

## Socio-Economic Roots of Extremism in the Region

*Nemanja Džuverović*

### Introduction

Words ‘extremism’ and ‘extremist’ are most often used to depict actors and/or actions of those who are challenging state authority. This can be used for state opponents who are posing political demands (access to central government, increased political representation or territorial claims), demanding different resource management (from natural resources, exports or tax revenues) or claiming religion/identity freedoms. This is why groups such as Tamil Elam in Sri Lanka, Moro Front in Philippines, FARC in Colombia, ETA in Spain or SPLM in former Sudan are described as extremists who are, by actions they take, destabilizing countries and unjustifiably questioning decisions made by state officials.

At the same time, actions of countries *i.e.* state apparatuses are much less frequently described as having ‘extremist tendencies’. This applies very much for intra-state context, but also for global level where countries such as the U.S, Russian Federation, the U.K, France, etc. are not only intervening, very often on false claims as in Iraq and South Ossetia, but also, with their actions, endangering more civilians than authorities of countries where intervention is taking place (Iraq and Afghanistan are being two most drastic recent examples). But in these, and many other instances, state actions are usually described as ‘fight against terrorism/axis of evil’, ‘responsibility to protect’, ‘neutralizing the threat’ and not as extremism. The difference is even more pronounced if we look only at developed countries that seem, by mainstream media and academia, incapable of conductive excessive measures, on any level or at any moment. It seems that extremism is prohibited term in the vocabulary for ‘civilized’ countries. Now, or in the (colonial) past.

Therefore, the use of words ‘extremism’ and ‘extremist’ seems highly unnecessary. These terms are so contaminated that any description immediately creates false dyad good/bad which can be useful for depicting con-

flict, but certainly not for understating its root causes and possible solutions. The reality is that many insurgents have legitimate claims, and that violent actions are response to years (even decades) of state neglect in tackling problems and polarizing the society by creating ‘the others’ *i.e.* ‘extremists’. On the other hand, if the term ‘extremism’ is so deeply embedded in political discourse so that actions of different non-state actors cant be explained in any other way, than we have to consider using this term for describing state intentions as well.

### **State as an Extremist**

The term ‘grievance’ seems more appropriate than ‘extremism’ for describing frustration building in individuals or groups in different societies, based on political, socio-economic or cultural deprivation. On the other hand, state behaviour, if directed towards denying rights or resources, based on selective (and unjustified) criteria could not be understood or described by nothing less than extreme.

As previously highlighted, grievances are often triggered by political motives such as unequal access to central authority or underrepresentation of different groups. Next to political, socio-economic demands prove to be as important, but also much more resilient. Stewart and Brown indicate that:

“People accept state authority as long as the state delivers services and provides reasonable economic conditions in terms of employment and incomes. With economic stagnation or decline, and worsening state services, the social contract brakes down[...].”<sup>1</sup>

Furthermore, these authors state that economic variables such as poverty, horizontal and vertical inequality, decline in per capita income and reduced government social spending are the main contributors in fuelling grievances and subsequent violent behaviours. For each of these variables, state contributes mostly in deteriorating institutional or material conditions. Consequently, Taydas and Peksen, forecast that resources mismanagement could “provide groups with the motivation to use violent means against the state

---

<sup>1</sup> Stewart, Frances and Brown, Graham. 2007. “Motivations for Conflict: Groups and Individuals” In *Leashing the Dogs of War: Conflict Management in a Divided World*, ed. Chester A. Crocker, Fen Osler Hampson and Pamela Aall. Washington, D.S.: United States Institute of Peace Press, p. 226.

and, hence, carry a great deal of importance in explaining civil wars.”<sup>2</sup> A case can be made that this is the evidence of extremist behaviour.

Additionally, two factors contributing to grievance formation must be emphasized. Firstly, the end of the Cold War brought an end to Socialism, but very soon to Social Democracy as well, most notably in Northern Europe where its (positive) results were most visible during ‘70s and ‘80s. In both cases, ‘solidarity’ aspect was very pronounced, both in social and economic sphere, which proved to be important in buffering social discontent arising on various occasions. Subsequent collapse of Socialism in Eastern Europe and parts of Asia, Africa and Latin America, disappearance of social democracy from Western and Northern European agenda and prevalence of neoliberal model based on market-oriented policies,<sup>3</sup> weakened the state, and its ability to control inequalities, social exclusion and poverty on socially acceptable levels.

