and the Bristol Hotel. Here I
discuss how privatization and foreign investment have enabled the further introduction of Islamic
norms into Bosnian society, through the mediation of urban development. In a concluding chapter, I
suggest some of the contributions this thesis makes towards both the study of urban space in post-
socialist societies, and towards the continuing political, cultural and economic problems and questions
facing present day BiH.
Chapter 1: Islam in Bosnia-Herzegovina Since 1990: Local Elites and Global Networks

1. Introduction

In the years since the end of single-party communist rule in Yugoslavia, the public visibility and political presence of Islam has surged in Bosnia-Herzegovina. Formerly suppressed by the secularism of the Yugoslav state, in the early 1990s a political project which was explicitly influenced by pan-Islamist thought began to take form in Bosnia. This new political current did not simply seek a position of power in the Bosnian government, it also aimed to change the religious practices of Bosnia’s predominantly secular Muslim population. The pan-Islamist current came into power during a time of great turbulence and change in the lead up to war in Bosnia-Herzegovina. What began as a distant pipe-dream of a select few Islamists—(re)introducing Islamic norms into Bosnian society—became over several years of wartime a realistic and in some places popular project of social transformation. Thus if in the late 1980s, after more than 30 years of socialism, “being a Muslim was reduced to a set of cultural traditions: ‘Muslim names, circumcision, baklava and the celebration of Ramazan Bajram [the feast marking the end of the fasting month of Ramadan], getting a godparent to cut a one-year-old child’s hair, a preference for tiny coffee cups without handles, a sympathy for spiders and various other traditional practices, the origins of which are frequently unknown to those who practice them,’” by 1995 Bosnia’s Muslims were debating what role Islam should play in the regulation of Bosnia’s post-war society, a question “that would have seemed amazing to a scholar in 1989 or even 1992, when the Islamic side of the Muslim nation was so minuscule that analysts could simply ignore it.”

How did Islam go from being a cultural tradition to become a central compass for political and social thought? In what follows I will provide a brief historical vignette exploring the shifting role of Islam in Bosnian politics and society. I show how in the context of broad social transformations brought about by the war in Bosnia, a local pan-Islamist political current attained a hegemonic position.

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in Bosnian society. From here it attempted to realize its vision of a greatly expanded role for Islam in the regulation of post-war Bosnian society. However this project was fraught with contradictions and obstacles, caught between an allegiance to pan-Islamist solidarity at the same time as attempting to preserve a unitary and multi-ethnic Bosnia-Herzegovina against the separatist projects of Serbian and Croatian nationalists. The pan-Islamist project also came up against strong opposition from Bosnia's predominantly secular population, who rejected the use of Islamic norms in everyday life. Despite these obstacles, the presence of Islam in Bosnian society has increased substantially since the end of the war.

In addition to this domestic political project, the Islamic revival in BiH cannot be charted without a discussion of the influence of foreign Islamic actors and institutions on Bosnia’s religious fabric. This chapter will therefore also provide a history of the interconnections between Bosnia and the wider Islamic world, particularly the countries of the Persian Gulf. The linkages between these two regions forged during the war contributed to the rise of new forms of Islamic practice in BiH and a created a significant Saudi presence in Bosnia that continued to grow after the end of hostilities.

Scholars have often noted a clash between the more pious religious practices of foreign Islamic actors operating in Bosnia, and traditional Bosnian Islam. Though foreign Islamic missionaries and their local followers often challenge the religious practices of Bosnian Islam, I argue that it is the traditions of secular Muslims that are especially threatened by the extension of foreign influence into Bosnia. Furthermore, the domestic pan-Islamist current has at times greatly benefited from connections established with global Islamic networks, and the articulation of both foreign and local actors has helped contributed to the further de-secularization of Bosnian society. The relationship between foreign and local Islamic actors in Bosnia is therefore best conceptualized in dialectical, rather than purely oppositional terms. While these two groups often come together to actively produce new forms of Islamic practice in Bosnia, they are also prone to clashes, especially when foreign actors challenge the hegemony of local Muslim elites.
I will orient my discussion around three main topics. First, I chart the emergence of a Bosnian pan-Islamist movement, most popularly represented by the group of Muslim dissidents gathered around Alija Izetbegovic, who formed the Party of Democratic Action (Stranka Demokratska Akcija, or SDA henceforth), as well as the radical clerics and imams who took over the Islamic Community of BiH (Islamska Zajednica Bosne i Hercegovine, IZ or the Community will be used throughout) in 1993. Next I turn to the presence of foreign aid workers, missionaries, and fighters from Islamic countries in Bosnia during the war years, who brought with them more observant religious practices which partially spread to the local population. A brief discussion of the global Islamic presence in BiH during the war will illustrate the beginnings of the foreign penetration of BiH by Islamic countries, and how wartime assistance helped disseminate new forms of Islamic practice. This foreign presence continued into the post-conflict period, and accordingly I chart the active involvement of Islamic countries in the post-war reconstruction effort, and the establishment of religious, educational and cultural networks connecting Bosnia and these countries, particularly Iran, Saudi Arabia and Turkey.

This chapter is positioned against claims that the Islamic revival in Bosnia is simply the natural result of the end of religious repression under communism, a view best expressed by Bosnia’s Grand Mufti (Reis ul-ulama) Mustafa Ceric, who in 2008 declared: “children are fasting on Ramadan, going to the mosque more than their parents…we had de-Islamification for 40 years during Tito’s time, so it is natural that people are now embracing the freedom to express their religion.” A similar position holds that the trauma caused by the war alone was enough to propel Bosnian Muslims to become more devout in their individual religious practice. That many formerly secular Muslims did turn towards more pious forms of Islamic practice in the psychologically traumatizing conditions of war is not entirely surprising. However the individual level of private religious practice is not an appropriate terrain on which to analyze the renewal of Islam in Bosnia after socialism.

Indeed such private religious observance was not even outlawed under socialism in the first

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place: “the socialist regime established in BiH after WWII…was based, in relation to religion, on the separation of religious communities from the state, the secularization of law, and an understanding of religion as a private matter of its citizens. Freedom of belief was guaranteed by the law.”\(^{14}\) It was thus not the observant practices of the Muslim children that Ceric refers to that were suppressed under socialism. Rather it was the public use and display of religion and the activities of radical Islamist groups who refused co-operation and co-option at the hands of the state.\(^{15}\)

Instead of discussing individual religious practice, it is then much more productive to trace the institutional and political shifts that cleared the way for new, more avowedly Islamic organizations and political parties; such an analysis provides the broader social context in which individual turns of faith are situated. Doing so suggests that far from being natural, “the [ongoing] process of re-Islamification is an authoritarian one, which corresponds to clearly identifiable political projects and practices.”\(^{16}\) That such political projects were after more than simply private religious practice is made clear by one of Ceric's polemical assertions, made during Ramadan in 1996 that, "faith is a public affair, and non-faith a private one."\(^{17}\) Thus the pan-Islamist project in Bosnia was less about private faith and more about creating a prominent place for Islam in the regulation of Bosnian society and everyday life. If such a project was limited in its scope before the war when most Bosnian Muslims lived alongside their Christian neighbours, it took on a greater impetus following wartime population displacements, which turned multiethnic towns and cities like Sarajevo into more or less mono-ethnic areas. Yet even after the war, the pan-Islamist project in BiH remains a controversial and divisive topic, pitting secular Muslims against those seeking a greater role for Islam in those parts of post-war Bosnia dominated by

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\(^{14}\) Fikret Karcic. 2006. Šta je to 'islamska tradicija Bošnjaka'. Preporod, 23(841). The quote is from a translation available at http://www.cns.ba/docs/what_is_islamic_tradition_of_bosniaks.pdf

\(^{15}\) Fikret Karcic. 2009. Interview in Dani, “Reis je aktivan jer su politcari pasivni” Dani #652. “The socialist system banned any public manifestation of religion, and was based on a total separation between religion and the state without co-operation between the two.”

\(^{16}\) Xavier Bougarel, *Le nouvel islam balkanique. Les musulmans, acteurs du post-communisme (1990-2000)*, Paris, 2001. “We should thus reject those analyses which evoke the reIslamification of the Muslim population in undifferentiated terms, as a "spontaneous" phenomenon, or as an "automatic" consequence of the war.” p.121.

\(^{17}\) quoted in Bougarel, *Le nouvel islam balkanique* p. 121.
1.1 Pan-Islamism in Bosnia-Herzegovina

In the following section I chart the emergence of pan-Islamism in Bosnia, tracing three broad tendencies. First, this political movement was not free of contradictions, and was particularly dogged by competing allegiances towards on the one hand an Islamic solidarity transcending the nation state, and on the other a nationalist defense of a unitary Bosnia-Herzegovina. Second, the pan-Islamists had great difficulty attracting followers given the extensive secularization of Bosnia’s population, particularly amongst the country’s Muslims. It was thus forced into articulating a nationalist project in lieu of an explicitly Islamist ideology. However, by the end of the war in Bosnia, the pan-Islamists had centralized their control over those areas dominated by Bosnian Muslims. Thus in a final section I detail the attempts of this Islamist current to institute Islamic practices into the everyday life of post-war Bosnian society.

The rise of a contemporary strand of pan-Islamism in Bosnia can be traced back as far as the 1970s, though it also took spiritual inspiration from earlier Bosnian Muslim political movements dating from the interwar and post-WWII periods. The foremost among these was an Islamic opposition movement called the Young Muslims (Mladi Muslimani) which had been active in Yugoslavia from 1941, but was barred from further activity in the first half decade of socialist rule in Yugoslavia at the end of WWII. Though the socialist state in Yugoslavia did manage to integrate and appease segments of the Bosnian Muslim religious elite into the institutions of the party-state, a more radical, anti-communist Islamic current also existed in Bosnia which was strongly opposed to co-operation with the

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18 For an alternative take, see Fine in The Bosnian Crisis and the Islamic World, who argues that the leaders of the SDA only turned to Islamism after the country had been divided up along ethnic lines, thus rendering obsolete any notion of Bosnian nationalism. Instead, the line taken by Bougarel will be followed here: Izetbegovic’s circle began as pan-Islamists, and only later turned to Bosnian nationalism when they realized the lack of political purchase for an explicitly Islamist project. I find this argument far more convincing, as Fine (and others) tend to ignore the Islamist orientation of many of the SDA founders.

This opposition remained quite peripheral until the late 1970s and early 1980s, when a wider Islamic revival in Bosnia began to take shape amidst a global movement towards pan-Islamism in the Muslim world.\(^{21}\)

Though Alija Izetbegovic (the future war-time president of BiH) published his infamous *Islamic Declaration* in 1970, it was not till over a decade later, when Islamist agitation became more pronounced, that the Yugoslav authorities took notice of this supposedly radical text. In the *Declaration*, Izetbegovic laid out his vision for the Islamic governance of a hypothetical Muslim society, rethinking the relationship between Islam, modernity and Western values. Although the *Declaration* has been portrayed by Serb and Croat nationalists as a call for the establishment of an Islamic state in the Balkans, Izetbegovic qualified its pan-Islamism by stating that an Islamic government could only exist in countries where the majority of the population is Muslim, thus apparently disqualifying Bosnia from his hypothetical considerations.\(^{22}\)

Though it did not attract much immediate attention after its publication, during the 1970s and 80s the Yugoslav state grew progressively more suspicious of the ongoing activities of the Muslim intellectuals and political dissidents organized around Izetbegovic, many of them former Young Muslims. In 1983 a group of thirteen such activists were arrested by Yugoslav authorities and charged with “Islamic fundamentalism” and spreading Muslim nationalism.\(^{23}\) Among this group were Alija Izetbegovic and several other central figures in the Bosnian pan-Islamist current such as Hasan Cengic, Husein Zivalj and Dzemaludin Latic, who we will encounter in later chapters.\(^{24}\) These imprisoned pan-Islamists would all go on to become prominent members of the future Bosnian Muslim nationalist political movement, as well as some of the most powerful figures in the wartime and post-war Bosnian political


\(^{21}\) Irwin, *The Islamic Revival.*


\(^{23}\) Bougarel, “From Young Muslims” p.546.

\(^{24}\) See Bougarel, “From Young Muslims” for a full list of the indicted.
scene.

Despite these early stirrings, the pan-Islamist movement in BiH did not really attain strength or coherence until the early 1990, when the League of Communists of Yugoslavia (LCY) gave up its monopoly on political power and multi-party elections were held for the first time in Yugoslavia. Izetbegovic, who had been released from prison early in 1989, and several of his compatriots formed a new political party at this time, the Party of Democratic Action (SDA). The party was composed mostly of Bosnian Muslims close to Izetbegovic, many of whom had been imprisoned with him in 1983.

Despite the prominent place of former Young Muslims sympathetic to pan-Islamist ideology in the SDA, the party was not founded as an Islamist party, but rather one with at least stated commitments to Western parliamentary democracy. These competing loyalties were reflected in some of the party's statements regarding its centrist position: “progressive because it is in favour of economic growth and scientific development, but conservative because it does not desire to copy Euro-American societies in a non-critical manner...while doing its best to preserve the positive values of our Islamic tradition.”

From its beginning the SDA was therefore split into two camps: a liberal-democratic movement open to Europe, and a more conservative, nationalistic and religious current with its emphasis on ties to the Islamic world. Even within the more conservative factions in the party, there was a “pious Muslim” current, “with the intention of giving Islam a major social and political role,” and a “secular Bosnian nationalist” current, “fully integrated into the Yugoslav system.” The pan-Islamic current itself occupied a rather marginal position in Bosnian politics, enjoying little support from the secular or

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26 Dzemaludin Latic, quoted in Bougarel, “From Young Muslims,” p.547.


even religious Muslim elite. Yet despite this marginality, the pan-Islamists in the SDA remained at the centre of the party machinery, and were able to centralize a significant amount of power around themselves and their political ideology in the years immediately preceding the war, and especially during the conflict itself. However the lack of a mass base of support meant that the pan-Islamists had to keep their religious ideology relatively obscured from public view—their interpretation of Islam was rarely articulated in an overt and public way. In opposition to the paradigm set by the League of Communists of Yugoslavia, where public professions of belief in Marxist-Lennism were a prerequisite for party membership, "the SDA contented itself with the implicit allegiance of its cadres, through the frequenting of mosques and a formal respect for the main tenets of Islam...Above all this ideology kept a confidential status: it never appeared in official discourse and was not intended for the masses." 

Though the pan-Islamists refrained from explicit discussions of Islam and its role in a Muslim society, Islamic symbols and slogans were mobilized by the SDA in the lead up to the 1990 elections in BiH. These were combined with Bosnian nationalist rhetoric to form the key paradox of the power of the pan-Islamist current. Though their ideology was primarily of religious inspiration, apparently transcending the nation-state, the pan-Islamists attained a position of power through what was an explicitly nationalist political program, a politics that Bougarel has described with the formula “pan-Islamism for the elites, nationalism for the masses.”

The SDA pan-Islamists thus had to give up their initial desire to give primacy to religion over nationality and represent the entire Balkan Muslim population of the region (Albanians, Turks, Muslims living in Serbia, Montenegro and Croatia). As the SDA became more representative of Bosnian Muslims, and more reliant on Bosnian nationalism for its electoral success and popular appeal, Islam began to be articulated more as a marker of national identity, rather than of religious solidarity. This contradiction became most visible in the controversy over choosing a new national name for the

29 Bougarel, From Young Muslims, p.546-548.
30 Bougarel, Le nouvel islam balkanique, p.117.
31 Bougarel, Le nouvel islam balkanique, p.123.
Muslims of Bosnia. The term Bosniak was first suggested by secular SDA cadre Adil Zulfikarpasic (more on him below) and others in September 1990 as a replacement for the generic term Bosnian Muslim. This new label was initially rejected by the pan-Islamist current for its erasure of any semantic connection to Islam; the pan-Islamists were “of course, hostile to such a 'secularization' of Muslim national identity.”

Yet three years later, in 1993, a congress of Bosnian Muslim intellectuals and politicians eventually decided in favour of adopting the term Bosniak to mark all those of Bosnian Muslim nationality. Though many pan-Islamists supported the decision, and today can be heard proclaiming themselves protectors of “Bosniak interests,” some of the more radical pan-Islamists in the SDA were clearly not satisfied with the new national title. Dzemaludin Latic sarcastically remarked after the decision to adopt the term: “In Europe, those without a national name can no long have a State. The Bosniaks will get their European nation not only in the geographic sense, but also in the cultural sense, a grand and villainous copy, with a European style of living, a European forgetting of God and with the same indifference towards moral questions.” Despite these objections, the term today has become the hegemonic identifier of Bosnian Muslims. Yet it remains a very contentious marker of identity especially among secular Muslims who view themselves more as Bosnians, using a civic title, rather than Bosniaks, a term with cultural-religious connotations.

1.1.2 Fissures within the SDA

Given the mix of religious and secular currents within the SDA, it is not surprising that fissures within the new party broke out almost immediately. The most noteworthy for its reflection of the contradictions between the conservative and liberal currents within the SDA, was the split of Adil Zulfikarpasic from the party in the lead up to the 1990 elections. A liberal Bosnian Muslim intellectual who spent most of his life in exile in Switzerland, Zulfikarpasic quickly became uncomfortable with

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32 Bourgarel, “Bosnian Islam Since 1990.”
33 Quoted in Bougarel, Le nouvel islam balkanique, p. 113.
some of the explicitly nationalist and Islamist rhetoric and paraphernalia on display at SDA rallies during the election campaign. Describing one rally in Velika Kladusa, Zulfikarpasic expressed his dismay at the virulent anti-Serb rhetoric that he felt the SDA was breeding, inflaming an already tense ethnic situation in Bosnia in the early 90s: “[it] was the largest meeting I have ever seen or been part of in my life. They say there were 300,000 people...There were slogans, green flags, signs saying 'We'll kill Vuk' [referring to Vuk Draskovic, a Serbian nationalist writer, but also a common Serbian name] and 'Long Live Saddam Hussein'” Zulfikarpasic was also alarmed at the growth of the more religious wing of the party after the SDA's founding in 1990:

I started to receive information about secret meetings being held by a group of former Young Muslims, the Behmen brothers [Omer Behmen, SDA founder and 1983 convict] and some clerics. The party was clearly making rapid strides towards fundamentalism and using faith for political ends. Suddenly green banners started appearing at our meetings. Twenty or thirty waving green flags, and then people came and gave speeches and would quote suras [passages] from the Koran for ten minutes. Wherever we were, large numbers of imams started to appear as our quasi-hosts...I felt that agent provocateurs were involved. For example, all of a sudden I would see Saudi Arabian flags and Arab dress, something that had nothing to do with Bosnia” (p.137).

Against this aggressive ethno-nationalism characteristic of certain elements within the SDA, Zulfikarpasic had a vision of the SDA as an explicitly Muslim party, but one that was not positioned in opposition to Bosnia's other ethnic groups: “my intention was to form a centrist, civil, liberal party with no intention of attracting the masses and becoming a populist party” (p.153). The clash between Zulfikarpasic's secular liberalism and Izetbegovic's emphasis on Islam, as well as the latter's inclination towards paternalism and authoritarian methods of organization, led to Zulfikarpasic splitting away...
from the SDA and forming his own political party. However in the 1990 elections, the lure of Bosnian nationalism trumped Zulfikarpasic’s oppositional current, and the SDA picked up the vast majority of votes cast by Bosnian Muslims. Zulfikarpasic claims that a vicious smear campaign launched against his new party by Izetbegovic ensured the SDA victory.36

Perhaps more important however was the unlikely alliance struck between the SDA and its Serbian and Croatian nationalist counterparts, the Serbian Democratic Party (SDS) and the Croatian Democratic Union (HDZ). This alliance ensured that the 1990 elections were decided almost entirely along ethnic lines, with all three ethno-national groups voting for their respective nationalist parties.37 Thus as Bougarel suggests, the SDA's potent mixture of nationalism and religious ideology was responsible for its victory:

The vote in favour of SDA remains, therefore, a communitarian and nationalist vote. The winning over of this Muslim nationalism by a pan-Islamist trend hitherto marginal, is to be explained essentially by the close relations maintained between confessional and national identity among Bosnian Muslims.”38

After their sweeping electoral success, the SDA and its pan-Islamists became the subject of an aggressive propaganda campaign launched by Serbian and Croatian nationalist parties and their obedient media supporters. They claimed that the victory of the SDA confirmed that Bosnia's Muslims were intent on creating an Islamic state out of Bosnia-Herzegovina and reducing Bosnia's Christian population to second-class citizens.39 In response, many writers and academics sympathetic to the Bosnian cause have insisted that the SDA were merely after a multi-ethnic, independent and 'European' Bosnia-Herzegovina, virtually erasing any of the Islamic rhetoric used by the SDA in the pre-war

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36 See Zulfikarpasic, The Bosniak.
38 Bougarel, From Young Muslims, p. 548.
period. Yet the true position of the pan-Islamists surely lies in between these two extremes. Though the pan-Islamists in the SDA were never intent on creating an Islamic state by violent means, they never denied their desire to achieve the "three ambitions" of Islam: "change the individual in the sense of the tawhid [the principle of the 'Oneness' of God], establish an Islamic society, and following that, an Islamic state." They merely recognized the impossibility of this project given Bosnia's (pre-war) multiethnic population, which in 1991 was only 41% Muslim, and the hostile environment that would surround the new state. Consider this quote from Dzmaludin Latic (one the "main ideologists" of the pan-Islamist current within the SDA) describing Alija Izetbegovic's political ambitions after the war had broken out: "the aspiration toward an Islamic state in Bosnia-Herzegovina was not and is not his aim – not because such a state would deprive Muslims or non-Muslims of their freedom, but because the brutal European environment surrounding this state would destroy it, even with atomic bombs if necessary. (…) Everyone who knows about Islam knows that even God does not require of us the establishment of an Islamic order here, in Europe." Thus despite the bombardment of nationalist propaganda from the Serbian and Croatian media warning of such, the creation of an Islamic state, or even an Islamic society out of Bosnia was clearly never the pre-war intention of even the most radical of the Bosnian pan-Islamists. Such a project could only become possible following the extensive population displacements caused by the war, which divided the formerly ethnically mixed Bosnia into roughly mono-ethnic territories.