Finally, for post-conflict societies (such as the Western Balkans) prevalent form of peacebuilding additionally enhance polarization and social cleavages. Since the beginning of the ‘90s peacebuilding efforts are, in contrast to traditional peacebuilding actions, correlated with statebuilding characterized by the influence of liberal institutionalism, top-down approach (also Northern approach), and implementation of comprehensive deregulating measures in post-war economies.<sup>4</sup> Thus, Richmond notes that:

“the insertion of neoliberal norms and ideology into developmental, peacebuilding and statebuilding policy has underestimated the extent to which rights-based forms of equality can compensate for material inequalities in local and international contexts and has over-estimated the capacity of the market in conflict situations.”<sup>5</sup>

---

<sup>2</sup> Taydas, Zeynep and Peksen, Dursun. 2012. “Can States Buy Peace? Social Welfare Spending and Civil Conflicts.” *Journal of Peace Research* 49 (2), p. 273.

<sup>3</sup> These policies introduced extensive cutbacks in government expenditures and comprehensive marketization of social services, including education, healthcare and welfare provisions.

<sup>4</sup> For comprehensive overview of liberal peacebuilding efforts see: Paris, Roland. 2004. *At War’s End: Building Peace After Civil Conflict*. New York: Cambridge University Press.

<sup>5</sup> Richmond, Oliver P. 2015. “The Impact of Socio-Economic Inequality on Peacebuilding and Statebuilding.” *Civil Wars* 16 (4), p. 456.

The result is ‘peacedelaying’ by dividing societies on peace transitions winners (mostly elites who are implementing these measures) and peace transition losers (including former middle class and/or former fighters). In this context, prior violent conflict continues to manifest in dissatisfaction of the majority who is escaping benefits of post war reconstruction, therefore prolonging frustration present before outburst of violence.

### **The Western Balkans Socio-Economic Context**

If we look at the socio-economic categories underlined by Stewart and Brown as decisive for conflict formation, and apply on Western Balkans countries, situation is the following.

After initial period of positive economic performances starting from 2001, economic crisis in 2008 brought stagnation and decline of most important economic parameters, although with certain time delay (effects of the crisis in the region are mostly visible since 2011). Also, it should be noted that due to violent conflicts, high number of refugees and IPDs, international embargo and transition from command economy, starting position of Western Balkan countries were initially very low. This is important because in the situation where, after period of profound crisis, capabilities and expectations of majority population evenly and constantly grows, as it was in the Western Balkans since 2001, sudden drop in capabilities (in this case since 2011), may provoke strong frustrations (so called *progressive deprivation*<sup>6</sup>) which could potentially, yet again, destabilize post conflict region.

According to IMF’s report, poverty in the region, initially high, has additionally increased since 2008. This is especially important because research conducted so far has “postulated that the level or intensity of poverty may trigger civil strife when poverty among population groups intensifies social ties among groups to promote participation in collective violence or the support for armed groups.”<sup>7</sup> The most dramatic increase is in Macedonia and Albania, although other countries, excluding Croatia, also have high

---

<sup>6</sup> Gurr, Ted. 1970. *Why Men Rebel*. Princeton University Press. Princeton, NJ.

<sup>7</sup> Justino, Patricia. 2012. “War and Poverty” In *The Oxford Handbook of the Economics of Peace and Conflict*, ed. Michelle R. Garfinkel and Stergios Skapetas. New York: Oxford University Press, p. 692.

rates of people living in poverty.<sup>8</sup> The World Bank estimates that almost 35 per cent of people in Macedonia, and 47.5 per cent in Albania are living under poverty line (\$5 per day). In Serbia and Montenegro this range is between 15 and 20 per cent while Croatia and Bosnia and Herzegovina are more positive examples where poverty is reaching less than one and four per cent respectively.<sup>9</sup> The data clearly shows that significant share of population in the region still lives in poverty which presents immediate danger of large scale dissatisfaction. This could be channelled towards those who are seen as responsible (state authority, but also external actors who had important role during conflict formation/management/resolution) for the present situation, as it was during the protests in Sarajevo and across Bosnia and Herzegovina during 2014 as a consequence of factories closure in impoverished parts of the country.