The irony here is that when comparing the experience of the pan-Islamist SDA with the secular nationalism of David Ben-Gurion in Israel or Muhammad Ali Jinnah in Pakistan, it was the latter two, both avowed atheists, who aimed to and succeeded in creating explicitly religious states, while the

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41 The quote is from Dzemaludin Latic quoted in Bougarel, Le nouvel islam balkanique, p.115-116.
42 The phrase is Bougarel's.
44 See Fine in Islam and the Bosnian Crisis for an elaboration of this argument.
45 See the Ali. The Clash of Fundamentalisms.
deeply religious Izetbegovic strove above all to preserve a multi-ethnic and multi-confessional Bosnia.

1.1.3 The SDA and the pan-Islamists during the war years

Throughout the war years, as a result of the chaos and disorder within the Bosnian government, Izetbegovic was slowly able to centralize power around himself and the SDA, especially when it came to organizing a new Bosnian army to stave off the Army of Republika Srpska. Now at war with their former political allies in the Serbian and Croatian nationalist parties, the SDA was able to monopolize control over those segments of Bosnian society that remained loyal to a unified Bosnian space against the secessionist claims of the Serb and Croatian nationalists. From a military perspective, this meant that what began as an ad-hoc, multinational and multiethnic resistance to nationalist aggression, slowly turned into a more mono-ethnic fighting force comprised mainly of Bosnian Muslims. The SDA, and particularly the more radical elements within the party, played a significant role in this process, partially purging the Bosnian army (*Armija Republike Bosne i Hercegovine ARBiH*) of non-Muslim (Serb and Croat) officers. At the beginning of the conflict in 1992, 19% of the army consisted of non-Muslims; by 1995 this had fallen to just 3%, leading some to suggest that Izetbegovic "started the war as president of Bosnia and ended it as president of just one ethnic group."

Describing the ARBiH in its later stages of development (1994-1995), Hoare comments: “the ideology of the ARBiH, as elaborated by General Muslimovic, involved the complete identification of the Army with the SDA and the Muslim, or rather Bosniak, nation”

This shift involved the creation of specifically Muslim units, such as the Seventh Muslim Brigade, whose commander stated in June 1994 that "this unit was joined above all by men who carried with them a good domestic upbringing, Muslim patriotism and belief in Allah the Almighty. All those who did not wish to fight where Muslim sanctity was abused, who firmly believed that without belief in

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46 Hoare, *How Bosnia Armed.*
47 Ibid.
Allah there is not his mercy nor therefore victory, came to us.”\(^{50}\) These units made observance of Islamic norms and rituals compulsory, and as Hoare shows, bypassed the State itself and became answerable only to the leading pan-Islamists in the SDA, Hasan Cengic and Alija Izetbegovic. These units also harboured little romantic sentiment for Bosnia’s traditions of inter-ethnic co-operation: “the Seventh Muslim Brigade was aggressively Islamic, arguing that Bosnian adherence to the principles of multi-ethnic tolerance had led to the destruction of Muslims, and [that] it was now time for Bosnian Muslims to defend themselves as Muslims rather than Bosnians.”\(^{51}\) Fighters in the brigade also made one of the first attempts to introduce Islamic norms into everyday life in Bosnian cities: “within Zenica [a medium sized Bosnian town], the Seventh Brigade made periodic attempts to Islamicize daily life, smashing alcohol shops and destroying pigs.”\(^{52}\) The use of explicitly Islamic fighting units reached its pinnacle in the mujahideen units, discussed below.

The gradual abandonment of the Bosnian ideal of multi-cultural co-habitation during the war was pushed by many SDA cadres, who attempted to replace this latter with Muslim nationalism and a greater allegiance to Islam. The SDA wartime Minister of Culture and Education, Enes Karic ordered local radio stations to abstain from playing what he called "aggressor music," or any songs sung by Serbian singers, even if they carried anti-war messages.\(^{53}\) Karic also introduced Islamic instruction into elementary schools in 1994, breaking with the secular educational system inherited from socialist Yugoslavia. Party control of the state-owned television service, TVBiH, allowed the SDA to silence oppositional voices, particularly those in favour of multi-ethnic co-operation, even when these came from moderates within the SDA itself.\(^{54}\) An especially radical SDA cadre, Amila Omersofic was given the position of the head of TVBiH, and promptly purged the station of its experienced journalists who

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\(^{50}\) Hoare, *How Bosnia Armed*, p.107.


\(^{52}\) Kumar, *Divide and Fall*, p. 64.


refused to tow the party line.55

Despite this partial Islamification of the Bosnian Army and the party control over education, media and culture, the SDA did not get away from its dual loyalty to both pan-Islamism and a unitary, multi-ethnic Bosnia. The contradictions between these two poles can best be seen in the debates within the Bosnian Muslim community around whether to accept the Owen-Stallburg peace plan in 1993. The plan would have ended the war in Bosnia by partitioning the country into three roughly ethnically homogeneous statelets, including one for Bosnian Muslims. The secular press in Sarajevo attacked Izetbegovic and the SDA for even considering such a proposal, given that it would abandon the unitary Bosnia-Herzegovina that the Bosnian government had ostensibly been fighting for. One magazine claimed that one of the most powerful SDA pan-Islamists, Hasan Cengic, was instructed by Izetbegovic to draft a constitution for the new Islamic state. Though the SDA eventually turned down the peace plan, Bougarel argues that Izetbegovic and the SDA fully accepted the idea of a Muslim statelet in principle, but rejected the plan because not enough land was offered to the Bosnian Muslims. However even Izetbegovic himself was uncertain about abandoning Bosnia in favour of a Muslim state,56 even if this would satisfy his criteria for an Islamic government described in his *Islamic Declaration*. Thus the writers and propagandists who unambiguously claim that Izetbegovic and the pan-Islamists were first and foremost interested in the creation of an Islamic state would do well to recall the uncertainty of this same current when presented with an opportunity to form such a state.

In any case, the Owen-Stallburg peace plan fell through when it was rejected wholesale by the Bosnian Serbs, and the conflict continued until the singing of the Dayton accords in 1995. By this time, the idea of creating ethnic statelets in Bosnia was shelved in favour of the preservation of a unitary Bosnia-Herzegovina, albeit a highly decentralized one split into two entities, the Croat/Muslim Federation of BiH and the Serbian *Republika Srpska*, joined by weak central institutions. Though

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55 Ibid.
Dayton did not formally establish ethnic statelets in Bosnia, due to the extensive displacements and ethnic cleansing carried out during the war, Bosnian Muslims were left with control over territory that was almost entirely mono-ethnically Bosniak. The question now arose of what role Islam would play in regulating everyday life in the towns and cities dominated by Bosnian Muslims in the post-war period.

1.1.4 The pan-Islamist project and Bosnian society

Following their consolidation of power after the end of hostilities, the pan-Islamist current, now concentrated in two principle institutions, the SDA and the Islamic Community of Bosnia (IZ), set out to make major changes to the secular society post-war Bosnians inherited from socialist Yugoslavia. The spiritual inspiration for this project was outlined in a 1996 book by Dzemaludin Latic called *The Political Dimension of Islam*, where Latic describes the “three ambitions of Islam” (quoted above). Thus if the pan-Islamists were willing to renounce the idea of an Islamic state, the third of Latic's three ambitions, this made the desire to realize the first two—strengthening individual faith and creating an Islamic society—even stronger. This philosophy was best captured by a popular wartime slogan amongst the pan-Islamists: "secular state, non-secular society."\(^57\)

Towards the end of the war years, and especially in the post-war period, the IZ and many prominent pan-Islamists engaged in fierce polemics against some of the staples of Bosnia's secular multiethnic heritage. The most controversial of which were the attacks on mixed-marriages between Christian (Serb and Croat) Bosnians and Bosnian Muslims. Such marriages were common in socialist BiH, especially in bigger cities like Sarajevo and Mostar where they accounted for 30% of all unions.\(^58\) Mixed marriages were actively encouraged by the Yugoslav state in an attempt to build 'brotherhood and unity' (*bratstvo i jedinstvo*) between Bosnia's ethnic groups. Against such a tradition, Dz. Latic declared in 1994 that "mixed marriages, a symbol of misunderstood mutual life, are mostly ruined

\(^{58}\) Malcom, *A Short History*, p. 222.
marriages in which big conflicts exist and children are frustrated by their origin."59 Latic also enraged many secular Bosnians when he reportedly stated that the children of mixed marriages should be considered bastards and that "an insistence on mixed marriages promotes the dangerous path of living together."60 The IZ was also active in this campaign, issuing fatwas (rulings) stating that good Muslims should not intermarry, and should give their children Islamic surnames in lieu of the Christian names which had become popular with secular Bosnian Muslim families.61 The head of the IZ, Grand Mufti Mustafa Ceric went so far as to call called intermarriage “another form of genocide.”62

The IZ and other vocal pan-Islamists also lashed out at the consumption of alcohol and pork amongst the secular population of Bosnia, and the common practice of Bosnian Muslims celebrating Catholic New Years in addition to Islamic holidays.63 For these critics the public presence of symbols associated with Christmas, such as the Bosnian version of Santa Claus, Djed Mraz, were particularly troubling.64

These attempts to re-Islamify secular Bosnian Muslims through everyday practices attained mixed results, and attracted fierce criticism from the secular press and intelligentsia. Dz. Latic received

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59 Roger Cohen, “Bosnians Fear a Rising Islamic Authoritarianism,” The New York Times, October 10, 1994. “Such statements...caused tension because they challenge the essence of what has been portrayed as the Bosnian idea under assault from Serbs bent on racial purity: a multiethnic, multireligious society as symbolized by the mingled minarets and church steeples of Sarajevo.”

60 Fine, Islam and the Bosnian Crisis, p.28.

61 Bougarel, Le nouvel islam balkanique. Latic later clarified his stance on mixed-marriages: “in my religion, marriages between Muslim women and non-Muslims are forbidden, as stated in the founding sources of Islam. In principle marriages between Muslims and other mono-theists who believe in resurrection is acceptable, but only in principle. However the majority of religious [Islamic] scholars, like the European council for fatwas, believe that in situations like that faced in by Bosnian Muslims, Muslims must not marry non-Muslims.” see Dzemaludin Latic, “Ja sam skrhan; Nemam više snage da trpim gnusne uvrede koje su mi pripisali zbog izjava o djeci iz mješovitih brakova,” Start, 12 Aug 2003.


63 Bougarel, Le nouvel islam balkanique.

64 Salafist groups independent of the IZ such as the Active Islamic Youth (AIY) also polemicized against Christian religious holidays: "More than a year ago, posters inviting Bosniaks not to celebrate New Year and not to extend good wishes to Christians appeared in many towns of central Bosnia. The AIY arranged the printing of the poster, working on da’wa [the Islamic mission] even in this way. Concerning AIY stands on the New Year, International Women’s day, and similar holidays, they say: ‘Why would they be celebrated? Muslims have two holidays, as they were told by the Prophet, and those are the two Bairams. There are no more holidays that Muslims can celebrate.’" Quoted in Dženana Karup, “Kuran je naš ustav,” Dani, 72(30), 1998. Translation available at http://www.balkanpeace.org/index.php?index=/content/balkans/bosnia/bos133.incl.
such concentrated attacks against him that he declared in 2003: "I am crushed; I cannot bear any more outrageous insults directed towards me because of statements regarding the children of mixed marriages." Though few secular Muslims gave up alcohol because of the IZ *fatwas*, and there remain a significant number of bars and drinking establishments in Sarajevo and other Bosnian cities, it has become increasingly common for restaurants and cafes to abstain from serving alcohol and pork in the Muslim dominated areas of BiH. Furthermore, many children of mixed marriages complain of being marginalized or discriminated against in contemporary Bosnian society. Though other factors such as the common practice of hiring along ethnic lines have contributed to the marginal position of Bosnians of mixed ethnicity, the ideology of ethno-religious nationalism which replaced the socialist era notion of brotherhood and unity has been instrumental in delegitimizing the practice of mixed marriages.

Despite the very mixed results of the pan-Islamist project in normalizing Islamic practices in Bosnia, pan-Islamist party elites nonetheless achieved a dominant position in the post-war period, though they did face opposition from secular nationalist and social-democratic parties. The strong performance of the SDA in the first post-war elections in 1996 further solidified their grip on the key institutions of Bosnian (Muslim) society. Bougarel is thus correct in asserting that “the appearance of a high level of success of Islamist movements is not related to a high level of religiosity.” However this does not mean that creating higher levels of religiosity is not a continuing strategy of the pan-Islamists.

Yet the Islamic revival in BiH involved more than simply local actors and political elites. In the next section I detail the significant presence of Islamic aid workers, fighters and missionaries in Bosnia during the war years, and the influence these actors had on Bosnia’s religious fabric. I show that despite the very mixed reception of Bosnian Muslims to foreign influence, Islamic missionaries and

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mujahideen helped implant more pious forms of Islamic practice amongst Bosnian Muslims. Thus foreign Islamic influence helped further the domestic political currents that pushed for the spread of Islam throughout the Bosnian army and the local Muslim population.

1.2 Foreign Islamic presence in BiH during the war years

Despite the lack of any overt outside military intervention in Bosnia until the very end of the conflict, all sides in the war received support from sympathetic countries and diaspora communities abroad. The Bosnian government turned especially to Muslim countries such as Iran, Saudi Arabia and Pakistan for support that ran the gauntlet from humanitarian aid to financial contributions to clandestine flows of weapons and armaments. The Bosnian side was particularly dependent on foreign flows of weapons, given the UN arms embargo which officially prevented Bosnia from receiving military aid from overseas. In an effort to attract greater assistance from the Muslim world, the pan-Islamist elements in the Bosnian government attempted to recast the war in Bosnia as a jihad, a holy war pitting Muslims against their Christian aggressors who sought to stamp out any trace of Islam in the Balkans.

Foreign Islamic governments, aid agencies and NGOs as well as Islamist militant groups also sought to benefit from the reading of the war in Bosnia as a jihad. Radical oppositional groups in Egypt, especially the Muslim Brotherhood, used the lack of direct intervention in Bosnia by the Egyptian authorities as a pretext to attack the government for ignoring the plight of Muslims abroad. The conflict also served as a terrain for the continuing struggles between Islamic countries, especially Iran

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68 Michael Dobbs, “Saudis Funded Weapons For Bosnia, Official Says; $300 Million Program Had U.S. 'Stealth Cooperation','*The Washington Post* , February 2, 1996. “Dismayed by Western inaction in Bosnia, Saudi Arabia funded a $300 million covert operation to channel weapons to the Muslim-led government over the past three years with the knowledge and tacit cooperation of the United States, according to an official with firsthand knowledge of the operation. The arms shipments, which were in addition to around $500 million in Saudi humanitarian aid, were in direct violation of a United Nations arms embargo on the former Yugoslavia that Washington had pledged to enforce. The Bosnian program was modeled in some respects on the Afghanistan experience in the 1980s, when Saudi Arabia helped finance the covert arming of anti-Soviet Muslim fighters in an operation supported by a similar cast of former U.S. military and intelligence personnel and agents, according to a Saudi official, who spoke on condition that he remain unidentified.”


70 The Egyptian government was reluctant to intervene in Bosnia due to its close ties to Yugoslavia and Serbia as a result of economic co-operation established through the non-Alligned movement. see Bougarel, *Le nouvel islam balkanique*, p.438.
and Saudi Arabia, who competed for the prestige of contributing most to the Bosnian government side.71 The Saudi government was also motivated by fears of the ability of Iran to control anti-Saudi Islamist movements through their proxies in the Sudanese charities that were providing humanitarian aid to Bosnia.72

Given this maneuvering, many of the aid packages supplied by the Muslim world came with religious and ideological baggage. As Sarajlic states: "some of the activities were of a humanitarian nature, following the involvement of Saudi Arabia and its contribution of around 150 million USD in the first year of the war, but other forms of intervention clearly aimed at changing the content and practice of Islam in Bosnia."73 The delivery of such humanitarian aid was often made conditional on mosque attendance or other religious duties, and many Islamic charities also sent religious pamphlets along with aid packages.74 In concert with aid donations, missionaries from the Islamic world also came to Bosnia during the war. One prominent Saudi imam, Imad el-Misri published a book during the war entitled "Understanding Which Must Be Corrected" (Shvatanja koja trebamo ispraviti), which was harshly critical of the local Bosnian interpretation and practice of Islam and set out a program for converting Bosnian Muslims to his own Salafist tradition.75

Perhaps the most controversial foreign intervention in BiH during the war was the arrival of mujahideen, fighters from the Islamic world who served in the Bosnian army.76

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71 See "The Saudi sources said their government began looking for ways of assisting the Bosnian Muslims partly to counteract the ability of radical states such as Iran to exploit the issue. They said Riyadh could not afford to be viewed as "less Muslim" over Bosnia than the radicals. The Saudis were so desperate to help the Bosnians that they were even prepared to see large quantities of arms diverted to Croatia. According to the Saudi account, much of the Saudi assistance was given in the form of direct financial aid to the Bosnian government." From “Saudis Funded Weapons For Bosnia.”

72 Bougarel, Le nouvel islam balkanique, p. 437-438.


74 Bougarel, Le nouvel islam balkanique, p.117; and Bellion-Jourdan, The Charitable Crescent, p.138 and 143.


76 Despite the hysterical exaggerations of Serb and Croat nationalists about the number of mujahideen in Bosnia, they were quite limited in both number and spatial dispersion, being mostly concentrated in Central Bosnia. Though estimates vary widely, even the most liberal accounts put them at no more than 4,000 fighters. “The events of the war period persuaded many Bosnian Muslims to argue for the creation of a Muslim state and a Muslim army. It is estimated that some 3,000-
Bosnia, many of them veterans of the war against the USSR in Afghanistan, were mostly followers of radical Wehbbist or Salafist Islam from Saudi Arabia.\textsuperscript{77} As such they were largely disdainful of the Islam practised by their Bosnian compatriots, finding it at odds with what they considered their own proper, pure Islam. Within this interpretation, even those practicing Muslims whose faith did not live up to the Salafist standards became part of the enemy camp. In an effort to implant Salafist interpretations of Islam in Bosnia, local Bosnian Muslims who wished to serve alongside the \textit{mujahideen} had to first pass a course on Sharia law.\textsuperscript{78}

The \textit{mujahideen} drew the ire of many in Bosnia, on all sides of the conflict, because of their responsibility for some of the most serious war crimes committed in Central Bosnia against the local Croatian and Serbian populations.\textsuperscript{79} The Bosnian Muslim community was also disturbed by their foreign manners, dress and their promotion of radical interpretations of Islam. As Hecimovic describes: “throughout the period from 1992-93, there were conflicts between international Islamic military volunteers and missionaries, and the local [Bosnian] population...people who had lived as Muslims for decades, even under socialism. There was no need for someone to come from the Islamic world to teach them what it means to be a Muslim.”\textsuperscript{80}

Nevertheless, Hecimovic is also intimately aware of the respect that the foreign fighters were able to gather among many Bosnian Muslims during and after the war. His is a more social explanation

\textsuperscript{77} There is debate over the use of the term Salafism vs. Wehabbism. I have opted to use Salafism here as Wehabbism has become something of a slur in Bosnia.

\textsuperscript{78} Despite the fact that the foreign fighters were outnumbered in the \textit{mujahideen} unit by more than two to one by local Bosnians, it was the locals who ended up taking up the foreigners culture: “how it could happen that [local Bosnian members of El-Mujahideen]—having been brought up and taught like average Bosnians, in a unit where they outnumbered the Arabs, defending their own country from aggression—found themselves in a situation in which foreigners completely imposed their way of life on them?” Dženana Karup, “Kuran je naš ustav,” \textit{Dani}, 72(30), 1998. Translation available at http://www.balkanpeace.org/index.php?index=/content/balkans/bosnia/bos133.incl. Last accessed September 11, 2012.

\textsuperscript{79} Enver Hadžihasanović, Mehmed Alagić and Seventh Muslim Brigade Colonel Amir Kubara were all indicted by the ICTY for war crimes, at least in part related to the activities of the \textit{mujahideen} nominally under their command. See Hoare, \textit{How Bosnia Armed}.

\textsuperscript{80} Esad Hecimovic, quoted in Vlado Azinović, \textit{Al-Ka'ida u Bosni i Hercegovini}. 
of why devout forms of religious practice gained ground in Bosnia. Hecimovic speculates that the collapse of Yugoslavia and the destruction of Bosnian society left a deep void:

The way that foreign mujahideen with such a pious view of the faith lived in Bosnia, and were willing to die for the country, created an aura of respect among many Bosniaks, eventually winning over sympathetic followers whose numbers are continuously rising. In a country whose society and economy were destroyed in a targeted manner, and whose system of general moral and ethical values were utterly ruined, there is still no autonomous and clearly articulated integrative ideology or political platform which would offer a vision of recovery and hope. In such a setting, a strongly established system of values like that brought to Bosnia by foreign mujahideen and missionaries is easily accepted. It creates the impression of a return to authentic values and general order, and with this provides ready-made and simple answers to the complex questions posed by Bosnia's post-conflict conjuncture (sadasnost).81

Yet there were also more material concerns that pushed some Bosnians towards Salafist conceptions of Islam. Though Hecimovic is correct that the war helped delegitimize pre-war social values, many turned to Salafism out of frustration with the elites in the SDA and IZ, especially ex-soldiers who fought alongside the mujahideen:

After the war...former combatants faced serious material difficulties, and felt they did not receive sufficient recognition of their role in the war. These social frustrations were, for some of them, balanced by the conviction of having discovered the “true Islam” by frequenting the militants of the Islamic NGOs and the mujahideen. The expression of their frustration could then take the form of opposing those who, from the SDA or the IZ, claimed a monopoly of Islamic legitimacy.82

Though Hecimovic and Bellion-Jourdan are incisive in connecting the popularity, albeit limited,
of the mujahideen to the hopeless wartime and post-war situation in Bosnia, they perhaps ignore the similarities between the pious vision provided by foreign fighters and the pan-Islamism of the radical currents in the SDA and IZ. Since this local pan-Islamism was forced to remain opaque and implicit as discussed above, Hecimovic is correct in stating that such a domestic ideology was not “clearly articulated.” However foreign Islamic actors in BiH, especially missionaries and the mujahideen, helped contribute to the social project of the Bosnian pan-Islamists by granting legitimacy to forms of observant Islamic practice that were rare in Bosnia, especially in its cities, before the war.

Hecimovic also allows us to connect two trends here: the dissemination of Salafist strands of Islam during the war by foreign fighters and missionaries, and the post-war cultural and religious penetration of Bosnia through networks connecting the Islamic world to BiH. It is to these connections forged in the post-war period that I now turn.

1.3 Post-war aid donations and foreign Islamic influence

Just as Islamic countries were extensively involved in providing assistance to the Bosnian government during wartime, they continued and in many cases increased their presence in Bosnian society after the war. The influence exerted by Islamic countries in Bosnia has been the subject of a modest amount of scholarship in recent years, focusing particularly on the political and religious implications of these linkages. In what follows I provide brief review of this literature, with an eye to extending the existing discussion to include business and economic connections between Bosnia and the Islamic world, discussed in later chapters.

The main conclusion of much of this scholarship is that the influence of Islamic countries has had an ambiguous and sometimes contradictory impact on Bosnian society. The networks linking Bosnia to the Islamic world have brought a diverse array of foreign Islamic actors to Bosnia. While these actors and connections have assisted Bosnia’s post-war reconstruction, they have also at times threatened both Bosnia’s Islamic traditions, and the everyday practices of Bosnia’s predominantly
secular Muslim population. These networks thus both challenge and lend support to the local pan-Islamist current. By aiding the IZ and other Islamic institutions financially, and by disseminating and encouraging observant Islamic practices, foreign Islamic networks have existed symbiotically with the local pan-Islamists. However by questioning the position of the IZ as the sole interpreter of Islam in Bosnia, and objecting to the perceived reformist line of the Community, these same networks have also challenged Bosnian centres of politico-religious power.

Much of the literature on the foreign Islamic presence in Bosnia emphasizes the same sites and institutions as being at the centre of the influence of Islamic countries. Both Asim Saraljic and Harun Karcic list foreign funded mosques, Islamic schools, cultural centres, publications and other media such as Islamic websites and radio programs, education of Bosnians abroad in the Muslim world and Islamic NGOs and humanitarian societies as the principle modalities through which foreign Islamic influence is exerted in BiH. Many of these connections linking Bosnia to the Islamic world were already established during the war and were simply extended and intensified into the post-war period. As such many Islamic actors that arrived in BiH after the war were already well connected with local sources of political power, particularly the members of the SDA who had worked so hard to lobby Islamic countries to come to Bosnia's aid, Hasan Cengic and Haris Silajdzic foremost among them.83

The connections linking Bosnia to the wider Islamic world also have a longer history, dating back to the socialist era non-Aligned Movement. Because many of the most powerful non-aligned countries were Muslim, Yugoslav Muslims were offered positions in state institutions in a bid to forge stronger links with the Islamic world: “a Muslim background was a positive advantage for anyone hoping to get on in the Yugoslav diplomatic service. By the mid-1960s there were prominent Bosnian Muslim diplomats serving in several Arab states and Indonesia.”84

These links were drawn on by the Bosnian government as it sought foreign support both during

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84 Malcom, A Short History, p.197.
and after the war in Bosnia. However the ideological basis of these connections has shifted from the
days of the non-Aligned movement. Tito's strategy of non-Alignment was used to support his fragile
socialist project between the United States and the Soviet Union, drawing on third-worldist and anti-
imperialist rhetoric to win allies in the Islamic world. Creating solidarity between Yugoslavia's Muslim
population and Islamic countries was merely a fortuitous commonality used by Tito to empower
Yugoslavia in the global system.\(^8^5\) The thin nature of this solidarity is made clear by the fact that the
diplomats who were chosen by the Yugoslav state because of their Muslim names to meet with Islamic
delегations were almost entirely secular Muslims who had long ago abandoned their religious
sensibilities. However once the SDA came to power and the Yugoslav project had become an
anachronism, the Bosnian lobbying of the Islamic world became more explicitly based on pan-Islamist
affinities, especially with Iran and Saudi Arabia.\(^8^6\)

In the non-Aligned era, the Islamic world was more interested in Bosnia's Muslims for the
potential gains to be made in the international sphere. However in the post-war era, foreign Islamic
actors in Bosnia became more concerned with implanting more radical interpretations of Islam in a
country known for both its own traditional forms of Islamic practice and its secularized Muslim
population. These new Islamic networks took advantage of the void created by the destruction of pre-
war social values to increase their influence in Bosnia: “the vacuum that was created by the breakdown
of the entire social fabric in the region was filled with activities of external actors and their local
proxies. The country’s exposure to external influence also provided a leeway for many Islamic players
to exert their influence and power.”\(^8^7\) One such opening was created by the participation of the
international community in the Bosnian reconstruction effort following the end of hostilities. Though
Western countries, the EU and the United States in particular, dominated the practical aspects of
reconstruction, the Islamic world was also active in rebuilding Bosnia's heavily damaged infrastructure.

\(^8^5\) Malcom, \textit{A Short History}, p.194-197.
\(^8^7\) Saraljic, \textit{The Return of the Consuls}, p.174.
Islamic countries have been particularly active in repairing religious buildings as well as building new mosques, cultural centres and other Islamic facilities. Qatar, Saudi Arabia, Indonesia, Malaysia, Kuwait and Jordan have all financed new religious construction in Sarajevo since the end of the war.\textsuperscript{88} Saudi Arabia has been particularly active, helping to fund the extensive repairs to the 16\textsuperscript{th} and 17\textsuperscript{th} century mosques in Sarajevo's old town, as well as spending $9 million USD to build the now infamous King Fahd Mosque in Sarajevo's socialist era suburb of Alipasino Polje.\textsuperscript{89} Altogether it is estimated that the Saudis spent as much as US$800 million in Bosnia on “Islamic activities” alone from 1992-2002, on top of their significant contributions made during the war to help supply the Bosnian army.\textsuperscript{90} Bosnia is not the only country that has seen an extensive Saudi presence attempt to introduce Salafist practices, the country spends an average of US$5 billion a year on promoting “Islamic activities” abroad.\textsuperscript{91}

This extensive involvement of Islamic countries in building new religious capacity in Bosnia has not surprisingly contributed to an implantation of forms of Islam foreign to Bosnia's Islamic tradition. Mosques have become the principle site for this implantation and for the concentration of the power of foreign Islamic actors.\textsuperscript{92} Just as foreign funded mosques help introduce interpretations of Islam which break from traditional Bosnian practice, many of these mosques, King Fahd foremost among them, are built in an architectural style that departs radically from the Bosnian vernacular tradition, particularly in their grandiose size and sparse ornamentation. Local architects were dismayed at the large mosques financed by Islamic countries and often complained that these overshadowed the more modest architectural accomplishments of Sarajevo's Islamic heritage, especially the 16\textsuperscript{th} century


\textsuperscript{89} "The High Saudi Committee contributed significantly to the... rebuilding [of] more than 200 mosques and [the construction of] several new ones, including the massive King Fahd Cultural Centre and an adjacent mosque in one of Sarajevo’s residential areas" quote is from Saraljic, The Return of the Consuls, p.184. The Saudi funded mosque is now the biggest in the Balkans.

\textsuperscript{90} See the extensive sources listed in footnote 114 of Vlado Azinović, Al-Kai’da u Bosni i Hercegovini. Western countries were also active in pumping money into Bosnia. According to the US State department the international community spent $15 billion on Bosnian reconstruction between 1996 and 2007. See http://www.state.gov/r/pa/ei/bgn/2868.htm Last accessed July 25\textsuperscript{th} 2012.

\textsuperscript{91} Vlado Azinović, Al-Kai’dà u Bosni i Hercegovini.

\textsuperscript{92} As Saraljic comments, “the control of mosques throughout the country yields probably the strongest influence for [foreign] Islamic actors,” p.178.
Gazi Husrev Bey Mosque in Sarajevo's old town. The Saudi donors in charge of rebuilding the damaged Bey's Mosque also caused an uproar when they removed the intricate interior decorations dating from the 16th century to conform with Salafi practice. Additionally, many writers and journalists were disappointed that these donations from the Islamic world were being used to build exclusively religious infrastructure when the Bosnian economy was in dire need of capital injections. Izetbegovic claims that "they would not give us money for factories...they would only support building mosques."

The activities of Islamic countries in BiH thus cannot be disassociated from the continuing efforts to Islamify Bosnian society: “the influence of the Arab world in Bosnia can be felt in the energy devoted to the Islamification of BiH. This process, financed especially by Saudi Arabia and certain other Gulf countries, manifests itself visually in the flourishing of numerous mosques, as much as through Islamic education and the provision of educational scholarships.”

1.3.1 Foreign Islamic networks and local Bosnian elites

How did the local Islamic Community of Bosnia react to the influx of foreign religious actors into post-war BiH? In the period immediately following the end of hostilities, the IZ's desperate financial situation meant that the Community was entirely reliant on external donations from the Islamic world for its day to day operations. The IZ was thus compelled to either remain silent or express explicit support for even the more radical foreign Islamists active in Bosnia. This co-operation with international Islamic actors generated hostility towards the IZ, as its political opponents alleged

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93 Dani also reports that many of these religious buildings violated local planning regulations, which had to be quickly amended on an ad-hoc basis. See Dzenana Karup-Druskom, “Magnificent Mosques for Hungry People,” Dani, Translated on April 11 2000, available at http://www.ex-yupress.com/dani/dani30.html. Last accessed September 11, 2012.
95 See Karup-Druskom, “Magnificent Mosques for Hungry People.”
98 Bougarel, Le nouvel islam balkanique.
the Community was ignoring the threat posed by the radical Salafist missionaries and *mujahideen* who remained in BiH after the war.\(^9^9\) The Salafi interpretations of Islam propagated by many of these missionaries often questioned traditional Bosnian Islamic practices, characterizing them as being *bid'a* (novelty), a deviation from pure Islam.\(^1^0^0\) Thus many of the IZ's critics felt that the Community was betraying the Bosnian Islamic tradition by tacitly tolerating and implicitly supporting the presence of radical Islamic sects.\(^1^0^1\)

However despite the suggestions of some of its critics, the IZ was not always supportive of Salafi imams and congregations (*dzemati*), especially when these threatened the hegemony of the IZ and its position as the sole Islamic authority in BiH.\(^1^0^2\) Even in light of the internal divisions within the IZ, the strong centralizing impulses of the head of the Community, *Reis ul-ulama* Mustafa Ceric, led to conflicts between the IZ and Salafist groups operating in BiH. These were most intense in the late 90s when Salafism was at the peak of its popularity.\(^1^0^3\) Despite their very small numbers, these militant Salafists for a time enjoyed a substantial influence over Bosnian public opinion.\(^1^0^4\) The Active Islamic Youth (AIY), a Saudi financed Salafist group established by a group of former *mujahideen*, clashed on numerous occasions with the IZ hierarchy. Since the recruitment of younger cadres was a particularly weak point for the IZ, the AIY attracted many Bosnian youth who were inspired by the bravery and piety of their “Arab brothers” who fought in the Bosnian war.\(^1^0^5\) Ceric denounced the Salafists as a destabilizing force, and suggested they were leading Bosnia into the kind of sectarian conflict that crippled Afghanistan in the early 90s.\(^1^0^6\) The AIY struck back by regularly criticizing the perceived reformist line of the IZ, through its weekly publication *Saff*, and in concert with other radical Islamic

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\(^1^0^1\) This controversy existed even within the IZ, where there were divisions between those imams closer to Salafism, and those in favour of a strong central authority holding up traditional Bosnian Islam. See Sarajlic, p.177 and Karcic, p 163.
\(^1^0^3\) Karcic, Globalisation and Islam.
\(^1^0^4\) Jean-Arnault Derens, Sarajevo et l'islam, religion des clerc, religion vecue, p.34.
\(^1^0^5\) Karcic, Globalisation and Islam.
\(^1^0^6\) On the fear of Afghanization, see Benthal and Jourdan, *The Charitable Crescent*, p.148.
websites which “mockingly referred to the IZ” as the “(Un)Islamic Community.”

Though IZ did not shy away from publicly attacking those foreign financed Islamic institutions which threatened their dominant position in Bosnian society, since “the officials of the Islamic Community campaigned above all for reinforcing the influence and the social visibility of Islam,”

the activities of radical Islamic groups in Bosnia were not viewed in an entirely negative light by the IZ. There were thus significant continuities between foreign Islamic networks and the pan-Islamist project in Bosnia. Glamotchak concludes that despite the continuing failure to “graft” Islamist ideologies onto Bosnian society, “the official structures of the Islamic Community have nevertheless undertaken the strategy of a thorough re-Islamification of Bosnian society, in concert with the development of radical networks.”

Seeking out greater connections with Islamic countries therefore remains part of a larger political project of positioning of Bosnia within the Islamic world: “the support that the SDA sought among foreign volunteers was not a marginal phenomenon. On the contrary, it was inscribed into the apparatus aimed at integrating the Bosniaks into the global community of the umma.” If such an integration with the umma was part of a political strategy of the pan-Islamist current during and immediately following the war, then the continuing efforts to connect Bosnia with the wider Islamic world must also be seen in this political and ideological context.

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The authors I have relied upon most (H. Karcic, Saraljic, Bougaret, Jourdain, Hecimovic) have all traced the contradictory outcomes of the penetration of BiH by Islamic countries; while both benefiting the Bosnian pan-Islamist current by providing it with financing and legitimacy, Islamic networks have also at times challenged the authority of local institutions like the SDA and the IZ.

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109 Marina Glamotchak, “A la recherche de l'identite bosniaque: entre religion, nation et Etat.”

110 ibid p.44.

111 Ibid p.46.
However most of these authors, even Sarajlic and H. Karcic, who call for a fuller understanding of Islamic networks in their totality\textsuperscript{112}, neglect to extend their analysis to business and investment networks connecting the Islamic world to BiH. This is a major oversight, as business connections and capital flows can themselves contribute to the spread of cultural and religious practices, as much as missionary work, cultural and education exchanges or religious publications. However unlike these latter forms of connectivity between BiH and the Islamic world, the impact of foreign Islamic investors has been much less ambiguous in its benefit to local sources of politico-religious power, the SDA and the IZ in particular, as I argue in the following chapter. Nevertheless, these business networks receive scant attention in scholarly discussions of the influence of the Islamic world on Bosnia's cultural fabric.

\textbf{1.4 Conclusion}

In the past two decades, Islam has flourished in Bosnia in times of great crisis and uncertainty. It was only the disaster of the Bosnian war that allowed Muslim nationalism to slowly replace loyalty to the idea of a multi-ethnic Bosnia. It was the dissolution and chaos of the war that enabled the SDA and its conservative, pan-Islamist elements to centralize power around themselves and install their cadres at the heads of the most important state institutions and enterprises. Finally the desperate war situation opened the door for the Islamic world to come to Bosnia with desperately needed flows of aid and weapons, as well as more devout interpretations of Islam. As we have seen, the influence of the Islamic world continued during the turbulent post-war reconstruction, made possible by networks and connections established during the war. However once a degree of stability had been established, would the influence of Islam in Bosnia not wane? Would the American brokered plan to transition Bosnia to a market economy through privatization and foreign direct investment not strip the pan-Islamist and nationalist SDA of its hold over Bosnian society in favour of a secular, free market system? Would aid

\textsuperscript{112} "Although the impact of foreign factors is by no means to be neglected, in order to attain an all-encompassing picture of Islam in post-communist Bosnia and Herzegovina, \textit{all the factors need to be accounted for.}" Harun Karcic, "Islamic Revival in BiH 1992-2010," emphasis mine.
donations from the Islamic world not be replaced with less ideologically tinged capital flows, more concerned with earning a profit than winning over believers? In the following chapter I argue that the implementation of the Washington Consensus in Bosnia had unexpected and unintended outcomes.
Chapter 2: Islamic Banking and FDI in Bosnia, Economic Necessity or Political Project?

2. Introduction

Following the 1995 signing of the Dayton accords ending the war in Bosnia-Herzegovina, the IMF and the World Bank set out to rebuild the country's devastated economy and society, while transitioning BiH to a market system. The IFIs immediately encountered a dysfunctional and clientistic state apparatus: the country was split into three ethnically divided zones of control, each with its respective ethno-national elites presiding over most major sources of revenue. Some of these sources were via legitimate channels, in what was left of the country's state-owned industrial capacity, but most came from control over smuggling networks, the trade in black market goods and other forms of war profiteering. In those areas controlled by the Bosnian Army, by this point (1995-1996) entirely under the thumb of the SDA, the party controlled all major government institutions and ministries, through which it aggressively promoted Bosniak nationalism and encouraged adherence to Islamic norms. Thus the lines between religion and the state, between religious elites and political power and between political elites and economic power were entirely blurred. It was exactly such interconnections that IMF and World Bank policy aimed to break, armed with the tenets of the Washington Consensus which promised a depoliticized economy and a secular state apparatus.

Given the decimated state of Bosnia's post-war industrial capacity and infrastructure, many argued for a state-led development plan to restart production by recapitalizing state-owned enterprises. Such a plan could quickly create a high volume of jobs to counter soaring

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113 For a detailed description of the war economy focused on Sarajevo, see Peter Andreas, Blue Helmets and Black Markets: The Business of Survival in the Siege of Sarajevo, Ithaca and London, 2008.

114 As described in the previous chapter, see especially Hoare, How Bosnia Armed and Fine, Islam in the Bosnian Crisis. Unlike Croatian and Serbian zones of control however, Sarajevo still possessed a relatively independent and critical oppositional media, namely the newspaper Ostobodjenje. The paper nonetheless came under attack by SDA members for not towing the nationalist line. One SDA minister even complained that the Bosnian media was not as obedient as its Serbian and Croatian counterparts. see Tom Gjelten, Sarajevo Daily: A City and Its Newspaper Under Siege, London, 1996.

115 See the work of Michael Pugh for such a critique, especially Michael Pugh. 2006. Transformation in the Political-Economy of Bosnia since Dayton, in David Chandler ed; Peace Without Politics? Ten Years of International State-Building in Bosnia, New York:142-156.
unemployment rates, while returning demobilized soldiers to civilian employment. However the IFIs were uninterested in such an anachronistic model, and deployed some curiously circular arguments in favour of their own neo-liberal path:

It is tempting to argue that special conditions in Bosnia-Herzegovina would favour a direct government involvement in increasing production through the restarting of the State-owned enterprises. Nevertheless, growth and job creation in Bosnia, apart from that driven by the reconstruction program, will most likely come from expansion in the services sector and light industry, set up by private entrepreneurs. Therefore, the basic strategy for economy revival should be a reliance on the private sector as the main engine of increased production and employment.¹¹⁶

The IFIs therefore decided that the Bosnian reconstruction and transition could only be accomplished through the privatization of major state-owned enterprises, and injections of foreign direct investment (FDI) to recapitalize uncompetitive firms.¹¹⁷ Other neo-liberal think tanks agreed that privatization was the only way to “cut the Gordian knot that binds Bosnia’s politicians to its state-owned firms and allows them to benefit from the funds and jobs they generate.”¹¹⁸ Transferring state assets to foreign investors was thus seen as a way to de-politicize the economy and disempower local elites. It would also have the added bonus of precluding politically or ideologically motivated business decisions common to state managed firms in post-war BiH, such as the frequent practice of nationalist controlled firms hiring along ethnic lines.¹¹⁹ In this the IFIs operated on the belief that the capital allocation mechanisms of the market are indifferent to socio-cultural values or ethnicity, or in the words of Belloni, “in theory, where state institutions do not control productive activities the ethnically blind

¹¹⁷ Pugh, “Transformation in the Political-Economy of Bosnia.”
¹¹⁹ The HDZ control over Aluminium Mostar is the most overt example of hiring on ethnic lines. The party appointed management also refused to hand out privatization vouchers to the firm's 2,000 non-Croat ex-employees. See p. 18 of the ICG report “Bosnia's Precarious Economy.”
market can allocate resources in an economically viable way."¹²⁰

In the next two chapters I show that inflows of foreign capital and the selling off of state assets can have the exact opposite effect to that intended by the IFIs; first by detailing how FDI has brought party and religious elites directly into the fabric of newly founded, foreign owned firms, furthering their religious and political projects (chapter 2) and second by demonstrating how the privatization of state-owned urban property helped facilitate the introduction of religious norms into the urban everyday life of Sarajevo (chapter 3).

In this chapter I trace the founding of Bosnia Bank International (BBI), a Sarajevo based Islamic bank, created through a 40 million KM¹²¹ investment by three Persian Gulf based Islamic development banks. Far from being “ethnically blind,” this investment came about directly as a result of connections established during the wartime lobbying campaign of Arab countries, conducted by Bosniak elites in the SDA. Instead of disempowering nationalist elites, the founding of the bank further entrenched the powerful position of SDA cadres by installing them in the managerial fabric of the new institution. Furthermore, BBI has become a key tool in the ongoing political project of Bosnia's pan-Islamist current, as the bank has both given Islamic norms a more prominent role in the regulation of post-war Bosnian society, and has contributed to strengthening Bosnia's connections to the Islamic world, and encouraging the identification of Bosnian Muslims with the umma. Thus instead of supporting the construction of a secular state and society, and rather than bringing Bosnia into the orbit of the Western world, FDI provided an opening for the ongoing introduction of religious norms into Bosnian society, and the integration of Bosnia with Eastern markets.