When it comes to inequality, Gini coefficient in most countries of the region is around 30. This number cannot be described as dangerously high (especially comparing to some countries of Latin American and Africa where the coefficient is over 50), but three factors are contributing for this phenomenon to be increasingly important in the Western Balkans. Firstly, inequality is continuously growing since the beginning of the 2000s. Although, in general, people are better off comparing to the period before (during the '90s) this means that minority is doing much better comparing to the rest of population. Because of this, it could be said that inequality in the Western Balkans is not very high, but it is very 'visible' since polarization is occurring in a very short period of time. This fact certainly creates dissatisfaction that could be channelled in various ways. Second, unlike general beliefs that inequality is affecting only position on the income scale, it is now clear (especially after the crisis in the U.S. and European countries) that inequality is constraining human capital with devastating long-term consequences.

---

<sup>8</sup> IMF Regional Economic Issue Special Report. 2015. The Western Balkans: 15 Years of Economic Transition. Washington, D.C.: International Monetary Fund, p. 20.

<sup>9</sup> Poverty and Equity World Bank Data, The World Bank Website, Available from: <http://povertydata.worldbank.org/poverty/region/ECA> (Accessed 11 September 2015).

This concerns access to education (especially higher education), availability of different welfare programmes and the quality of health services.<sup>10</sup> Accordingly, inequality today is much more a social than an economic issue.

Finally, the most worrisome issue with inequality is its group aspect, *i.e.* 'horizontal inequalities' which are, according to Stewart, "inequalities between culturally defined groups or groups with shared identities[...] These identities may be formed by religion, ethnic ties or racial affiliations, or other salient factors which bind groups of people together."<sup>11</sup> In the Western Balkan countries, horizontal inequalities exist predominantly along ethnic lines. This is particularly worrisome for a region where ethnicity was the root cause of violent conflicts in the recent past. Discrimination of Roma population in every country of the region, unequal development of regions with population in majority comprised of Albanians and Muslims in Serbia, employment discrimination of Serbs in Kosovo and Croatia, are just few of examples where these kinds of inequalities are pronounced and growingly protracted.

Third factor, GDP per capita, has been somewhat more positive. Western Balkan countries have made significant progress in GDP growth, but as other indicators, this one has also stagnated in last five years. Countries of the region have reached only 30 per cent of the GDP per capita of the EU countries. Translated in real currency, GDP per capita in the region is between 5,000 and 8,000 US dollars, up to seven times lower comparing to 17 most developed countries of the EU (30-30,000 US dollars).<sup>12</sup> For the region where initial position is very low and poverty is growing, the growth of GDP in the last couple of years could be described as sluggish.

Finally, government spending has been constant in the region, ranging between 11 per cent in the case of Albania up to 20 per cent in Montenegro.

---

<sup>10</sup> For the impact of inequality of constraining human capital see: Thorbecke, Erik and Charumilind, Chutatong. 2002. "Economic Inequality and its Socioeconomic Impact." *World Development* 30(9): 477-1495.

<sup>11</sup> Stewart, Frances. 2008. "Horizontal Inequalities and Conflict: An Introduction and Some Hypotheses." In *Horizontal Inequalities and Conflict. Understanding Group Violence in Multiethnic Societies*, ed. Francis Stewart. London: Palgrave Macmillan, pp. 12-13.

<sup>12</sup> IMF Regional Economic Issue Special Report. 2015. *The Western Balkans: 15 Years of Economic Transition*. Washington, D.C.: International Monetary Fund, pp. 17-18.

Although these figures are not representing negative indicator, there is still possibility for improvement since average government spending in most developed EU countries is around 25 per cent.<sup>13</sup> This point is especially important since, as Taydas and Peksen indicate,

“Public spending is an important tool that allows governments to peacefully redistribute and transfer some resources to the public. By investing in social safety nets, in-kind transfers, and valuable goods that are underprovided by the private sector and would not otherwise be available to certain segments of the society, government intervention can have a positive impact on citizens’ livelihoods and prove that the state cares about its citizens.”<sup>14</sup>

Of course, if spending is directed to something but increasing human capital even higher levels of state expenditure could prove to be futile in dealing with socioeconomic grievances of disenfranchised groups.

### **Policy Prescriptions**

Following the findings of Stewart and Brown, the main assumption is for state to provide, not only equality of opportunities, but equality in access to resources and most importantly equality of outcomes.<sup>15</sup> For this to happen, Western Balkan states need to have more comprehensive approach in dealing with poverty and rooted inequalities.

Firstly, countries should invest much more in increasing human capital. Western Balkan states are known for experiencing the so called ‘brain drain’ but also for investing very little in education and science. According to the UNICEF TransMonEE database countries of the region invest less than 5 per cent of total public expenditures for education, while in some cases such as Macedonia this number is less than 3 per cent.<sup>16</sup> Without sub-

---

<sup>13</sup> The World Bank General Government Final Consumption Expenditure, Available from:<http://data.worldbank.org/indicator/NE.CON.GOV.T.ZS> (Accessed 11 September 2015).

<sup>14</sup> Taydas, Zeynep and Peksen, Dursun. 2012. “Can States Buy Peace? Social Welfare Spending and Civil Conflicts.” *Journal of Peace Research* 49(2), p. 276.

<sup>15</sup> Stewart, Frances and Brown, Graham. 2007. “Motivations for Conflict: Groups and Individuals” In *Leashing the Dogs of War: Conflict Management in a Divided World*, ed. Chester A. Crocker, Fen Osler Hampson and Pamela Aall. Washington, D.S.: United States Institute of Peace Press, pp. 232-3.

<sup>16</sup> The UNICEF Transformative Monitoring for Enhanced Equity (TransMonEE)

stantial improvements in this field, any progress is temporary. Equipping people with knowledge and necessary skills allows them to position better in the labour market, to progress on income scale and to escape possibility of getting back to poverty, experience social exclusion and alienate from the system. Also, special attention needs to be aimed towards disenfranchised groups who should be privileged in accessing (higher) education by quotas, affirmative actions or other similar measures.<sup>17</sup> Thus, instead of imposing financial restrictions, states need to invest more in boosting human capital thus creating strong long-term effect in poverty reduction and social exclusion. In this process, results may not be quickly visible, which is why policy makers tend to overlook the importance of education and increased human capital.

Targeted welfare provision, if possible as cash transfers should support this process.

“These programmes assume that money is transferred to households to help support them, providing they conform to certain expectations about school attendance and health-care check-ups of their youngest members. In other words, families get financial support for sending children to school (instead of working, often in dangerous environments), and taking care of their wellbeing.”<sup>18</sup>

In this way, duality is achieved by investing in human-capital development and poverty alleviation simultaneously.

Next to education, groups who are subjected to different forms of discrimination also need to experience positive change in their surrounding. Hence, governments should localize developmental efforts by involving “redirection of expenditures across regions or neighbourhoods, as well as groups within them.”<sup>19</sup> This can be sensitive issue due to potential protests

---

Database, Available from: <http://www.transmonee.org/databases.php> (Accessed 13 September 2015).

<sup>17</sup> This relates to employment policies where deprived groups should be recognized as priority.

<sup>18</sup> Dzuverovic, Nemanja and Milosevic, Aleksandar. 2013. “In search for more: The importance of income inequality in conflict formation and its policy implications.” *Croatian Political Science Review*, 50 (5), pp. 181-2.

<sup>19</sup> Stewart, Frances and Brown, Graham. 2007. “Motivations for Conflict: Groups and Individuals” In *Leashing the Dogs of War: Conflict Management in a Divided World*, ed. Chester A. Crocker, Fen Osler Hampson and Pamela Aall. Washington, D.S.: United



of those who are left out of this process, so it is essential for these decisions to be explained not as imposed (usually by international donors), but as required if the system is to stay unchallenged by 'have-nots'.<sup>20</sup> This is also the case with the EU where division between countries who are donors (such as Germany, France or the UK) and those who are mainly beneficiaries of development funds (Portugal, Greece) is clearly visible, and increasingly important in the context of economic crisis. In most of the Western Balkan countries underdevelopment overlaps with lower (or lowest) educational levels so the synergy of two factors could be decisive in prevalence of different grievances that still needs to be addressed.

Finally, the factor that affects not only Western Balkans, but also the rest of Europe, is the problem of unemployment. All countries of the region have very high levels of unemployment, reaching up to 28 per cent in Bosnia and Herzegovina and 31 per cent in Macedonia, with majority of unemployed being young people (in Kosovo more than 50 per cent).<sup>21</sup> This situation is the result of many factors including violent conflicts and destruction of infrastructure, transition to market economies, large-scale privatizations, corruption and nepotism, global economic crisis, etc., Governments need to tackle this issue by using available resources and experience of other regions (such as micro-crediting in South East Asia), especially in developing local economy. Negative global trends present an obstacle, but it seems there is enough (misused) internal resources that can be utilized in alleviating or at least reducing this problem.