In addition to criticizing the logic of the IFIs, this chapter also seeks to intervene in the ongoing debates about the Islamic revival in Bosnia, and the modalities through which foreign Islamic influence in BiH is extended. Since the beginning of the war in Bosnia-Herzegovina in 1992, the presence and

¹²¹ The KM or converted mark is the Bosnian currency, pegged to the Euro at a rate of 1.95 KM/Euro.
influence of Islamic countries in BiH has increased substantially, and networks linking BiH to the Islamic world have been both forged and strengthened. As I demonstrated in the preceding chapter, many of these connections were the product of a sustained lobbying campaign by segments of the Bosnian pan-Islamist and Muslim nationalist political elite to attract both humanitarian and military aid to the Bosnian government in the midst of its desperate wartime situation. The arrival of foreign Islamic missionaries, aid workers and *mujahideen* during the war, and the cultural, educational and religious linkages formed between BiH and the Islamic world after the conflict all contributed to the reshaping of the Bosnian religious landscape, helping to implant more pious and observant forms of Islamic practice in what was a predominantly secularized society. As such, these connections played directly into the hands of local Bosnian pan-Islamists, who were also seeking a greater role for Islamic principles in regulating Bosnian society and everyday life. In the next two chapters however, I explore a new modality through which foreign Islamic networks have strengthened the role of Islam in public life in BiH: foreign direct investment (FDI) from the Islamic world, and the privatization and redevelopment of formerly state-owned urban property by Islamic investors.

Business networks and FDI have so far received little attention from scholars charting the influence of Islamic countries on Bosnian society. This is a major oversight, as business connections and capital flows can themselves contribute to the spreading of foreign cultural and religious practices, to the same or even greater extent than missionary work, cultural and education exchanges or foreign religious publications. This case study reveals another important reason to extend discussions of the Islamic revival: unlike unpredictable aid donations and missionary networks, which as we saw in the last chapter can sometimes challenge local elites, it is much easier for existing centres of politico-religious power, in this case the IZ and SDA, to work foreign investments to their own benefit and advantage.

By situating the opening of BBI in both its local, historical context and within wider global
political-economic processes, I show that there were both political and economic prerequisites for this investment from the Gulf. As such, the business strategies of the bank must be viewed through both political/religious and economic lenses. With BBI we do not have simply another example of an entrepreneurial city seeking to attract footloose flows of global capital from wherever possible, we have instead a particular political elite seeking out very selective sources of investment (Islamic countries, Eastern markets).\textsuperscript{122} Though the bank presents this attempt to attract more investment as being motivated purely by economic rationality and necessity, I ask whether such a drive can be separated from ongoing attempts to bring Bosnia closer to the Islamic world, and to bring Islamic practices closer to Bosnia. While aggressively promoting its lobbying drive as being a way to pull Bosnia out of poverty, BBI says little about the political and religious baggage that can accompany investments from the Islamic world.

Before continuing, it should be noted that in terms of Bosnia's banking sector, BBI represents an exceptional case rather than the norm. I do not mean to argue that banking is becoming dominated by capital from the Islamic world or that the international community has overseen an Eastern takeover of the industry. On the contrary, banking is one of the only sectors where the IFI brokered plan has accomplished its goals of opening up Bosnia to Western capital: the banking sector as a whole in Bosnia is almost 100% controlled by foreign banks, the majority of them from Western Europe. The biggest three banks in Bosnia, the Austrian Raiffeisen and Hypo Alpe Adria and the Italian UniCredit, alone accounted for 64.43% of the BiH banking market in 2007.\textsuperscript{123} This market has been difficult for BBI to break into, and so far, the bank has accomplished more in the ideological or promotional realm than in its business dealings.

However by emphasizing the specifically political and ideological character of capital flows from the Islamic world, I do not mean to suggest that only these flows, as the exception, are political,

\textsuperscript{122} This is not to suggest that such an apolitical entrepreneurial urbanism exists elsewhere as a model that Sarajevo has broken with. All attempts to attract investment are caught up in political rationality.

while investments from Western Europe are safely apolitical. The foreign investment from Western Europe that has touched down in Bosnia is just as entangled in political projects as is Islamic capital. While examining which political elites were empowered and what political projects were furthered by Western investments in the banking sector would make for enlightening research, it is beyond the scope of this analysis. For now I will merely note that all capital touching down in BiH, not just Islamic investments, is enmeshed in one way or another in particular political visions.124

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In what follows I first provide a history of the local and global preconditions that led to a major investment from the Persian Gulf touching down in Sarajevo, bringing out both the political and economic dynamics at play. Next I turn to analyzing BBI's business strategy and ask how both economic rationale as well as ideological motivations play into the operations of the new bank. After critiquing some of the attempts of BBI's director to de-politicize the firm's lobbying campaign, I turn to the bank's connections to the domestic pan-Islamist and Bosniak nationalist elite to see what effect this inflow of capital from the Gulf has had on the 'Gordian knot' so dreaded by the neo-liberal consensus. I conclude with a balance sheet of BBI's achievements in both its business operations and its attempts to sway the Bosnian public towards increased integration with the Islamic world.

2.1 BBI: local and global preconditions for investment

On October 19th 2000 three Persian Gulf based Islamic banks—the Islamic Development Bank (IDB), based in Jeddah, Saudi Arabia, the Dubai Islamic bank and the Abu Dhabi Islamic Bank—founded Bosna Bank International (BBI) with a start-up capital of KM 47.52 million, headquartered in

124 Bosniak nationalist politicians are not the only ethno-national elites in Bosnia to have extracted power and patronage from close connections to local banks. The case of the Bosnian Croat controlled Hercegovacka Banka is perhaps the most blatant example of such nefarious dealings, as the nationalist Croatian Democratic Union (HDZ) used the bank to launder money, syphon assets to its local patrons and fund parallel state institutions. The bank was eventually shut down by the UN and European Union. Adam Raviv. 2005. Jigsaw Sovereignty: The Economic Consequences of Decentralization in Post-Dayton Bosnia. George Washington International Law Review, 109. and the ICG report, “Bosnia's Precarious Economy.”
Like its three founding banks, BBI operates under the guidelines of Islamic banking, and as such was Europe's first bank run on Islamic principles. In order to trace the preconditions for such an investment, it will be necessary to step back and analyze the geo-political and historical contingencies that led to the bank's founding. These stretch back to personal and business connections formed during the war years between members of the Bosniak political elite and the IDB, but also encompass political-economic processes both at the local scale in Bosnia and the global scale involving transnational flows of capital originating in the Persian Gulf.

A major investment in Bosnia from the Persian Gulf was long awaited by many local businessmen and politicians. Following the cessation of hostilities in BiH in 1995, Bosnia was flooded with aid donations from international organizations involved in the post-war reconstruction effort. Despite the large presence and participation of Islamic countries in the rebuilding and redevelopment process, and the emphasis of the international financial institutions (IFIs) on attracting FDI, there was little direct, profit seeking investment from Arab or Islamic countries in Bosnia immediately following the end of the war in 1995. This was also in spite of a common discursive trope circulating at the end of the war promising a wave of investment and support from “our rich Arab brothers.” There was much optimism amongst Bosnian Muslims for this investment assistance from the Islamic world, especially given the extensive wartime and post-war donations by Arab countries to the Bosnian government side in its war against Serb and Croat nationalist separatists, and the newly found affinities between Bosnian Muslims and the Arab world that such aid helped generate.

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125 The IDB is the majority shareholder, with a 45.46% share, while the Dubai and Abu Dhabi banks both had 27.27% shares. Thus the very title of the bank is deceiving, although its operations are limited to Bosnia and it is headquartered in the country's capital, BBI is entirely owned by Islamic banks from the Persian Gulf.

126 Islamic banking differs from conventional banking in its efforts to use financial practices that uphold sharia principles, by forbidding the charging of interest on loans and using a participatory, risk and profit/loss sharing model of financing rather than standard loan arrangements. For more on Islamic banking, including some debates regarding exactly how different such practices are from conventional banking, see Beng Soon Chong and, Ming-Hua Liu. 2009. Islamic Banking: Interest Free or Interest Based? Pacific-Basin Finance Journal, 17: 125–144; and Feisal Khan. 2010. How Islamic is Islamic Banking? Journal of Economic Behavior & Organization, 76: 805-820.

127 Several of my interview subjects brought up memories of this discourse when I informed them I was studying FDI from the Gulf in Sarajevo.
Yet the cultural connections linking Bosnian Muslims to the Arab world were limited to their shared religion, albeit with vastly different local traditions of practice and levels of piety. These connections were thus no guarantee of a sweeping wave of investment from Islamic countries. Though the government of Saudi Arabia and others did donate large sums for the reconstruction effort, much of it was for the rebuilding of mosques, libraries or other cultural institutions. Bosnia's perceived highly unstable political situation, as well as the extensive infrastructural damage suffered during the war meant that the promised wave of investment never materialized. As one World Bank employee put it, the response from Arab investors was something like “sorry guys, but they just do business better in Belgrade, Zagreb or Western Europe.”

Over time however, global level dynamics were to shift the local investment climate in BiH. At the end of 90s and the beginning of the new millennium, investors in Gulf countries began looking more to Eastern Europe for profit margins not available in the safer and more popular markets of Western Europe. The period of financial expansion in the early 2000s prior to the crises of 2007 and 2008 also saw Gulf-based Islamic banks expand their activity and attempt to enter European markets for the first time. The oil-rich countries of the Persian Gulf had no shortage of idle capital awaiting profitable reinvestment, and have been plagued by a shortage of attractive investment channels since the OPEC price hike in 1973. Islamic banks in particular face a high opportunity cost of holding on to idle capital, as the ban on interest that comes with Islamic banking practice prevents them from depositing in overnight accounts with central banks. These factors all led to Gulf based capital and Islamic banks seeking profitable reinvestment opportunities in European markets. Though they also

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128 Interview with World Bank employee, July 2011, Sarajevo.
129 Interview with local journalist, July 2011, Sarajevo.
130 See Robert Delvin and Ricardo Ffrench-Davis. 1995. The Great Latin American Debt Crisis: a Decade of Asymmetric Adjustment, Revista de Economia Politica, 15(3):117-142. for an explanation of the role of oil dollars in leading to the Latin American and African debt crises, as excess liquidity generated by the 1973 OPEC oil shock produced a glut of idle capital which was then lent to developing countries. Yugoslavia was also a recipient of many loans from such sources. See Susan Woodward Socialist Unemployment: The Political Economy of Yugoslavia. Princeton, 1995.
131 Khan, “How Islamic is Islamic Banking?”
targeted Western Europe, particularly Britain with its large Muslim population, Islamic finance was already attempting to break into the lucrative Eastern European market during this period.

Sarajevo was chosen as the city from which to base the Eastern European operations of several prominent Islamic banks. It was chosen for its central location in the region, Bosnia's stable macroeconomic framework (one of the few successes of neo-liberal restructuring), but also due to some personal, political and business connections already established between these banks and a segment of the Bosniak politico-business elite. Also instrumental for these Islamic banks was Sarajevo's majority Muslim population, which post-war estimates put at 80-90% of the city's population.

As I mentioned above, the founding of BBI was also predicated upon the prior establishment of business and personal networks connecting Gulf bankers to the Bosniak political and business elite. Some of these networks stretch back to the war years, when many Bosniak politicians were actively lobbying Islamic countries for aid to support the Bosnian government in during the war in Bosnia. Haris Silajdzic, a prominent local politician and former SDA member, and Hasan Cengic, another founding SDA member who was imprisoned along with Alija Izetbegovic in 1983, were the two most well known Bosniak politicians to engage in extensive lobbying activities in the Islamic world during the war. As a result of this lobbying, they were both well connected within the Organization of Islamic Cooperation (OIC), and by extension the Islamic Development Bank (IDB), the majority owner of BBI. Hussein Zivalj, another 1983 prisoner and prominent SDA member once served as a Bosnian deputy to the IDB, and his international connections made during his term as Bosnia's foreign minister

132 In 2004 the Islamic Bank of Britain was opened in London by a group of Gulf investors.
133 Cengic is particularly notorious, given his involvement with purported arms smuggling schemes from Iran, his ties to the radical Islamist charity Third World Relief Agency (TWRF), and his local business network, which many claim profits from his government connections. See “Clash of Cultures in Bosnia.” The Economist, 23 November 1996; John Pomfret, “Bosnia's Muslims Dodged Embargo,” Washington Post Foreign Service, September 22 1996; Adnan Buturovic, “10 najmoćnijih familija od lijanovića do izetbegovića,” Slobodna Bosna, 28 June 2007; and Mirsad Fazlić, “Čengić je tokom rata raspolagao 2,5 milijardi dolara,” Slobodna Bosna, 18 September 2003.
134 Interview with BBI employee, Sarajevo July 2011. The IDB is in fact the independent financial arm of the OIC, whose members represent the shareholders of the bank. Some have also suggested that former Federation of BiH premier Edhem Bicakcic helped secure the business space for BBI headquarters. See Nedzad Latic, “Tajni plan za Bošnjake,” Dnevni Avaz, 20 March 2010.
were an important element of the Bosnian lobby. The current director of BBI, Amer Bukvic, also worked for the IDB in the 1990s before BBI was founded. Thus the idea of opening an Islamic bank in Bosnia dates back to personal connections and networks built during the chaos and desperation of the Bosnian government, and the Bosniak elite during the war. However it was only later, after five years of post-conflict redevelopment when some stability had been established, that the project was finally able to be realized. It was the confluence of these already established political networks with the economic rationale—lucrative Eastern European markets, the expansion of Islamic banking into Europe, overaccumulation of Gulf capital—that finally provided the conditions for three Gulf based Islamic banks to open BBI.

2.2 BBI's three pronged business strategy

From its opening, BBI's business plan consisted of three main strategies which it has promoted extensively in the local press. The first was to use BBI to attract more FDI to BiH, particularly from the Islamic world. Amidst the fanfare of the bank's opening, one executive official from the Abu Dhabi Islamic Bank asserted that BBI was representative of a larger desire of Islamic countries to increase their financial and business connections with BiH.135 Second, as mentioned above, the founders of the bank had more ambitious plans for BBI as the beachhead for the broader expansion of Islamic banking into South-East Europe. As the head of one of BBI's founding Gulf banks stated in 2001, “the new bank could eventually become a regional centre for networks of Islamic financial institutions, which could then establish themselves throughout the wider Balkan region on the basis of the success of this Bosnian initiative.”136 Finally, BBI's third goal, promoting the domestic development of BiH, was to be accomplished primarily through the first two: by attracting FDI to invest in sectors important for the country's economic development such as infrastructure and energy, but also by turning the planned entrance of Islamic bank capital into South-East Europe into a wider economic development strategy.

136 Ibid.

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for Sarajevo and the surrounding canton.\textsuperscript{137} The founding of BBI thus helped generate much local hype around the idea of turning Sarajevo and Bosnia into the financial centre of South-East Europe.

At a 2008 press conference the head of the IDB summed up the interrelation between BBI's three strategies, claiming the bank was “founded with the goal of assisting and supporting the development of BiH, which should open the route for Islamic banking to enter Eastern Europe, and stressing the “great interest of Gulf countries to invest in BiH, a process in which BBI has an important role to play.”\textsuperscript{138}

In what follows I will focus primarily on the lobbying drive centred around BBI to attract FDI to BiH, pausing briefly to touch on the (lack of) success of the bank in promoting regional development and in achieving the entrance of Islamic banking in the Balkans. If I devote perhaps undue attention to this aspect of BBI's operations, it is because much of the bank's energy especially in the past five years has been oriented towards bringing foreign investors to Bosnia, especially those from the Islamic world. This lobbying campaign is thus a key compliment to the cultural and religious connections already established during and after the war in Bosnia. Since those earlier connections were inextricably politicized from the outset by their position within the political strategy of Bosnia's pan-Islamists, analyzing this latest FDI lobbying drive serves to stress the ideological continuity with past attempts to position Bosnia in closer proximity to the Islamic world.

\subsection*{2.3 BBI and connections with the Islamic World}

The current C.E.O of BBI, Amer Bukvic, often claims that BBI has “become a bridge for investors from the Gulf and OIC members,”\textsuperscript{139} describing the position of BBI at the centre of an intensive lobbying effort to attract the seemingly endless supply of capital from the Islamic world, but more specifically the oil rich states of the Persian Gulf.\textsuperscript{140} In July of 2007, at the height of the albeit

\textsuperscript{137} Interview with Professor at the University of Sarajevo, Faculty of Economics, July 2011.


\textsuperscript{139} Saša Milutinovic, “Postali smo most za investitore iz zemalja Zaljeva i clanica OIC-a,” \textit{Banke}, 1 Nov 2007.

brief building boom in Sarajevo, Bukvic drew a parallel with the much larger bubble in Dubai's real estate market, which at the time had yet to burst: “Dubai today contains 22 percent of the world's cranes, and we can take a piece of that pie.”

Bosnian lobbyists thus used BBI as a tool to attract both overaccumulated capital that was being continuously sunk into the built environment in Dubai, as well as capital from the Islamic banking sector, whose profitability and high annual growth rates are often trumpeted by BBI spokespeople.

It is no coincidence that the height of this lobbying campaign was in 2007-2008, just before the global financial crisis of September 2008. In April of 2008, several representatives from BBI's founding banks visited Sarajevo and met with local government officials, and it was during these series of meetings that attracting capital from the Islamic world was made an official part of the development program for the Federation of BiH, the Bosniak dominated entity. The bank again received an apparent sign of success later in 2008 when the OIC selected BBI as its bank of choice for all of its financial operations in Bosnia. BBI was thus guaranteed a position as a mediator through which the promised wave of foreign investment from the Islamic world would flow. However with the global financial crisis hitting several months later in September 2008, these efforts all came to all a halt, and little investment from the Gulf came to Sarajevo during a period which saw the bursting Dubai's real-estate bubble, and the crash in global oil prices.

More broadly speaking, since its founding in 2000, BBI has not helped usher in the flows of FDI from Gulf countries or the wider Islamic world as promised, even in the boom years prior to the crisis. It was not until February of 2008 that even as much as a memorandum of understanding was signed between the Saudi and Bosnian chambers of commerce, and there remained at this time no

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141 Ibid.
143 Though it is also noteworthy that one of the main representatives of the Federation government in these meetings with Saudi investors was Vjekoslav Bevanda, a Croat and member of the Croatian nationalist HDZ party.
144 “OIC ce poslove u BiH obavljati preko BBI,” Dnevni Avaz, 7 March 2008.
145 This didn't prevent Amer Bukvic from making a joint statement with the head of Bosnia's central bank at the height of the sub-prime crisis in the summer of 2008, before the collapse of Lehman Brothers, that the financial crisis had still not affected BiH. See J. Salklic, “Finansijska kriza jos nije zahvatila BiH,” Oslobodjenje, 27 June 2008.
direct flights between BiH and the Middle East.\textsuperscript{146} The largest investor from the Gulf is Saudi Arabia, but its investments up to 2012 were significantly lower than many Western European countries, particularly Austria, Slovenia or even neighbouring Serbia.\textsuperscript{147} Far from being the initiator of an investment boom, BBI thus represents an exception in its status as a major long-term investment from the Islamic world. Though most of BBI's public calls for greater investment from the Gulf are in sectors like energy, transport and agriculture, the little investment in BiH from the Islamic world has been concentrated mostly in real-estate and banking rather than infrastructure development or industry.\textsuperscript{148} Very rarely is it suggested publicly that investors should come to BiH to build shopping malls and luxury hotels, despite the fact that these are the most common projects for Gulf financiers.

Additionally, BBI has contributed relatively little to domestic economic or social development, the exception being a number of small scale infrastructure projects to aid refugee return in the ethnically cleansed regions of Eastern Bosnia and Bratunac.\textsuperscript{149} BBI’s role in facilitating the entrance of Islamic banking into South-East Europe has also been slow in producing any results. It was not until recently, in March of 2012, that rumours began circulating that BBI was planning to open a branch in

\textsuperscript{146} “Arapski biznismeni traze projekte,” \textit{Infokom}, 01 May 2008.
\textsuperscript{148} This sectorally specific investment is not limited to FDI from the Persian Gulf, as Fischer (2006) points out: “Pöschl (2005:154) argues that Bosnia, like most of the countries in the Balkans, has only attracted investment in sectors which produce for internal markets and consumption, such as telecommunications, electricity, refineries, petrol stations, breweries, tobacco and construction material. Very little direct investment has been made in those sectors which have to compete in other international markets such as the EU (e.g. the automobile or accessories industry). Investments resulting in internationally networked production have been relatively rare; one example is the cooperation with the Italian textiles industry (p.449). However recent developments have seen more investments in infrastructural projects, particularly the ongoing construction of a major highway connecting Bosnia with Hungary and Croatia, the Corridor VC (also known as the fifth transversal).” Martina Fischer, \textit{Peacebuilding and Civil Society in Bosnia-Herzegovina. Ten Years after Dayton}. Münster, 2006.
\textsuperscript{149} In 2008 BBI was selected to implement the construction of 10 kilometres of road in Zvornik, financed by the Saudi prince Al-Waleed Bin Talal, to help connect isolated villages of Muslim returnees in Eastern Bosnia to the major highway leading to Sarajevo. It is noteworthy that the same prince also expressed interest in purchasing the Jajce barracks in Sarajevo with the intent of turning it into a “super luxurious Four Seasons hotel, Al-Walweed being also the owner of the Four Seasons chain. Thus even when contributing to small scale infrastructural redevelopment projects, wealthy Arab investors often have their eye on higher profile real-estate development. “Saudijski princ i BBI grade puteve u istočnoj Bosni,” \textit{Oslobodenje}, 22 June 2008.
Croatia.\textsuperscript{150} Thus it was only after over a decade of operations that BBI announced its intention to expand into another Balkan country outside of BiH. Furthermore, even within Bosnia, BBI is concentrated entirely in the Federation, with no branches in \textit{Republika Srpska}. This despite the fact that at the founding of BBI, after mentioning that the bank had a captive market given that 40\% of Bonsia's population are Muslims, the head of the Abu Dhabi Islamic Bank insisted that “BBI will seek to establish connections with all communities in Bosnia, not just Muslims, offering its financial services to all prospective clients and not solely one community.”\textsuperscript{151}

Like the earlier narrative of “Arab brothers” coming to kick start the economy after the war, the initial hype around BBI as a vessel for the domestic development of BiH through FDI failed to produce any concrete results. Instead, much of the Gulf investment in Europe during the decade after BBI's opening was oriented towards Western Europe, especially London's real-estate market, while Gulf investment in the region focused more on Serbia than BiH.\textsuperscript{152} The religious affinities between the Bosnian Muslim elite gathered around BBI and the Islamic world thus did not count for much when it came to actual investments.