Of course, to be successful, inclusive development must be followed by institutional and political changes, being restrictive (laws against discrimination) or affirmative (additional seats in parliament, quotas for public employment for certain groups) in its nature. In any case, suggested policies must recognize that not all groups are equally developed, integrated in society or freed from social exclusion. From this starting position, implementation of the above-mentioned and other measures could be more successful

---

States Institute of Peace Press, p. 233.

<sup>20</sup> Another point should elimination of 'clientelism development' where only regions with political support from central government are recognized as undeveloped thus receiving majority of allocated funds.

<sup>21</sup> The World Bank Development indicators, Available from: <http://databank.worldbank.org/data/reports.aspx?source=2&Topic=4> (Accessed 12 September 2015).

- Dzuverovic, Nemanja and Milosevic, Aleksandar. 2013. "In search for more: The importance of income inequality in conflict formation and its policy implications." *Croatian Political Science Review*, 50 (5): 173-186.
- Justino, Patricia. 2012. "War and Poverty" In *The Oxford Handbook of the Economics of Peace and Conflict*, ed. Michelle R. Garfinkel and Stergios Skapetas. New York: Oxford University Press, pp.676-706.
- Mac Ginty, Roger and Richmond, Oliver. 2013. "The Local Turn in Peace Building: A Critical Agenda for Peace." *Third World Quarterly*, 34(5): 763-783.
- Nafziger, E.Wayne and Auvinen, Juha. 2002. "Economic Development, Inequality, War, and State Violence." *World Development* 30 (2): 153-163.
- Østby, Gudrun, Ragnhild, Nordas, and Rød, Jan K. 2009. "Regional Inequalities and Civil Conflict in Sub-Saharan Africa." *International Studies Quarterly* (53): 301-324.
- Paris, Roland. 2004. *At War's End: Building Peace After Civil Conflict*. New York: Cambridge University Press.
- Richmond, Oliver. 2013. "Failed Statebuilding Versus Peace Formation." *Cooperation and Conflict* 48(3): 378 – 400.
- Richmond, Oliver P. 2015. "The Impact of Socio-Economic Inequality on Peacebuilding and Statebuilding." *Civil Wars* 16 (4): 449-467.
- Stewart, Frances. 2002. Horizontal Inequalities: A Neglected Dimension of Development. *QEH Working Paper Series No. 81*.
- Stewart, Frances and Brown, Graham. 2007. "Motivations for Conflict: Groups and Individuals" In *Leashing the Dogs of War: Conflict Management in a Divided World*, ed. Chester A. Crocker, Fen Osler Hampson and Pamela Aall. Washington, D.S.: United States Institute of Peace Press, pp.219-245.
- Stewart, Frances. 2008. "Horizontal Inequalities and Conflict: An Introduction and Some Hypotheses." In *Horizontal Inequalities and Conflict. Understanding Group Violence in Multiethnic Societies*, ed. Francis Stewart. London: Palgrave Macmillan, pp.3-23.
- Taydas, Zeynep and Peksen, Dursun. 2012. "Can States Buy Peace? Social Welfare Spending and Civil Conflicts." *Journal of Peace Research* 49(2): 273 – 287.
- Thorbecke, Erik and Charumilind, Chutatong. 2002. "Economic Inequality

- and its Socioeconomic Impact.” *World Development* 30(9): 1477 – 1495.
- The IMF Regional Economic Issue Special Report. 2015. *The Western Balkans: 15 Years of Economic Transition*. Washington, D.C.: International Monetary Fund.
- The World Bank Poverty and Equity Data, Available from: <http://povertydata.worldbank.org/poverty/region/ECA> (Accessed 11 September 2015).
- The World Bank General Government Final Consumption Expenditure, Available from: <http://data.worldbank.org/indicator/NE.CON.GOV.T.ZS> (Accessed 11 September 2015).
- The World Bank Development indicators, Available from: <http://databank.worldbank.org/data/reports.aspx?source=2&Topic=4> (Accessed 12 September 2015)
- The UNICEF Transformative Monitoring for Enhanced Equity (Trans-MonEE) Database, Available from: <http://www.transmonee.org/databases.php> (Accessed 13 September 2015)