\textbf{2.3.1 Sarajevo Business Forum: the lobbying drive reborn}

The attempt to attract FDI from the Islamic world was given new energy in 2010 with the holding of the first Sarajevo Business Forum (SBF), organized by BBI. The event brought together international investors from over 40 countries, prominently represented by financiers from Arab countries as well as Turkey, but also Western European countries like Austria and Slovenia, the top two EU investors in BiH. Similarly to most attempts to attract investment to Bosnia, the SBF has encouraged investments in agriculture, tourism, energy, and transportation infrastructure, focusing particularly on the 'natural gifts' of Bosnia's natural resources, specifically hydro power generated by

\textsuperscript{152} Interview with S.D. Journalist, Sarajevo, 2011.
the country's strong river system.\textsuperscript{153}

The discourse around the SBF has however taken a slightly new turn in recent years. Whereas prior to the crisis the bank focused on helping BiH cash in on the boom that helped change the skylines of so many Gulf cities, after the bubble burst attracting FDI was presented as the only way to overcome the crisis that struck BiH with particular ferocity.\textsuperscript{154} Bukvic and BBI have even gone so far as to suggest that Islamic banking presents a solution to the crisis tendencies inherent to 'Western variants' of capitalism, portraying Islamic banking as an 'ethical alternative' to standard banking practices based on usury.\textsuperscript{155}

BBI has also begun promoting several new avenues for economic development in BiH. They have pitched the idea of Sarajevo as a regional media centre—in light of the recent openings of Balkan branches of Al-Jazeera and the Turkish network TRT in Sarajevo—as well as the potential for the city to develop a media industry along the lines of the Dubai Media City. Additionally, after the failure of the regional development plan seeking to turn Sarajevo into financial centre of South-East Europe,\textsuperscript{156} BBI is now active in promoting a new idea for regional growth: developing Sarajevo into the educational centre of South-East Europe, based on the presence of five different universities in the city, two of which are funded by Turkey and one by the USA.\textsuperscript{157} In the lead up to this year's SBF, Bukvic and BBI are also actively promoting the idea of Bosnia as an agricultural supplier for halal food markets in Europe, and food security programs in the Middle East. Thus not surprisingly, much of SBF

\textsuperscript{153} One local journalist I spoke with was quite unimpressed with the selection of projects offered at SBF, suggesting that anyone with an idea could propose an investment project, without any kind of research into the feasibility of the endeavour. Interview with S.D.


\textsuperscript{156} Zagreb and Ljubljana remained the centre for finance in the region with much stronger and better capitalized stock markets supported by the much more robust economies of Croatia and Slovenia. Interview with Professor of Economics, Sarajevo 2011.

\textsuperscript{157} An interview with a professor of economics at the University of Sarajevo first informed me of this replacement of the the failed strategy to attract finance capital to the city with the goal of making the city into an educational centre of South-East Europe. See also Amer Bukvic, “Smjernice za prevazilaženje globalne krize,” Oslobodjenje, 04 April 2012.
and BBI's efforts around the conference are oriented towards increasing connections between Bosnia and the Islamic world through the OIC.

BBI has been also active in promoting the activities of Bosnian businesses attempting to set up operations in OIC countries, by establishing lines of credit between BBI and banks in OIC countries. BBI emphasizes that using such credit lines is a way to avoid contact with Western European banks, which are usually utilized by Bosnian firms doing business abroad.\textsuperscript{158} Thus even where seemingly pure economic logic should determine the most favourable source for financing in an apolitical manner, we see reappearing the political divisions that characterized the early days Bosnian nationalism and the SDA: the split between a liberal, European wing and a more conservative, religious current with connections to the Islamic world (chapter 1). Furthermore, in line with this latter current, BBI has been active in seeking changes to the Bosnian constitution to better accommodate Islamic practices. Given the absence of any regulatory recognition of Islamic banking in the Bosnian legal code,\textsuperscript{159} BBI has persistently lobbied the Bosnian government to make an amendment that would enshrine Islamic banking in state law. Bukvic has further claimed that this would help usher more investment from the Gulf: “since we are the only bank in South-East Europe which operates in accordance with Islamic principles, adopting such an amendment would encourage our shareholders from the rich Gulf countries to intensify their investments in BiH through our bank.”\textsuperscript{160}

There is then a contradictory character to BBI's lobbying campaign. On the one hand, Bukvic uses the standard language of entrepreneurial urbanism to promote its efforts: “introducing new taxes will result in the closing of small and medium sized firms...and lead to the complete extinguishing of

\textsuperscript{158} Amer Bukvic in Saša Milutinovic, “Postali smo most za investitore iz zemalja Zaljeva i clanica OIC-a,” Banke, 1 Nov 2007.

\textsuperscript{159} This has also been touted as one of the strengths of the bank, with current director Amer Bukvic giving lectures on the subject, and advising prospective Islamic banks from former Soviet republics using BBI as an example of how to operate without explicit legal parameters for Islamic banking. See “Rusi uce naprimjeru BBI banke,” Oslobodjenje, 12 June 2008.

\textsuperscript{160} Quoted in Adisa Bećiragić, “Sav profit koji ostvarimo uložit ćemo u BiH,” Banke u BiH, 01 Oct 2010. Bukvic frequently uses this phrase 'rich Gulf countries' (Zemlje bogatog Zaljeva) when speaking of the potential for further investment from these countries in BiH. See also “Jačanje saradnje sa zemljama bogatog Zaljeva,” Banke u BiH, 01 Nov 2006.
all economic activity...instead it is essential to implement the necessary reforms to make BiH attractive to foreign investment as quickly as possible.” As discussed earlier the IFIs have from the outset of their activity in of BiH decreed that FDI could be the only possible source of large scale investment. Thus BBI is part of a larger drive within Bosnia which for the past decade has desperately sought out FDI to help develop Bosnia's capital starved economy, regardless of the origins of such capital flows.

However at the same time, it is clear that BBI's attempt to draw FDI to Sarajevo is also heavily focused on attracting particular sources of FDI from very specific origins, namely the Islamic countries of the OIC, but most often the 'rich countries of the Persian Gulf,' as they are almost always referred to by Bukvic. We should also note that the most publicized opportunities for investment at the SBF are focused on projects of a specifically Islamic character, such as halal food production and halal tourism promotion, or related to business ventures from the Islamic world, such as the attempts to emulate the model of Dubai media city and to provide local agricultural products for Middle East food security programs. Thus while appearing in one guise as the merely entrepreneurial activities of a peripheral country seeking to develop its economy, there is also a transparent cultural and political rationality behind BBI's lobbying campaign.

Yet isn't attracting capital from the Islamic world, and encouraging connections with 'Eastern markets' merely part of the comparative advantage of BBI? In a banking sector crowded with well-connected Western European banks, would it not be foolish of BBI to pass up its connections with the Islamic world, home to potential clients and investors unreachable by Western banks? On the one hand, BBI is merely exploiting its comparative advantage by establishing business linkages with its contacts in the Islamic world. Yet on the other hand the attempts to attract capital from the Islamic world do carry religious baggage that goes against the country's secular traditions. This dual character to BBI's lobbying drive is reflected in the fact that in addition to its supporters in the SDA, the social-democratic party leader Zlatko Lagumdzija and the secular Bosnian nationalist Haris Silajdzic are both aggressive

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promoters of SBF, and their faces regularly find their way onto much of the business forum's promotional literature. This paradox is best explained by the fact that none of Bosnia's major political parties, whether secular or religious, leftist or conservative question the IFI's insistence on the absolute necessity of attracting foreign investment. Thus aspects of BBI's project are looked upon favourably even by Bosnia's secular Muslim politicians, hopeful of Bosnia's attempt to insert itself into global markets. We will see a similar phenomenon reveal itself in the reactions of the secular opposition to sharia urban spaces in the following chapter.

2.4 BBI and the politics of de-politicization

In the bank's public statements, Bukvic attempts to present BBI's project as being driven by purely economic rationality. In an op-ed piece in Oslobodjenje, after extolling the benefits to BiH of greater integration with 'Eastern markets', (later clarified as the OIC), Bukvic explains, “the times we live in demand innovative solutions and long-term strategic planning, unencumbered by ideology, and motivated instead by pragmatism and above all responsibility for the socio-economic status of our citizens. For us to avoid the fate of Greece or Spain, the Bosnian government must stop viewing problems through an ethnic or ideological lens.”¹⁶² For Bukvic then, BiH strengthening its ties with the Islamic world is not part of an ideological project, but simply a pragmatic way to address a serious economic situation in BiH. Bukvic also attempts to present the new connections being formed between BiH and the OIC as a simple continuation of the links established by membership in the Non-Aligned Movement, of which Yugoslavia was a founding and arguably the most powerful member. There is thus a curious oscillation in some of Bukvic's public statements between emphasizing on the one hand these historically established linkages created through the non-Alligned Movement, and on the other the importance of forging new business connections with OIC countries.¹⁶³ Bukvic also reminds

¹⁶³ There is of course significant overlap between these two groups, and Yugoslavia had particularly close economic ties with Libya, Egypt and Iraq, all non-Alligned countries. In October of 2010, the Bosnian firm ANS Drive announced it had signed a contract worth 500 million KM to build a business tower in Tripoli to be christened 'Gaddafi Tower.' See
Oslobodjenje readers that OIC countries have good relations with “neighbouring countries,” meaning Serbia and Croatia.

Why is Bukvic so concerned with insisting that one take a neutral, non-ideological stance when considering expanding the connections between BiH and the Islamic world? Why does he try and portray this project to attract Islamic capital to BiH as being simply an economic necessity, a pragmatic response to difficult circumstances?

This pragmatism is only possible by treating economic linkages in an entirely apolitical manner. What Bukvic ignores is how proposals to strengthen the connections between BiH and the Islamic world are already part of a longer history, not just of business networks linking BiH to the OIC, but also of the contentious political confrontations between those secular Bosnian Muslims who identify more with BiH's European heritage, and the pan-Islamist political current seeking greater ties with the Islamic world. By emphasizing the economic necessity of looking to OIC countries for investment, Bukvic places BBI's lobbying drive in a political vacuum, and thus attempts to obliterate the very political implications of increasing BiH's connections with the Islamic world.

Bukvic's statements regarding the non-Alligned Movement also serve a very specific ideological function. Emphasizing the historical heritage of the non-Alligned Movement and the economic ties it forged helps obscures the fundamentally altered ideological landscape that characterizes the project to connect BiH with the Islamic world, both at the local and global scales. Where such ties once served to reinforce the power of socialist Yugoslavia between Western and Eastern blocks, they now are part of a Bosniak political project to increase the public presence of Islam within those parts of Bosnia dominated by Bosniaks. At a global level, while the non-Alligned movement was characterized by an at least formal adherence to "the struggle against imperialism, colonialism, neo-colonialism, racism, and all forms of foreign aggression, occupation, domination,"

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“ANS Drive iz Sarajeva gradi Gaddafi Tower,” Dnevni Avaz, 08 Oct 2010. Dnevni Avaz claims that the firm's previous experience building Sarajevo City Centre and BBI Centre were key in securing the contract.
interference or hegemony as well as against great power and bloc politics, the contemporary OIC (the de-facto successor to the non-Alligned movement), and especially its financial arm in the Islamic Development Bank, are dominated by market imperatives to find the most profitable sources of reinvestment for the oil profits of many of its member states. Thus Bukvic conflates cold war politics with Bosnia's current nationalist conjuncture, and the third-worldism of the non-Aligned movement with the neo-liberalism of the OIC.

Furthermore, Bukvic's comparisons with Croatia or Serbia must also be seen as an attempt to quell the fears that BBI's lobbying of Islamic countries is part of an ethno-political project. By suggesting that even BiH's neighbours, birthplaces of virulently Islamophobic nationalisms, can do business with the Islamic world, Bukvic attempts to deny that there are any nationalist connotations to BBI's campaign. Paradoxically however connections between Bosnia's neighbours and the Islamic world do not incite the same controversy, because they are not part of a political project seeking to change the place of Islam in Serbia and Croatia, as they are in Bosnia. The mere fact that Bukvic has to defend BBI's project to extend cooperation with the countries of the OIC is indicative of the controversial nature of the kinds of economic ties promoted by the bank. What he neglects, or disavows, in the fact that in Sarajevo, investments by Saudi banks carry much greater political baggage than similar projects carried out in Serbia, Montenegro or even London. While locals in those places may have adverse reactions to foreign investments by Islamic countries, the case in Bosnia goes beyond simple xenophobia to encompass political struggles over the role of Islam in public life.

By presenting a seamless history between the non-Alligned Movement, and BBI's contemporary

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164 The quote is from Fidel Castro in a speech to the UN as chairman of the non-aligned countries movement 12 October 1979. Available online at http://lanic.utexas.edu/la/cb/cuba/castro/1979/19791012 last accessed May 16th 2012.
165 Though the most virulent Serb and Croat nationalists would no doubt characterize such co-operation with Islamic businesses as treacherous, suggesting both the different political context in which such investments are inserted and that all FDI carries political baggage of some kind.
166 Though investments in Serbia's Muslim majority Sandzak region do play into the same Muslim nationalism, and thus create similar kinds of contentions as investments in Sarajevo, I am more concerned with Belgrade and Zagreb in the preceding statement.
167 Though many reactions in Bosnia to foreign investment, particularly from the Serbian nationalist media, also clearly carry xenophobic tones. Igor Gajić “Putovanje ludog voza,” Reporter: 09 Dec 2009.
lobbying drive, and by suggesting parallels between Serbia and Croatia's connections with the Islamic world and Bosnia's, Bukvic attempts to de-politicize BBI's project, and its position within wider political dynamics in Bosnian society. We thus cannot view this lobbying campaign purely on economic lines, stripped of its political and ideological rationality. As Carl Schmitt once remarked, “the domination of men based upon pure economics must appear a terrible deception if, by remaining nonpolitical, it thereby evades political responsibility and visibility.”

Instead we must situate all attempts to attract investment to Bosnia within their complex and contentious political contexts, but more than that, we must view such attempts to establish economic linkages as a key strategy in the continuation of that political project itself.

To support my claim above that BBI's lobbying drive cannot be considered separately from the pan-Islamist political current centred around the SDA and the IZ, I will now turn to the connections between the bank and the Bosniak politico-religious elite at the head of the pan-Islamist project. It is no surprise that the two projects have more in common than simply ideological affinities.

2.5 BBI and connections with the local Bosniak elite

As noted by the magazine *Slobodna Bosna* (Free Bosnia), the most powerful political families in Bosnia not only preside over their party's hierarchy, but can also be found in various high ranking positions in both public companies and state institutions. It was exactly this 'Gordian knot,' that neo-liberal policy in BiH promised to sever. Yet despite the claims of the IFIs, party elites have also found their way into private companies created through privatization and foreign investment. BBI represented another opportunity to extend party patronage networks into the workings of the newly formed Islamic bank. Though the bank is 100% owned by foreign investors, this has not prevented BBI from becoming intimately connected with segments of the Bosniak political elite based in Sarajevo. As described above, preliminary connections with this elite had already been established before the bank opened in

2000-2001. Once the bank began its operations in BiH, the links between BBI and Bosniak political and party elites were further sedimented and institutionalized. Hasan Cengic, Haris Silajdzic, and Bakir Izetbegovic (the latter the son of Alija Izetbegovic, current Bosniak member of the BiH presidency and leading SDA member) all were either members of the board of directors (Upravni Odbor) of the bank, or part of its VIP business club—with Silajdzic acting as president of the VIP club and listed by BBI as a “founding honourable patron.” Husein Zivalj, another former Young Muslim and high ranking SDA official was a key figure in bringing the IDB to Bosnia, and his brother Sead is the current director of BBI Leasing & Real Estate, the real-estate development arm of the bank we will encounter at length in the next chapter.

B. Izetbegovic in particular created some controversy when he declared that he had earned 30,000KM for his work on the board of directors of BBI, while at the same time holding public office. These connections were enough for one prominent local journalist to comment that “the main centre around which the political and economic power of the Bosniak national and religious elite is concentrated is BBI bank.” The same commentator also noted the links between BBI and four powerful families with links to the Islamist Young Muslim movement: Čengić, Zivalj, Izetbegović and Bukvić.

The leader of the IZ, Reis ul-ulama (Grand Mufti) Mustafa Ceric has also found his way into the bank's hierarchy, and currently sits as the president of its sharia advisory board (Šerijatski Odbor). Additionally, the IZ and BBI are connected by more than just the personal involvement of Ceric, or

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173 Nedzad Latic, “Umiru iluzije bošnjačke zelene buržoazije,” Dnevni Avaz, 25 Feb 2011. The author, Nedzad Latic, is interestingly the brother of prominent pan-Islamist Dzemaludin Latic, encountered extensively in chapter 1. N. Latic coined the term 'green bourgeoisie' to refer to this new Bosniak business elite with close ties to the SDA. Latic also makes the more controversial and difficult to verify claim that these close connections of the green bourgeoisie to BBI has allowed them to extract large personal profits for themselves, their families and their businesses.
174 It should be noted that unlike most critiques of the SDA and their connections to BBI, Latic's does not come from an anti-nationalist, or independent perspective. He rather suggests that the SDA-BBI link is the proper target for criticism, as a way of deflecting analysis of the equally corrupt linkages between local media baron Fahrudin Radoncic and the IZ, which he at times defends given his regular contributions to Radoncic's daily newspaper Dnevni Avaz. Nedzad Latic, “Bošnjački tabui,” Dnevni Avaz, 15 May 2010.
their common adherence to Islamic principles. In 2008, BBI and the IZ signed a memorandum of understanding which led to BBI offering a new financial product known as a Zakat savings account. This new type of account would allow practising Muslims to fulfil their religious duty of donating money to charity to help the poor (known as the practice of Zakat, one of the five pillars of Islam). By depositing money into this account, individuals would transfer their charitable donations through the mediation of BBI into the Bejtul-mal Zakat Fund of the Islamic Community. The IZ thus used BBI to ensure that its own Zakat accounts would be used by Muslims to carry out this religious obligation, claiming that this would allow Muslims to complete their religious duty in a “simpler and more modern way”\textsuperscript{175}. The two organizations also came together to create a hajj fund to “provide assistance to all Muslim communities in carrying out the holy pilgrimage.”\textsuperscript{176} The IZ and BBI thus established a mutually beneficial relationship: in BBI the IZ was given a stable and professional institution to manage its financial transactions, particularly those with the most interface with the public such as charitable donations; while the IZ gave BBI local religious legitimacy given Ceric's place at the head of their sharia advisory board.

This ability of the local Bosniak politico-religious elite to integrate themselves into the organizational and functional structure of BBI represents perhaps the most compelling case for expanding the study of foreign influences on Bosnian Islam to include business and economic linkages. As we saw earlier in chapter one, at the same time as providing benefits to local elites in the form of financial assistance, legitimacy and political power, networks of foreign Islamic influence in Bosnia are often outside of the control of the dominant elite organized around the SDA and the IZ. In the case of the neo-Salafist movements that have sprouted up in BiH from Saudi missionaries, NGOs and educational initiatives, these often presented a serious threat to the hegemony of the IZ as the sole

representative and source of religious legitimacy for Bosnia's Muslims. However the case with BBI is the exact opposite. Both the SDA and the IZ have ensured that their cadres are intimately connected with the daily operational structure of the bank. It is much easier for the IZ to control and profit from the connections to the Islamic world created through business investments that the more unpredictable consequences that come with missionaries, educational exchanges or foreign religious publications in BiH. If a Gulf based bank wants to do business in BiH, it cannot have a fringe neo-Salafist imam at the head of its sharia board, despite the fact that such an imam's interpretation of Islam might be closer to that practised in Saudi Arabia. Since BBI is a business, and as such is intimately reliant on established networks of political power for its everyday functioning, it was forced to seek out the most powerful local representatives of Islam in BiH, in this case the IZ. Thus BBI presents a particular success for the IZ. By integrating prominent members of the community within the operational fabric of BBI they have ensured that the benefit to be gained from the Gulf funded bank will not go to rival sources of Islamic or political authority.

BBI holds another advantage for the SDA and the IZ. The unpredictability of the Bosniak electorate has meant that the SDA is no longer guaranteed its sweeping control over the institutions of the Bosnian government. While the party had always faced challenges from the secular Social Democratic Party (SDP), and the breakaway Bosnian nationalist Party for Bosnia-Herzegovina (SBiH), it was not until 2001 that cracks began to appear in the SDA's grip over Bosniak voters. In those elections, the opposition social-democratic Alliance for Change sent the SDA out of power for the first time in ten years. Though the Alliance's reign was short lived, and the SDA returned to power two years later, in more recent times new Bosniak and multiethnic parties have chipped away at the hegemony of the SDA. This has resulted in the SDA losing its control over lucrative ministries to the SDP, the SBiH and most recently the Alliance for a Better Future (SBB). The democratic process has proved

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177 As of summer 2012, an unlikely alliance of the SBB and SDP has attempted a take-over of the SDA ministries of Finance, Security and Defence. See “SDP BiH i SBB dogovorili novu koaliciju, izbacuju SDA iz vlasti: Smijenit će
troublesome for the IZ as well. Though not directly affiliated to any party, the Community's long standing alliance with the SDA gave way in favour of support for first Haris Silajdzic and the SBiH, and then Fahrudin Radoncic and the SBB. Yet throughout all of this electoral uncertainty, the SDA and IZ\textsuperscript{178} are guaranteed control over their managerial posts in BBI. The paradox here is that while the democratic process has partially disempowered the SDA from many of these lucrative state positions, the private investment that has touched down in Sarajevo has provided them positions in ostensibly private firms, making up for the power they have lost in the public sector.

Yet when it comes to political parties, the situation is slightly more ambiguous than has been suggested thus far; the members of the Bosniak elite closely involved with BBI are internally differentiated and there exist intense political rivalries between them. For example, both Bakir Izetbegovic of the SDA and Haris Silajdzic of the rival SBiH sit on various supervisory boards in the bank, despite the fact that Silajdzic rejected the political project of the pan-Islamist current when he broke from the SDA in 1996. Furthermore, as mentioned above, other secular politicians are also involved with BBI's ventures, especially when it comes to attracting capital to Bosnia. Nevertheless, the vast majority of the politicians connected to BBI are from the pan-Islamist line of the SDA. Despite the co-existence within BBI of rival political factions, it is clear that the bank's business plan has most in common with the pan-Islamist branch of that party.

2.6 Conclusion

The investment that founded BBI clearly was not what the Western neo-liberal consensus in Bosnia was expecting when the International Crisis Group declared that foreign capital inflows would break the power of the country's nationalist politicians. The bank has done much for local politicians unwilling to relinquish their powerful positions over Bosnian society attained during the war years. For those elites who have found a position within the firm's architecture, the bank represents a more

\textsuperscript{178} As well as Haris Silajdzic, who broke from the SDA in 1995 to form his own party, the SBiH.
reliable source of patronage than the uncertainty of aid donations and missionary networks which often challenge the hegemony of the Bosniak ruling class.

Yet despite the rhetoric of its now sleek promotional machine, the achievements of BBI have been more ideological than economic. In a banking sector dominated by Western European capital, BBI has found it difficult to find a profitable niche. Conferences like the SBF have become a media spectacle in a country desperate for inflows of foreign capital, and some form of hope as Bosnia feels the effects of multiple global economic crises. However these conferences have done more to introduce and legitimize the idea that Bosnia should strengthen its connections with the Islamic world than actually construct such linkages. Much of the media coverage of the SBF exclaims the importance of various memorandums or agreements signed, while promising that significant investments will “require more time.”179

This is not the first time that the Bosniak political and business elite has turned to the Islamic world in a time of need. Just as I argued in the first chapter, the Islamic revival in Bosnia has flourished in times of greatest uncertainty and desperation. It was in such times that the aid donations and missionaries from the Islamic world found such a receptive audience amongst some Bosnian Muslims in post-war Sarajevo. However assurances of an imminent investment boom from the Islamic world offer more than either aid donations or missionaries and the dependencies that came with them. They bring the promise of capitalist modernity and an end to the country's reliance on the generosity of foreign governments. Yet all of BBI's lobbying has merely extended the narrative of “Arab brothers” coming to rescue Bosnia's Muslims into the indeterminable future, while local elites fight over the spoils of what little investment has touched down in Sarajevo.

I have been arguing throughout that BBI, through both its intimate connections with the Bosniak political, business and religious elite, and its own policies of building ties with the Islamic world, has contributed to the advancement of a local political and religious project in Bosnia aiming to increase the role of Islam in the regulation of public life. However in the next chapter, the political and ideological character of BBI's project, and the connections it has attempted to forge between BiH and the Islamic world will be seen in greater relief through an account of the urban development projects that have been the main focus of FDI in Sarajevo from the Islamic world.
Chapter 3: Islam and Urban Development in Sarajevo

3. Introduction

In chapter one I described how a pan-Islamist current in Bosnia developed into a powerful political force in the country, and how the war in Bosnia and the post-war reconstruction effort provided an opening for Saudi and other Gulf missionary groups to promote Islamic activities amongst one of the world's most secular Muslim populations.\(^{180}\) In chapter two I charted how the pan-Islamist current has attempted to attract businesses from the Islamic world to invest in Bosnia-Herzegovina, in order to both improve the country's dismal economic standing while increasing the connections between Bosnian and the global umma. In this chapter I turn to the connections between the Islamic revival and urbanization, by analyzing the politics of several contentious, sharia compliant urban development projects financed by Gulf investors. I suggest these projects are a coming together of the trends discussed in earlier chapters: domestic pan-Islamist politics, a desperate search for foreign investment by Bosnian elites, the imperatives of neo-liberal policy, global networks of Islamic finance and the push by Gulf states to encourage Islamic activities abroad.

Though there has been little foreign investment in Sarajevo from the Islamic world to date, analyzing the politics of the capital flows that have touched down in BiH will augment my overall argument that such investments are intimately connected with a pan-Islamist political project in Bosnia. As was argued in the preceding chapter, the main political families behind the pan-Islamist movement in BiH were instrumental in bringing one such investment to Bosnia with the founding of BBI. In addition to securing positions for themselves in the operational structure of the new bank, BBI also helped introduce Islamic norms into Bosnian society given its status as an Islamic bank. I build on that argument in this chapter by showing how BBI and another large Saudi investor, the Al-Shiddi group, further disseminated Islamic norms into Bosnian everyday life through investments in Sarajevo's built

environment. I here draw on the work of Henri Lefebvre, who in the *Urban Revolution*, developed a theory of socio-spatial mediation to explain how ideologies and political projects touch down on everyday life by way of the urban. The city plays exactly such a mediating role in the case of sharia urban spaces analyzed here, and it is for this reason that these new spaces caused such a controversy in Sarajevo.

I organize my discussion around three recent investments in real-estate development in Sarajevo, BBI Centre, Sarajevo City Centre and the Bristol Hotel. All three have important commonalities: they were all made possible through the privatization of formerly state-owned urban property; all three involved foreign investment from the Persian Gulf, and perhaps most importantly for my purposes here, they all operate according to sharia principles, meaning that no pork or alcohol is allowed to be sold or consumed, and gambling shops, popular in Bosnia, are forbidden from operating on site. By inscribing Islamic principles into urban space, these developments all contribute to the further desecularization of Bosnian society and as such represent a continuation of the pan-Islamist political project aimed at bringing Islamic practices and norms closer to the everyday life of Bosnia's Muslim population. The transnational capital flows from the Persian Gulf that have touched down in Sarajevo’s real-estate market are therefore far from apolitical or agnostic, but rather have inscribed themselves neatly into a domestic political project and have been instrumental in imprinting that project on urban space.

Transferring state property into private hands is a messy process involving a multitude of actors, institutions and interested parties. Being attentive to the politics of privatization requires a detailed account of the contestations between these groups. In my discussion of the privatizations that led to three sharia compliant urban developments, I ask: how did a local pan-Islamist political current come together with foreign investors from the Gulf to produce new urban spaces in post-war Sarajevo? Who opposed such an alliance and what were the competing visions of the city at stake in these disputes?
What role did the new institutions of the Bosnian state, particularly the privatization agencies created by the World Bank, play in these processes?

I suggest that these privatizations involved both the competing visions of citizens against those of private investors, as well as disputes between local and foreign investors over who had greater legitimacy behind their bids to invest in Sarajevo's property market. As we shall see, these privatizations had consequences not predictable for the IFIs, who envisioned the privatization process as an apolitical application of expert knowledge, and a strategy for de-politicizing the economy. Just as was shown in chapter 2, instead of severing the ties between local political elites and their power bases in state run firms, those same elites were easily able to integrate themselves into the fabric of the newly privatized firms. Furthermore, rather than curtailing the influence of foreign Islamic actors in Bosnia, privatization and FDI helped facilitate the further introduction of religious principles into the regulation of public space in Sarajevo.

I begin the chapter by describing the controversies surrounding the purchase of state-owned companies and real-estate by Gulf investors, emphasizing how these privatizations were significantly more messy and contested than envisioned by the IFIs. I then turn to a brief discussion of the urban theory of Henri Lefebvre, and attempt to explain some of the controversies around sharia urban spaces by thinking of the role played by urban in mediating between elites and citizens. Finally I detail the heated polemics that circulated in the Bosnian press after the opening of BBI Centre and the Bristol Hotel. These debates focused on the place of Islam in Bosnian Muslim identity, the role of religion in regulating everyday life, and whether post-war Sarajevo still retains its status as a multicultural, multiconfessional and multiethnic city. The ability of foreign investors to remake the city in their own image has made some secular Bosnians nervous about what they see as an attack on Sarajevo's already

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damaged reputation as a cosmopolitan, multiethnic city. At the same time, the reactions against the use of sharia principles in public space have led some in the Islamic community to suggest that these fears are motivated simply by Islamophobia. By presenting these varied reactions to the new sharia spaces I hope to give an account of how understanding of urban space in Sarajevo are intertwined with debates over the past and present character of post-war Bosnian society.

3.1 The privatization of Sarajevo's prime real-estate

After more than five years of post-war reconstruction, Sarajevo's major urban infrastructure had been nearly fully repaired, at least in its central urban districts. Starting in the early 2000s, foreign investors finally started to express interest in buying up portions of the city's state-owned urban real-estate that had been sitting on privatization blocks for half a decade. This delay frustrated the overseers of the privatization process who continuously asserted the importance of selling off state assets as quickly as possible. In what follows I detail three purchases of urban real estate by two Persian Gulf investors: the Sarajka department store by Bosnia Bank International and Magros Import-Export and the Bristol hotel by the Al-Shiddi group.

3.1.1 BBI turns to the built environment

The first few years of BBI's business operations were not entirely successful. In addition to the failure to bring foreign capital from the Islamic world to BiH, BBI did not have much success as a commercial bank, consistently reporting high yearly losses. In 2004, the BBI was one of only two banks in BiH not to earn a profit, with BBI losing around two million Euros, dwarfing the small loss of 75,000 Euros reported by the other losing bank. Some of the journalists I interviewed suggested that this poor business performance was instrumental in pushing BBI to consider a high profile investment in the built environment, despite the fact that their mandate as an Islamic development bank would

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183 See International Crisis Group, “Bosnia's Precarious Economy.”
184 Interview with D.S, journalist, Sarajevo 2011.
186 Interview with D.S journalist, Sarajevo 2011.
suggest little utility in engaging in major urban development projects. Nevertheless, the bank turned its attention to a brownfield site adjacent to the bank's headquarters, the Sarajka shopping centre.

Sarajka was a socialist era, state owned department store that had been heavily damaged during the war and had stood empty and unused since. The store was located in the centre of Sarajevo, at the end of its busiest shopping and pedestrian streets, and thus presented a lucrative opportunity for redevelopment.

BBI purchased the Sarajka site through a privatization agreement with the Sarajevo Canton privatization agency (KAP) in the summer of 2002 for KM 18.5 million. The bank was not the first foreign investor to express interest in the site. An earlier bid by the Italian clothing firm Benetton to privatize Sarajka was abandoned when the company decided the political situation in BiH was too unstable to support a major investment. Some journalists interviewed for this research also suggested that Benetton was urged not to invest as the site was being saved for an investor deemed more acceptable by local bureaucratic structures in control of the privatization process. BBI certainly had better connections with domestic political elites than did Benetton, however this did not prevent the bank itself from running into extensive problems when dealing with that same bureaucracy, as discussed below.

After acquiring Sarajka and the land it sat on, the bank announced plans to redevelop the site into a business complex called BBI Centre with an attached shopping mall and residential tower. In order to go through with their real-estate development, the bank had to create a spin-off company, as banking law in BiH prevents any locally based bank from being more than a 50% owner of any

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187 In an attempt to salvage the bank’s stated commitment to assist with the development of BiH, the bank was compelled to promise that all the profit from their construction project would be reinvested back into BiH. Adisa Beciragic, “Sav profit koji ostvarimo uložit ćemo u BiH,” Banke U BiH, 01 October 2006.
189 “Political instability and violence appear also to have deterred potential foreign partners. The most recent examples are the Mostar Tobacco Factory and the Sarajka department store in Sarajevo, which had been in negotiations, respectively, with Japan Tobacco and Benetton.” ICG report “Bosnia's Precarious Economy,” p.22 and “Violence deterring foreign investment and donors,” Reuters, 4 June 2001.
190 Interview with D.S. This information is of course almost impossible to corroborate, however I mention it here because it was told to me on several occasions.
enterprise.\textsuperscript{191} With this in mind BBI founded a new company, BBI Leasing & Real Estate, in September 2005, which then became 100\% owner of the future BBI Centre. This spin-off from BBI bank was then put in charge of developing the privatized property.

According to the logic of the IFIs, such a shift from the state-owned Sarajka to the privately owned BBI Real Estate should have helped “untie the Gordian knot linking political elites to sources of economic power and jobs.”\textsuperscript{192} However as we have seen, Sead Zivalj, the director of this new spin-off firm had direct ties to the SDA and its pan-Islamic current. Thus through the privatization of Sarajka, party elites were by no means rested of their control over the economic and employment benefits provided by state ownership of the firm, rather this control was further cemented through the alliances between the foreign banks who owned the privatized firm and the SDA elites who functioned as their local intermediaries. The privatization of Sarajka thus arguably increased the influence of political elites over the operation of the privatized firm. If prior to privatization, the unused shopping centre represented more of a burden on the state than a benefit, the transfer to private ownership allowed local political elites to mobilize their own preferred investors to purchase the property, in the process accruing many of the benefits associated with recapitalizing the firm and redeveloping the site into a functional shopping centre. These benefits include the publicity and legitimacy brought to the SDA by the active participation of its cadres in all the high profile public projects launched by BBI such as the ground breaking and ribbon cutting ceremonies for BBI Centre, and its major investment conferences like the Sarajevo Business Forum. However there are also ideological benefits to be extracted from the privatization of state-owned urban property. By bringing Islamic investors from the Gulf, who were already intimately connected with the Bosnian pan-Islamist current, to privatize urban property in Sarajevo, local party elites were able to incorporate the new development into their wider project of introducing Islamic norms into Bosnian society.

\textsuperscript{191} Interview with D.S, journalist, Sarajevo 2011.
\textsuperscript{192} Quoted in chapter 2, from the ICG report “Bosnia's Precarious Economy.”
3.1.2 BBI Centre: bureaucratic delays and social contestations

The privatization of Sarajka and the plans to build the new BBI Centre on the site of the former department store did not proceed smoothly or without contestations. BBI struggled against a powerful and complicated bureaucracy at every stage in the process. First, there was a delay of over six months from the time BBI was supposed to be given possession of the property until ownership was finally handed over, over which the bank unsuccessfully sued the local government for four million KM.193

Next, in order to attain the necessary permits to destroy the old building and begin construction, BBI had to reach an agreement on the parameters of the new complex with both the cantonal Spatial Planning Ministry, and the municipal Department of Communal Affairs. 194 However the proposed blueprints for the new complex broke the existing planning regulations in two regards; they extended the square footage of the building to encompass the entire square, of which Sarajka only occupied a portion, and they proposed residential space as part of the new complex, which violated the zoning bylaws. In proposing such an extension, BBI in effect claimed possession over the entire square, despite the fact that the privatization contract only gave them ownership over the land on which Sarajka sat.195 The position of the bank during these disputes with the local planning authorities was intransigent, and the bank clearly felt entitled to do whatever it pleased with the square given its large investment. Andre Van Hove, the Belgian general director of BBI, was unhappy with the ongoing delays, insisting that they sent a damaging message about BiH to prospective investors.196 As an expression of their frustration with these ongoing delays, BBI famously hung a large 'for sale' banner on the still untouched Sarajka, indicating that if they did not get their way, the bank was willing to abandon the project altogether.

195 It was also not clear whether the existing planning regulations established in June of 2000 even allowed for Sarajka to be torn down, as they specified that the building could only be renovated and upgraded. Snežana Mulic-Bušatlija, “Robna ili Rodna Kuca,” Dani, 19 Sept 2003.
3.1.3 Architects vs. Investor

Not only did BBI run up against a stubborn bureaucracy, it also faced challenges from local architects and citizens. Many were already suspicious of BBI's plans and rumours began circulating soon after the project was announced that like many other construction projects, this was simply a front to launder money, specifically capital earned through war-profiteering. BBI's connections to Hasan Cengic and his wartime financial networks which extracted donations from the Islamic world only helped fuel the speculation, as Cengic has come under scrutiny in the past for making off with aid contributions.

The public release of the design plans for the new centre did little to win over Sarajevans. There was a strong opposition to the initial design amongst locals who felt that the new centre's grandiose design, and very visible and prominent multi-story parking garage would eliminate any viable public space surrounding the new development. The controversy reached such a level that a group of architects gathered around the local architectural society a4a, called for a public competition to decide on a new design for the space that would incorporate both a public square and the new complex. BBI eventually agreed to hold such a public design fair to find a more acceptable design. Some of the more radical proposals at this fare challenged the foreign investor's right to take over urban space which they felt still belonged to the state, and did not even take into account the bank's desire to construct a new complex on the site, leaving it entirely open to public use. Needless to say, the bank was not impressed by such popular opposition to their plans, with Van Hoove stating: “I familiarized myself with the details presented on the a4a website, but I am surprised at the lack of respect for private

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197 Interview with D.S.
198 Ibid. See also N. Latic, “Tajni plan za Bosnjake,” for an example of such speculation. Latic, and others, claim that the bank's connections to the SDA's Bakir Izetbegovic were key in resolving some of the bureaucratic disputes with the cantonal and municipal planning institutions. At the time of BBI's attempts to gain approval for their plans, Izetbegovic was director of the Sarajevo canton construction ministry. However Latic is silent on why BBI experienced year long delays in acquiring their newly purchased property, despite the purported existence of these patronage networks.
property from these people. It is as if someone you didn't know came into your house and told you where to put your furniture or how to tile your bathroom. I am shocked how people could think such a thing was acceptable, expressing their unsolicited opinion. This is all unacceptable, to say the least.”

The competition was eventually won by a well-known architect from Sarajevo, Slobodan Andjelic, whose plan incorporated both a public square and the new shopping mall. However BBI did not respect the results, and instead went with its own architect, Sead Golos. The public reaction to this choice, and to the delays experienced by BBI in going ahead with its project, took on an ethno-religious character.

Slobodna Bosna, a weekly magazine often harshly critical of the IZ and Bosniak nationalist parties, suggested there were ethnic reasons for choosing Golos (a Muslim) over Andjelic (a Serb): “it is no secret that the investors, the directors of the Islamic BBI bank, were shocked when they saw that the winner of an anonymous competition for the design of the 70 million KM sharia compliant BBI Centre was someone named Slobodan Andjelic,” making reference to the fact that one can easily surmise that Andjelic is of Sebian background from his name. Thus for the secular Bosnian press, the fiasco with BBI Centre's design was yet another indication of the dominance of the Bosniak elite in Sarajevo to the exclusion of the city's minority populations.

However another local publication Liljian, a prominent weekly magazine representing practising Muslims, suggested that the exact opposite ethno-religious bias was playing itself out in the case of BBI Centre. Discussing the delays in building BBI Centre, and the public opposition, the

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202 Golos has become something of a local starchitect in recent years, designing several of the new urban spaces described in the introduction, such as Sarajevo City Centre (discussed further below) and Bosmal City Centre, the unsuccessful Malaysian financed condominium towers.
204 In the same article, the author claims that “it isn't any secret that more or less all major architectural 'interventions' (zahvate) after the war in Sarajevo [in addition to Bosmal and BBI, these include the new hotel Europa and the soon to be opened business centre in Marijin Dvor Sarajevo City Centre, also financed by capital from Islamic countries] were given to Golos thanks to his friendship with Bakir Izetbegovic, who is well connected with all the above mentioned investments.” Ibid.
205 The publication was founded by Dzemaludin Latic, one of the original pan-Islamists imprisoned along with Alija Izetbegovic.
magazine stated “the whole affair becomes much clearer when it is realized that BBI is an Islamic bank, and that Muslim money does not circulate easily in this country.” Thus both secular and religious publications in Sarajevo were able to spin the controversy over the development to support their own political polemics. At the same time that *Slobodna Bosna* was lamenting the unlimited power of Gulf investors to remake Sarajevo in their own image, *Lilijan* charged that an anti-Islamic bias was preventing those same investors from realizing their projects in Bosnia. This feud would be repeated in 2009, when after nearly four years of delays BBI Center was opened to the public and controversy erupted over its observance of sharia principles, discussed below.

Though a concerned group of citizens was able to lobby BBI and the local planning departments to make changes to the original architectural plans, and thus save part of the public square surrounding Sarajka from being completely occupied by the new complex, BBI still managed to completely ignore the public architectural competition and go with its own design and architect. It is clear then that the privatization of Sarajka did not proceed in a quick or apolitical manner. Ethno-political tensions entered into the privatization process from the beginning, and many were resentful of the arrogance of the foreign bank in its attempts to refashion a Sarajevo landmark.

### 3.1.4 The Al-Shiddi Group: a new player on the Bosnian business scene

I now turn to the privatization of Magros, which launched the previously unknown firm Al-Shiddi into one of the most recognizable foreign investors in Sarajevo. In the summer of 2005 the Sarajevo Canton privatization agency issued a public tender for the state-owned companies Magros Import-Export and Magros Wholesale. No private investor in Bosnia or abroad was particularly interested in restructuring and running these companies for profit. Rather they were attracted by the real-estate on which Magros sat, a large lot in the Marijin Dvor neighbourhood in Sarajevo's centre municipality (*opstina Centar*), “the last piece of available real-estate in downtown Sarajevo,” and the

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“most attractive location for building a business centre in the entire country.” All of the bidders for the Magros tender proposed significant re-development projects on the site of the firm. The tender process thus had the character of a real-estate auction more than simply a privatization. This phenomenon of bidding for nonprofitable public companies solely on the basis of their valuable real-estate is one that has characterized many privatization tenders in Sarajevo, such as Sarajka as described above. A similar phenomenon is observable in Banja Luka, showing that in many cases, urban privatization in Bosnia is not so much about putting public companies into private hands, but about privatizing urban real-estate in order to profit from the newly established market in urban land.

The Magros tender attracted a range of interested investors, not surprising given the lucrative real-estate that was at stake. Two bids in particular stood out and merit greater attention, the winning bid by Al-Shiddi International, the Bosnian arm of a Saudi firm owned by Sulaiman Al Shiddi, and the second place bid proposed by a consortium of companies organized around Avaz, a Bosnian media empire owned by the Montenegrin born Fahrudin Radoncic.

Though Al-Shiddi was involved in an unsuccessful bid for the construction of a business-sporting centre in Zenica earlier in 2005, they were for the most part an entirely unknown company on the Bosnian business scene. The loss of the Zenica contract, which involved an extravagant offer to build two skyscrapers, a hotel and a business centre in addition to the sports hall, forced Al-Shiddi to go to Sarajevo in order to realize their project.

Avaz on the other hand was already a household name in Bosnia. Its owner Fahrudin Radoncic...
is a prominent public figure, both revered and reviled, who came to fame as the owner of the most popular Bosnian daily newspaper *Dnevni Avaz* (Daily Voice). Avaz had already been involved in a brownfield redevelopment project, when it built a business centre, hotel complex and its company headquarters on the site of a war damaged building, though this development is in far from the centre of town in the western reaches of Sarajevo's post-WWII suburbs. The Magros tender represented an opportunity for Radoncic to make a visible impact on the built environment in a much more central location, the Austro-Hungarian era neighbourhood Marijin Dvor, where the Magros property was located.

Among the four bidders, Al-Shiddi offered by far the greatest amount in terms of new investment, 105 million KM, in addition to the 2 million KM necessary to purchase the state’s shares of the company and pay off the firm's external debts including the unpaid salaries of its workers. This was compared to 30 million KM offered by Avaz and only 4 million KM offered by the third place bidder the Unioninvest consortium. Al-Shiddi also proposed to hire over 150 more workers than the other bidders. Thus from the beginning, Al-Shiddi was virtually guaranteed to win the tender and indeed on October 28th 2005, the Cantonal privatization agency declared Al-Shiddi's bid to be the most attractive, with Avaz's offer coming in second place.

Following the decision rewarding the tender to Al-Shiddi, an appeal was filed with the Sarajevo Canton Ministry of Commerce, asking the ministry to look over the decision to ensure there were no irregularities; curiously, this appeal was launched not by Avaz, but by the third place bidder, Unionvest. On the day that the appeal was made, Radoncic went on a media blitz, using his control over *Dnevni Avaz* to launch a merciless smear campaign against Al-Shiddi, and what the newspaper characterized as the rampant corruption of the Sarajevo Canton privatization agency (KAPS). Avaz made numerous

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212 The building had once belonged to Oslobodjenje, Sarajevo's formerly socialist newspaper during the Yugoslav era, and now Avaz's principle competition.


insinuations that the director of KAPS, Rifet Djogic, and the president of its governing board, Fahrudin Nalo conspired to give the tender to Al-Shiddi, and that they failed to adequately assess the solvency of the Saudi company. Avaz also consistently referred to Al-Shiddi as a 'phantom company,' claiming that the firm's start-up capital was less than $6,000 and that its only business experience in BiH was as part-owner of a flea market in Zenica. Characteristic of their sensationalist style and their litany of complaints, Avaz attacked KAPS for rewarding the tender to such an investor:

The Agency [KAPS] determined that the firm Al-Shiddi, with a valuation of less than $6,000, no business references in BiH and exclusively suspicious ones outside of it, absolutely no business activity in this country and about whom it is not known whether they have even one employee, would do the best job.

At the end of November, 2005, the director of KAPS, Rifet Djogic reported that he had been given death threats if he did not reward the Magros tender to Avaz. Although Djogic's claim was verified by the cantonal prosecutor, nothing seems to have come of the affair. Nevertheless it provides an indication of the fierce competition for this piece of prized real-estate in Marijin Dvor.

It goes without saying that Avaz's exposés about the corruption of the tender process and the unsuitability of Al-Shiddi as an investor cannot be treated as the neutral research of a dispassionate observer, given Radoncic's involvement and interest in winning the contract. Radoncic also had an interest in the Unioninvest appeal succeeding, as explained by the minister of commerce responsible for overseeing the appeal process, who told Nezavisne Novine “the decision determining the best offer will be annulled if it is confirmed that irregularities took place'...if the first place bid is disqualified, a contract will be signed with the second place bid, that is, the Avaz consortium.”

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218 Ibid. Though other sources claim that a successful appeal would lead to the whole tender process being repeated, it is clear that even with a new tender, Avaz would still win if Al-Shiddi was declared insolvent or their bid deemed
Unioninvest went to work filing an official appeal, Avaz sought to plead their case through their control of the print media, in the hopes that Al-Shiddi's offer would be disqualified and their own proposal given the tender.

Despite the month long smear campaign against Al-Shiddi, on December 23rd 2005, the ministry of commerce rejected the appeal by the Unioninvest consortium, ruling that the privatization agency had proceeded correctly in selecting Al-Shiddi as the best investor. Radoncic was incensed. The loss of the Magros tender meant that Avaz was forced to carry out its development plans in a far more marginal location opposite Sarajevo's train station. Here, in 2007, the company began building the Avaz Twist Tower, a thirty-six story office tower, which was completed in 2009. The financing for this project drew the attention of the local financial transaction police, as Radoncic took lucrative loans from a local state development bank that were earmarked for agricultural development. It was later discovered that Radoncic’s friend Ramiz Džaferović was head of the development bank and had syphoned the money to Avaz to finance the tower's construction. Thus the interest of such a large foreign investor like Al-Shiddi meant that the local firms who bid for the Magros tender were cornered out of the market from the beginning and were forced to look elsewhere to realize their projects. Al-Shiddi's winning of the Magros tender may have also pushed Radoncic into financing his project through such nefarious means. Though Radoncic is no stranger to the criminal underworld and did not have an entirely clean reputation prior to this scandal, the Avaz Twist Tower was a much more extravagant development than what the firm proposed on the site of Magros, costing 30 million KM more than their privatization bid.

3.1.5 Magros becomes Sarajevo City Centre

222 It would thus be an overstatement to say that Al-Shiddi forced a reputable businessmen into shady practices.
What was Al-Shiddi's vision for their newly acquired real-estate development? They proposed to redevelop the Magros property into a 30,000 square metre shopping mall/business centre, in addition to building the first five star hotel in the Balkans on the site. The proposed development, now given the name Sarajevo City Centre (SCC) was like BBI centre, also to operate according to sharia principles. Again analogously to the case with BBI, there were significant delays in getting construction started. Although there was a clause in the privatization deal that obliged Al-Shiddi to begin work on their new complex within six months of signing, it was not until 2010 that the firm even found a source of financing for the project, another Islamic bank from the Gulf, the International Investment Bank of Bahrain (IIB), which took a 28.31% share of the project. Until May of 2012, Al-Shiddi publicly promoted this 72%/28% financing agreement on their website and their promotional material for the Centre. However recently it has come to light that the International Finance Corporation (IFC), a branch of the World Bank, will be assisting Al-Shiddi with loans of up to 35 million Euros (around 70 million KM) at favourable interest rates. The IFC, which as a branch of the World Bank has a mandate to support private investors only if their projects facilitate economic development, made the loans on the grounds that SCC would “address the lack of sufficient business-enabling infrastructure in the country, including hotels, office and retail facilities and will help meet the growing demand for quality hotels in the capital Sarajevo and Bosnia and Herzegovina as a whole as such hotels are currently not available.”

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223 Drazen Simic “Al Shidizacija Sarajeva: Hotel po šerijatskim zakonima na Marijin dvoru,” Zurnal, 01 Mar 2010. Al-Shiddi was able to lengthen this deadline through a clever loophole. Though the contract set out a deadline of two years within which the project had to begin, it didn't specify when that time period began. An earlier privatization proposal from a Canadian-Croatian firm Importane had been rejected in 2004 on the basis that the firm proposed to long a waiting period between purchase and redevelopment, which the minister responsible said would create openings for asset stripping. See “Odbijena ponuda za "Magros",” Oslobodenje, 05 Nov 2004.


225 See the “Magros (30757) DRAFT Environmental and Social Review Summary,” prepared by the IFC, posted on the Sarajevo City Centre website: http://www.sarajevocitycenter.com/?jezik=eng&x=magrosen last accessed September 11 2012.
and retail facilities constructed during Sarajevo's ill-fated building boom.226

This assistance from the World Bank is especially curious as unlike BBI, a bank with a stated mandate to support economic development, the business strategy behind Al-Shiddi's project was much more focused on making a quick return on their real-estate investment. Al-Shiddi and its partnering bank were very clear on this, with the director of the International Investment Bank of Bahrain stating: “Our strategy with this investment is that once we have built the facility and rented out the business and retail space, we will begin selling off the assets over the following two to three years as a revenue generator.”227 Only after the loans from the IFC were made public did Al-Shiddi change its line, and begin promoting Sarajevo City Centre as a source of economic development for the region.

While work was still underway on Sarajevo City Centre, Al-Shiddi also bought up another piece of desirable property through a privatization contract, the Hotel Bristol, an iconic socialist era hotel, which had been heavily damaged during the war. In April of 2011 Al-Shiddi reopened the hotel with extensive renovations at a total investment of 42 million KM, using a sharia compliant hotel operator from Dubai, Shaza Hotels.228

3.1.6 Al-Shiddi's local connections

The origins of Al-Shiddi International are somewhat shrouded in mystery, and few reliable sources could be found to explain why the company chose to make an investment in BiH.229 According to the International Financial Corporation, the firm was founded in the 1970s and was initially focused on real-estate investments, before moving on to agribusiness, plastics and construction. Despite their seemingly isolated place in the Bosnian business community, just like BBI they also have their connections to local elites, as well as loose ties to the pan-Islamist current. The firm's two initial

228 The official opening of the hotel was attended by all the usual suspects of the Bosniak political elite, with the ribbon cutting ceremony performed by Bakir Izetbegovic.
229 A World Bank official told me that before their major tender bid in Sarajevo, they were known as a two person firm registered in Zenica that had no major business dealings.
domestic connections were Serif Patkovic, a wartime commander in the Seventh Muslim Brigade who was at the forefront of the move to introduce Islamic norms and rituals into the daily workings of the Bosnian armed forces during the course of the war,230 and Nisvet Zambaković, a lawyer and economist based in Zenica, whose political leanings are more opaque.

Al-Shiddi has also built connections with BBI, and has not surprisingly become the darling of the bank, given that they are one of the few high profile firms from the Islamic world to invest in Bosnia. The firm was touted by BBI after the 2011 Sarajevo Business Forum, when it signed construction contracts with local companies ANS Drive and Energoinvest, both of whom had lost major projects in Libya when conflict broke out that spring.231 Al-Shiddi also helped fulfil the long term aspiration of BBI to become the bank of choice for Islamic investors when it took a loan from BBI of 10% of their total investment in Sarajevo City Centre in order to secure the tender contract with the privatization commission. However in the end the project was not financed by BBI, or any other private bank, but by the World Bank. This did not prevent BBI and the organizers of the Sarajevo Business Forum from taking credit for Al-Shiddi’s investment. While the firm purchased the Magros property in 2005, and from that date entered into a contract obliging them to build a shopping centre on the site, the organizers of the Sarajevo Business Forum claimed that their investment conference, which was not held until 2010, was responsible for bringing Al-Shiddi to Sarajevo.232

3.2 Sharia urban spaces in Sarajevo, a political reading

Now that I have detailed the complicated privatization process, I turn to a discussion of sharia urban space in Sarajevo. First, how do these new sharia compliant spaces fit in to a larger history of Islam in Bosnia? As was discussed in the first chapter, during the socialist period in Bosnia, many

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230 Latic recalls a speech given to the Seventh Muslim Brigade by Alija Izetbegovic telling them “Be careful what you do, people are watching you closer than other units.” This did not prevent the Brigade from being involved with war crimes in Central Bosnia. Nedzad Latic, “Tajni plan za Bošnjake,” Dnevni Avaz, 20 March 2010. and Hoare, How Bosnia Armed.

231 “Al-Shiddi group, Energoinvest i ANS Drive osnivaju zajedničku firmu,” FENA, 07 April 2011.

secularized Muslims viewed Islam as more of a cultural tradition than a religion. This was actively encouraged by the Yugoslav state, which advanced a policy of secularization:

The experience of living in a ‘socialist secular state’ left a mark on the understanding and expression of Islam in B&H. First, in the structure of Islamic institutions, shari’ah courts were abolished as a part of state judicial system. Shari’ah law in this way ceased being positive law for Muslims and was transformed into Islamic religious, ethical or customary norms.233

During the socialist period, both shariah courts and the waqf property that belonged to the Bosnian Islamic Community were abolished and seized by the socialist authorities. However in the post-war, post-socialist period, the contemporary IZ has fought unsuccessfully (thus far) for the return of these waqf lands and the reinstatement of sharia courts. Does the use of sharia principles in the new urban developments discussed here thus represent a slow reintroduction of sharia law into Bosnia society?

While the development of sharia urban spaces in Sarajevo is far from a return to the use of sharia principles as ‘positive law,’ it also goes beyond what Karcic calls the ‘ethical or customary norms’ that sharia came to represent in the socialist period. The sharia regulation of urban spaces in Sarajevo should therefore be conceptualized as being somewhere in between the strong application of sharia law and the purely customary or cultural observance of Islamic norms. However there is a key difference between the historical use of sharia in Bosnia and its current redeployment. While the use of sharia law during the Ottoman period was the purview of the state, in contemporary Sarajevo it is private foreign investors who decreed that their developments must abide by Islamic norms. Thus while the use of sharia principles in today’s Bosnia is not imposed by the state, this does not prevent private investors from stepping in and introducing Islamic regulations.

3.2.1 Islam and urban space through Lefebvre's theory of socio-spatial mediation

As I have argued throughout, the Islamic revival in Bosnia has taken a variety of forms. Those seeking a greater place for Islam in Bosnian society (both locals and foreign actors) have attempted to introduce Islamic practices through institutions (political parties, the army, paramilitary formations, universities), religious infrastructure (mosques, cultural centres) and through business linkages (the founding of BBI, Sarajevo Business Forum etc). However with the opening of BBI Centre in the spring of 2009, the re-opening of the Bristol hotel in April 2011, and the ongoing construction of Sarajevo City Centre, the city itself has become a key site in the Islamic revival in Bosnia.

How can we better grasp these connections between urbanization and a political ideology like pan-Islamism, and why is it so important and so controversial for political projects to intervene on urban space? Henri Lefebvre's theorization of the levels of social-spatial totality, as described in his book *The Urban Revolution* offers us a compelling account of the role played by the urban in mediating between political strategies and the everyday life of cities. Lefebvre begins by setting out three levels of socio-spatial life: the global, the urban and the everyday.\(^{234}\) The global level for Lefebvre is the site where political strategies are formed by politicians and those empowered by the state, as well as bankers, developers and investors endowed with power through their possession of capital. Lefebvre argues that in order for these global level political strategies, class logics and ideologies (“ideo-logics” as Lefebvre terms them) to touch down on the everyday life of citizens, they must go through the mediation of the urban level, they must “project [themselves] into part of the built domain” via “monuments, *large-scale urban projects*, new towns...roads and highways, the general organization of traffic and transport and the urban fabric.”\(^{235}\) This projection of political ideologies into the urban Lefebvre terms “a political strategy of space.”\(^{236}\) Interventions on urban space are therefore

\(^{234}\) Though it may seem that this is merely an argument about the various scales at which social processes operate, this would be a misreading of Lefebvre's formulation. The global level is not entirely homologous with the global scale, but rather contains political strategies and ideologies formulated at a plurality of scales, from local to national to global. Kanishka Goonewardena. 2005. The Urban Sensorium: Space, Ideology and the Aestheticization of Politics. *Antipode*, 37(1):46-71.

\(^{235}\) Henri Lefebvre, *The Urban Revolution*, Minneapolis, 2003, p.79, emphasis mine.

\(^{236}\) Lefebvre, *The Urban Revolution*, p.100.
instrumental in transmitting ideologies from a global level occupied by both political elites and capital flows, to the level of everyday life and individual experience.

Pan-Islamism and Bosniak nationalism have both adopted spatial political strategies in post-war Sarajevo. Immediately after the end of the war, a commission was struck by the new Sarajevo cantonal government to rename many of Sarajevo's streets and public places.\footnote{The commission was made up various artists, writers and historians, the majority of them Muslims. Guy Robison and Alma Pobric. 2006. Nationalism and identity in post-Dayton accords: Bosnia-Hercegovina. Tijdschrift voor Economische en Sociale Geografie, 97(3): 237-252.} The commission decided to rename 40% of Sarajevo's streets: those carrying the names of Serbian and Croatian figures, or communists idols (Marx, Lenin, Rosa Luxembourg) were replaced with names of famous Bosniaks, Ottoman dignitaries and references to Bosnian Muslim folklore.\footnote{Guy Robinson, Sten Engelstoft & Alma Pobric. 2001. Remaking Sarajevo: Bosnian Nationalism since the Dayton Accords. Political Geography, 20:957–980.} This renaming represented one of the first attempts to project a new Bosniak identity into the city's fabric.

In the case of sharia urban spaces in Sarajevo, we see a continuation of such a politics of space, yet pursued through a different modality. Here again it was by changing and moulding urban space—both through the redevelopment of the destroyed socialist era infrastructure and the sharia regulation of the newly opened spaces—that pan-Islamist norms at the global level could touch down and affect the everyday life and modes of identification of citizens of Sarajevo. Yet there is more to these new developments than simply a top down imposition of 'foreign' religious norms.\footnote{As I argued in chapter 1 such norms are far from foreign to BiH, and there is a powerful local political and religious current indigenous to Bosnia that has been pushing for a more observant Muslim society in BiH since at least the 1970s, but with particular force in the post-war period.} These developments came about as a result of the privatization of state-owned land by a foreign, profit seeking investment, ostensibly outside of the religious sphere. Thus on the one hand we have the dictates of neo-liberal policy, which decree that all development must be led by private, preferably foreign capital, while on the other there is the pan-Islamist project in Bosnia, keen on the further introduction of Islamic norms into Bosnian everyday life. Urban development serves as a mediator between these two seemingly contradictory projects. It is through urban developments that follow the dictates of both Islam and neo-
liberalism that the local pan-Islamists, with the help of their connections to Saudi investors, have been able to negotiate the contradictions involved in attempting to create a secular, neo-liberal state, at the same time as a non-secular, Islamic society.\footnote{Recall the wartime slogan of the pan-Islamists, “secular state, non-secular society,” quoted in chapter 1.}

In these new spaces we thus have the coming together of global and local pan-Islamism, the imperatives of capitalist investment, and neo-liberal urban development. Rather than a one way imposition of sharia norms onto urban space, BBI Centre, SCC, and the Bristol Hotel are then better conceptualized as situations in which foreign capital flows, and the dictates of neo-liberal policy, achieved a symbiotic relationship with local political and religious movements.

To return to Lefebvre's terminology, there are thus multiple global level ideologies contained within these sites. At the same time as projecting Islamic norms in the urban fabric to the ire of local secularists, they also bring the promise of a 'European' or 'Western' style urbanity, capitalist urban development and its attendant consumerist lifestyles. This aspect of these new spaces has been used by BBI and Al-Shiddi to promote their developments, “we have built one of the most modern business complexes in the centre of town, which will also have a lovely square. We've created the special ambiance one associates with a city square, on the model of those you find in the great cities of Europe.”\footnote{Quote from Amer Bukvic in Saša Milutinovic, “Postali smo most za investitore iz zemalja Zaljeva i clanica OIC-a,” \textit{Banke}, 1 Nov 2007.} Much of the Sarajevo press, whether secular or nationalist repeated these platitudes about the Sarajevo finally getting the European style consumerist landscapes that are expected of a major capital city.

However this blend of Islamic norms and European' urbanity has not won over all critics. The public reaction against this interrelation between capital investment and the Islamist political current in Bosnia is perhaps best captured by Senad Avdic, editor of the weekly magazine Slobodna Bosna and long-time critic of the SDA and IZ.\footnote{As mentioned earlier, Slobodna Bosna is often criticized for publishing rumours and hearsay in lieu of serious analysis.}
Analysts and empty pocketed onlookers are astounded that in BBI shopping centre, an architectural accomplishment in the heart of Sarajevo, designed to meet the highest global standards, one cannot purchase alcohol or pork. Reportedly shop keepers and hostesses have also been directed to warn couples to refrain from holding hands and other forms of ‘perversion’ so long as they find themselves in a consumerist induced ecstasy in this temple of ‘liberal capitalism.’

The puzzled analysts Avdic refers to are those who have noted the curious correlation between, on the one hand FDI and privatization—two of the foremost strategies of the Western IFIs in transitioning BiH to liberal capitalism—and on the other the sharia regulation of urban space. Yet doesn't the fact that Avdic and others are so astonished by a consumerist icon of (Western) liberal capitalism coexisting with (Eastern) Islamic principles, show that they hold the same basic assumptions as the IMF and World Bank: that capital flows, globalization and ‘free markets' are somehow value-free harbingers of a secular, Western, liberal-democratic society. As we have seen in the case of BBI and Al-Shiddi, global capital flows are perfectly consistent with religious nationalism, political patronage networks, and the ideological projects that go with them.

Lefebvre's conceptualization can help us understand the controversy that surrounded the production of sharia spaces in Sarajevo, by showing how such projects, through the mediation of urban space, have a powerful impact on the everyday life and identity of the city. Thinking about the urban level in this way also shows why attempts to deflect criticism of sharia urbanization by claiming that these are simply apolitical shopping centres for all to enjoy are misguided.

3.2.2 Sharia urban space, a threat to multiculturalism in Sarajevo?

The appearance of these new developments has provoked heated public debates about their use

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Despite this legitimate complaint I have frequently found insightful commentary buried amongst the sensationalist claims. Though Avdic makes some dubious claims based on entirely anecdotal evidence that couples were told to refrain from public displays of affection in BBI Centre after its opening.

of sharia regulations, and what they mean for a city still suffering from the damage of divisive ethno-religious warfare. In what follows I detail some of the main tropes used by commentators and journalists to make sense of these new sharia spaces, highlighting the principle points of contention between different sides of the debate.

One of the most common criticisms of sharia urban developments is that they threaten Sarajevo's multiethnic traditions. Many in the city still cling to the idea of Sarajevo as a tolerant, cosmopolis, which was victim to a crude and primitive ethno-nationalist aggression during the three year siege. The bold assertion of Islamic norms in Sarajevo is deemed to work against this heritage of multiethnic co-habitation. Emblematic of such criticism is an editorial written by Vildana Selimbegovic, the current editor of the secular, formerly socialist daily Oslobodjenje. In her column she presents BBI Centre as part of a larger trend towards increasing the presence of Islam in everyday life in Sarajevo. She thereby characterized BBI's sharia policies as a “silent message to those Sarajevans who are not Muslims that gets louder and louder every day.” Selimbegovic argues that this silent message is a continuation of the aggressive Bosniak nationalism that became prevalent in Sarajevo towards the end of the war. As the conflict became more entrenched among ethnic lines and the resistance of the Bosnian side became more dominated by Muslims and the SDA, ethno-religious identification slowly became more common than pan-Bosnian solidarity. This trend continued into the post-war period as identification with the Bosniak nation and its emphasis on Islam took the place of a secular, multi-ethnic Bosnian identity amongst many Bosnian Muslims. Thus Selimbegovic asks “what happened in the meantime [from the beginning of the war to the present], so that Islamic life


246 See Hoare, How Bosnia Armed for the most concise military history of the conflict, and the slow domination of the SDA
philosophy became much more important for Sarajevo than the prefix multi, multi, multi?"\(^{247}\)

But why would the selective use of sharia principles produce the impression that Sarajevo was abandoning its multiethnic character? Does the use of Islamic principles for the regulation of urban space and everyday life really amount to making the city less welcoming to Bosnia’s non-Muslim population?

According to these critics, the sharia regulation of large shopping malls and hotels is a further betrayal of the non-nationalist, pluralistic Sarajevo that members of all major ethnic groups fought to preserve in the early days of the war. By incorporating Islamic norms, the religious heritage of only one of Bosnia’s ‘constituent nations,’ sharia urban spaces help solidify the differences between Bosnia’s ethnic groups rather than emphasizing their similarities. They thus further contribute to a conception of Bosnia as the homeland of three distinct, 'constituent' nations, Serbs, Croats and Bosniaks, set apart from each other by different traditions, religions and even languages (despite the mutual intelligibility of Serbian, Croatian and Bosnian), rather than as a 'unicultural' society as one writer characterized pre-war Sarajevo.\(^{248}\) Sharia regulated urban spaces in this view thus foreclose upon a vision of pan-Bosnian identity that transcends ethnic differences to encompass all citizens of the country. It is then no coincidence that Al-Shiddi should have ties to a former commander of the Seventh Muslim Brigade, a unit at the centre of a recasting of the conflict as a holy war of Christians against Muslims, rather than of Bosnians of all religious groups against ethnonationalist aggression.

Yet there has always been tension within the Bosniak political elite between a religious current and a nationalist current, as I outlined in chapter 1. Though it is possible to be a devout Muslim while at the same time supporting a common Bosnian identity, the religious currents of the Bosniak elite have always been split on this question. While on the one hand calls for a more observant Bosnian Islam have gone together with support for Bosnia as a home for all citizens regardless of ethnicity, the war

\(^{247}\) Refering to multiethnic, multicultural and multiconfessional.

\(^{248}\) See the quote from Senad Pecanin in footnote 28 of Cynthia Simmons, A Multicultural, Multiethnic, and Multiconfessional Bosnia: Myth and Reality.
helped sediment a feeling that multiculturalism led the Bosniaks to the brink of destruction, and that a strong Islamic identity was preferable to pan-Bosnian solidarity. It is for this reason that further shifts towards the Islamic regulation of Bosnian society are interpreted as attacks on the multi-cultural tradition of Sarajevo.

Thus in this critique of sharia urban space as a threat to multiculturalism, it is not so much the presence of Islam alone that causes such controversy. Rather it is how Islam has been used to regulate Bosnian society: by establishing new norms of behaviour, (bans on pork and alcohol), new ways of interacting with other ethnic groups (fatwas against mixed marriages and the celebration of non-Muslim religious holidays) new patterns of identification (Bosniak, instead of Bosnian) and encouraging ethnic silos rather than multicultural co-habitation. The intervention of this brand of politics onto the space of the city has only increased the outrage of those who still cling to the idealized pictures of pre-war Sarajevo. That an alliance of foreign investors and local pan-Islamist politicians, epitomized by the close networks linking BBI, Al-Shiddi, the SDA and the IZ, could come together to remake the city in their own image, represents a powerful obstacle in the way of returning to a multiethnic, multiconfessional society that many critics still hope to (re)establish.

3.2.3 Defending multiculturalism, or Islamophobia?

However it would be wrong to overstate the case, as some Serbian nationalist writers have done, and claim that Sarajevo is thereby becoming an Islamic city. Such rhetoric only serves to support the claims of Bosnian Serb nationalist politicians, like those of Republika Srpska president Milorad Dodik, who liken Sarajevo to Tehran and insist that multi-ethnic co-habitation is thus impossible. Such hysterical responses to developments like BBI Centre, common in the Bosnian Serb media, have led many in the Bosnian Islamic community to interpret the critical reactions against sharia spaces on purely religious grounds, as aggressive attacks on Islam and its religious values.

Grand Mufti Mustafa Ceric and the IZ have been particularly vociferous in characterizing any

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criticism of sharia principles as Islamophobic. When Ceric was asked what he thought of those who criticized the meddling of the IZ in political issues, he responded that “such questions are a relapse in the ways of thinking left to us by the former regime, with which we still live. There are people in this society whose brains are still frozen in the freezer of communist habits.”

Thus for Ceric, any criticism of either the IZ's interventions in political issues or its declarations promoting adherence to Islamic norms, is merely a leftover of the Islamophobic communist regime which banned public religious practice. By using the term, Ceric conflates the criticism of the IZ by secular Muslims with the truly Islamophobic discourse of Serbian nationalists. This is clearly no accident, but rather a strategy on Ceric's part to delegitimize the discourse of those Bosnian Muslims who are concerned about the growing desecularization of the public sphere in Sarajevo. However this was not the only way to challenge critics of the new sharia spaces.

Many responded to the controversy by simply stating that it was the free choice of the investor to regulate their developments however they wished. A key rhetorical strategy of those seeking to deflect the criticism of sharia shopping malls and hotels was thus to displace the whole affair onto the terrain of individual rights: 'it is the right of the investor to do what they please with their project' 'it is the right of individuals to choose not to shop in the complex if it offends their tastes' etc.

This was also the line taken by the representatives of BBI I interviewed, who were quick to emphasize how BBI Centre has created a vibrant urban space for all citizens, and that children and families profited most from the bank's investment. Yet isn't emphasizing the characteristics of urban spaces considered in isolation from their broader context another way of insulating these projects from political antagonisms? What is lost in this displacement is how the regulation of urban space is not simply a

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251 Srecko Latal, “Defending Bosnian Multi-Ethnicity (Or Welcome to Sarajevo’s BBI Centre),” Balkan Insight, 21 April 2009. See also for a wide variety of comments, from praise to strong critiques, the Sarajevo-x forum, “Do you like the newly opened BBI centre” (Da li vam se dopada novotvoreni BBI centar) http://www.klix.ba/forum/viewtopic.php?f=25&t=61786&sid=05359b353f71b49a8fd9ca20a99f646f&start=125 Last accessed September 11, 2012.
252 My attempts to steer the conversation towards the more contentious readings of the new complex were repeatedly met with these assertions.
private matter to be dealt with and experienced on an individual level, but rather encompasses a strategy to change the collective everyday experience of the urban in a way that is more amenable to a specific political and religious project.

In light of all these differing interpretations of space, it is clear that urban development in Sarajevo cannot be read in an apolitical manner. To do so would be to erase the political contestations that occur around investments in the built environment. By reading sharia spaces politically, we can account for the multiple interpretations of the city, instead of explaining them away as misunderstandings. The controversy over sharia urban space in BiH is thus only properly understood when viewed within the larger contestations over the role of Islam in Bosnian society, or at least those parts of Bosnia dominated by Bosniaks.

3.3 Conclusion

The privatization of urban space in Sarajevo has brought together a vast array of actors and institutions—investors, politicians, the local bureaucracy, the IFIs, the local media, various state bodies, local architectural societies and concerned citizens—and in this chapter I have attempted to map out this assemblage while emphasizing the contested nature of urban development. Such a conjunctural analysis of urban change shows that within struggles over urban space, we find a whole slew of wider debates over post-war Sarajevo and Bosnia. The urban thus provides us with a picture of post-war Bosnian society as it goes through its post-socialist transition and the attendant realignments of political power.

Yet the urban is more than simply the result of processes occurring around it, it plays an active role in constituting those processes. Just like foreign missionaries, Saudi funded mosques and cultural centres, the new shopping centres and hotels are an important part of the Islamic revival in Bosnia-Herzegovina, and the attempt by both foreign and local actors to change the everyday practices of Bosnia's Muslim population. The urban has also been a key site for local pan-Islamist and Bosniak
nationalist elites in navigating the tensions between their own normative visions of Bosniak society, and those of the neo-liberal institutions charged with Bosnia's transition. The urban developments described here have shown that these two seemingly contradictory projects of social transformation can coexist within one space.

As I have argued throughout, the preconditions for urban development encompass political as much as economic rationality. What is crucial in analysis and criticism of urban projects is that the economic rationale behind urban development is not used to supplant or obscure the political dimensions to these investments, and how such projects are part of local political contestations. Just as we saw with BBI's attempts to attract FDI—where the logic of sheer economic necessity was used to disavow the ideological reasons for strengthening economic ties with the Islamic world—in the case of sharia urban developments, emphasizing the individual desires of investors or shoppers served to sever these developments from the contentious political history in which they are inserted.
4. Conclusion: Capital Flows, Urban Space and American power

That the economy is inherently cultural, or that capital flows always carry political and ideological baggage is not a particularly new or original claim. A whole body of scholarship, part of a larger 'cultural turn' in economic geography, has been devoted to tracing the constitutive roles in economic processes played by cultural norms and social relations.\textsuperscript{253} Such ideas are not unique to the cultural turn, for Karl Polanyi struck at a similar formulation in his insistence that markets are always embedded in particular cultural and social structures.\textsuperscript{254} However the neo-liberal institutions in charge of transitioning Bosnia-Herzegovina's crippled economy and clientistic state apparatus to a market society operated on different assumptions. They thought that an inflow of foreign capital would disempower the nationalist parties in control of the country's state-owned assets and ensure that future capital allocations would be carried out according to the dictates of the market rather than on ethnic or political lines. However the foreign investments investigated in this case study were far from ethnically blind, and helped further solidify the power of the local nationalists that the IFIs hoped to humble.

This case study has thus shown that investments are not made on economic criteria alone, but that they rather carry larger histories involving personal connections, wider political considerations and ideological predilections. In the case of BBI and Al-Shiddi, these investments were based on a history of wartime lobbying and geo-political maneuverings, which helped build the connections necessary to attract investment in the new post-war conjuncture. Capital flows are thus constituted by their historical and geographical origins, as well as by characteristics of the place in which they touch down. This spatiality is what accounts for the fact that Islamic investments come with sharia norms and incite controversy when touching down in Bosnia, but attract little attention in Serbia or Croatia, where they are more prevalent.


However as more recent work by Michael Watts notes, the World Bank and other development agencies are beginning to respond to the inevitability of culture and politics seeping into their economic development projects. Even these bastions of neo-liberal orthodoxy are beginning to question the universal validity of their economic models. “Getting the social relations right” is becoming just as important to them as “getting the prices right.”

The paradox is that the cold, universal calculus of free-markets – the (universal) instrumental logic of mean and ends (Sayer 1997: 17) – at its moment of triumph has spawned a cultural counter-revolution: a widely held recognition that the market economy is no less a site of culture than the household or the mosque.

Watts describes how, with this new found understanding of the cultural economy in mind, neo-liberal development agencies are now incorporating cultural considerations into their development models:

The museum of culture is to be ransacked by the development practitioner (and by implication the development theorist) in search of things that “work.” In the name of development, culture must be instrumentalized – what we might more properly call the “economization of culture.”

At stake is yet one more expression of the colonization of the life world by the deadly solicitations of the market.

There is then a double edged sword to criticizing the IFIs for failing to note the cultural, political or religious content of capital flows. If culture can be instrumentalized so easily by the World Bank, then what is the value in critiquing neo-liberal policy for its cultural oversights? Though as Watts notes, questioning the cultural processes at work in development policy has “opened up the possibility for a critical assessment...of the development institutions of neo-liberal rule,” at the same time there is a

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256 Watts, p.32.
257 Watts, p.30.
danger that “quite sophisticated senses of culture – social capital, community governance – [become] the basis for a sort of normalization, for the further fuelling (ironically) of the anti-politics machine. The extent to which culture in this sense is capable of securing hegemony for ruling classes of all sorts is always an open question.”

Such a question is an especially prescient one in Bosnia, where ruling classes have used cultural nationalism to solidify their rule for two decades. If a project of social transformation like pan-Islamism was able to profit from World Bank policy when it was guided by the universalist assumptions of economic theory, then what does a more culturally attuned neo-liberalism promise for a country where drawing lines between cultures and communities is such a contentious and divisive practice?

4.1 Urban Space

Analyzing flows of capital then, is one way of opening a discussion of wider social and cultural processes that constitute and enable such investments. However this thesis has also brought out how the urban and the spaces of the city themselves are constitutive elements of a social formation. The urban is a product of a particular conjuncture, made up of numerous social, economic and political forces at work in shaping the built environment. However the urban itself is also an active moment in the shaping of those same forces. Henri Lefebvre captured exactly such a mediating role for the urban in his theory of the socio-spatial mediation. The urban level, through both its mediating position between the global and the everyday, as well as its relative autonomy and vitality, is the site at which it is possible to grasp a picture of a dynamic, open and contradictory social totality. Or in Lefebvre's words, “the specifically urban ensemble provides the characteristic unity of the social 'real.'”

Lefebvre's conception of the urban level has helped conceptualize investment in Sarajevo's built

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258 Watts, p.56.
260 Lefebvre, *The Urban Revolution*, p.80.
environment as part of a wider political strategy of space.

Sarajevans conception of their city has important ramifications for how they imagine their own identity. There remains a committed secular, anti-nationalist opposition in Sarajevo that continues to represent their city as a cosmopolitan, multiethnic, European capital. Such an imagination not surprisingly gives way to a pan-Bosnian identity, eschewing the ethno-religious forms of identification that became common place during and after the war in Bosnia. Nationalist and pan-Islamist elites in Bosnia have countered this image of Sarajevo with their own remaking of the city; cleansing it of references to figures that do not fit in to the new Bosniak nationalism, and embedding Islamic regulations into the city's fabric with help from their connections to Gulf financiers. Privatization and FDI promotion, two policies designed to help curb the power of this ethno-religious power block, have helped facilitate capital flows which have further entrenched Islam in the city's fabric and everyday life. The urban thus represents a site where all the larger processes described in this thesis—the Islamic revival, neo-liberal policy, post-socialist realignments of power and foreign investments—come together to actively constitute the post-war conjuncture in Sarajevo.

Yet despite the claims of this thesis, the scope of the connections between local religious and nationalist elites and foreign investment from the Islamic world should not be overstated. To date Bosnia has seen very little FDI, especially from the Islamic world; the projects discussed here are Saudi Arabia's only major profit seeking investments in Bosnia. These investments thus represent the exception rather than the rule. However even such limited investment activity has had a significant impact on Sarajevo, by reshaping the city's central districts, reinforcing the powerful position of ethno-religious elites and by putting a question to Sarajevo's status as a multicultural city. Furthermore, Islamic investments represent an illuminating instance in which pan-Islamism has come together with neo-liberalism to further entrench the power of an elite that the international community hope to curb in its interventions in Bosnia. As BBI continues to promise a wave of investment from the Islamic world
in the future, the insights generated here can hopefully provide a foundation with which to analyze future Islamic investment activity in Bosnia.

4.2 Neo-liberalism and pan-Islamism, an unexpected alliance?

What can we make of the seemingly unlikely co-operation and symbiotic relationship between Bosnian pan-Islamism and the Western neo-liberal development path hoisted on Bosnia by the American led international community? First we should note that alliances between American power and Islamist movements are not so much of a novelty as they may seem in the era of the War on Terror. Tariq Ali's *Clash of Fundamentalisms* is devoted to documenting the numerous historical moments when the two teamed up to crush various secular nationalist and socialist opposition movements throughout the Islamic world. Thus it should not surprise us so much when contemporary Islamist movements slavishly follow neo-liberal orthodoxy. Ali points to the co-operation of the (Islamist) Justice and Development Party in Turkey with the dictates of the Washington Consensus as the most obvious example, but he could have just as easily used the SDA to prove the point.261

BBI seems conflicted on where to stand on this issue. The public relations team at BBI both presents the bank and its Islamic practices as an ethical alternative to the usury of Western capitalism, at the same time as they distribute literature extolling the continuities between Koranic verses and the philosophy of Friedrich Hayek.262 The wider pan-Islamist movement in Bosnia is caught up in the same contradictions. Figures like Grand Mufti Mustafa Ceric waver between promoting Islam as a modern religion consistent with democracy and the “European social contract,”263 and aggressive attacks

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against its secular critics, and renewed calls for the use of sharia law in Bosnia. The new sharia spaces in Sarajevo are also reflective of this split between European values and Islamic norms, a division that has always been constitutive of Muslim nationalism in Bosnia.

We should also note that the history of neo-liberal policy shows that the IFIs are not afraid to empower a repressive domestic elite if it means the swift enactment of the tenets of the Washington Consensus, whatever the contradictions between that elite's ideological positions and economic liberalism.\textsuperscript{264} Neo-liberal policies in Bosnia, as well as the wider processes around EU accession are thus themselves contradictory. While on the one hand, their central goal has been to disempower the nationalist elites who enriched themselves and solidified their political power during the war years, on the other, neo-liberal policy, and especially the EU accession process, is reliant on a compliant domestic political elite to drive through the reforms necessary for joining the Union. The outcome of this contradiction is that the international community has ended up empowering the same nationalist elites they sought to remove, so long as they co-operate with the international state-building consensus. It is then little surprise that almost all political parties in Bosnia, regardless of their nationalist stances, at least formally endorse the EU enlargement process.

This need for local clients has meant that the international community is sensitive to the ongoing shifts in the Bosnian political scene. Though they worked extensively with the SDA during its post-war heyday, as I discussed in chapter 2, new players and parties have appeared on Bosniak political scene, most recently the media mogul Fahrudin Radoncic, and his newly formed party the Coalition for a Better Future. The contradictions discussed above came out most overtly (and perhaps embarrassingly) in a Wikileaks cable sent by the American ambassador to BiH, Charles English, assessing Radoncic's formal entrance into politics. The cable describes in detail the corrupt business practices and smear campaigns that have made Radoncic and his newspaper \textit{Dnevni Avaz} infamous. Yet

\textsuperscript{264} To say nothing of the contradiction between liberalism and military dictatorships, especially in the case of Chile and Indonesia.
for all his wheeling and dealing, Radoncic has been a firm supporter of the neo-liberal project in BiH, and for this the American embassy sees in him a potential ally:

At the same time -- however distasteful it may be to us or others -- if Radoncic and gains enough authority through the October 2010 elections to join a ruling coalition at the state or Federation level, his...pragmatic approach on issues ranging from economic development to constitutional reform and Euro-Atlantic integration could perhaps contribute to a more peaceful political situation in Bosnia and Herzegovina over the near term.265

The insights generated here will hopefully be of some use in future analyses of this interface between local elites and international institutions, as Bosnia strives to complete the arduous reform process required for EU accession. However the willingness of international institutions to work with and empower domestic elites regardless of their credentials presents a dim picture of Bosnia's future under international trusteeship. Furthermore, as we have seen in this thesis, injections of foreign capital are by no means a guarantee of a breath of fresh air in a society still dominated by the apparatuses of numerous nationalist parties. Whatever the outcome of Bosnia's post-socialist transition, its capital city is already marked by the new urban spaces produced by the post-war conjuncture and the coming together of local elites, international institutions and foreign investors. These new spaces in Sarajevo, ripe with the contradictions and tensions that constitute post-war Bosnian society, are for its residents a daily reminder of the country's fragmented present, and uncertain future.

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