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**Research Report**

## A step backwards in Serbia

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## A Step Backwards in Serbia

*Dušan Reljić*

The candidate with the best chances to win the first round of the Serbian presidential election on June 13 is the 52-year old construction engineer, Tomislav Nikolić, a member of the ultra-nationalist populist Serbian Radical Party (SRS). Despite the expected devastating domestic and international consequences of a Nikolić victory, Serbia's so-called democratic camp couldn't unite around a single candidate of its own. To the contrary: full-blown in-fighting among the democratic parties has left many voters gravely disillusioned and has strengthened the Radicals' hand. In the run-up to the vote, the West should avoid provoking a backlash among Serbia's voters by showing excessive sympathy for the EU's and the U.S.'s favoured candidate, Bojan Tadić, a forty-six-year old psychologist and head of the Democratic Party (DS). Rather, in light of Serbia's key role in the region, the West must try to stabilise the country through a strategic combination of carrots and sticks.

Although the power of the Serbian President is limited, the vote's outcome will have a pronounced impact on Serbia's political climate. One political commentator summed the present situation with the headline: "Barbarians on our Doorstep."

### **Barbarians on our Doorstep**

The SRS offers protest voters a vehicle to vent their frustrations over corrupt and incompetent politicians as well as over the West. The West is charged with harbouring a deep prejudice against Serbia, expressed in the support of Albanian separatism in Kosovo and one-sidedness in the war crimes trials in the Hague. Through populist, chauvinistic and anti-intellectual rhetoric,

this party has successfully attracted many disgruntled voters. The Radicals are especially successful with poorly educated, rural voters. But they also receive support in other parts of the population and in urban centres too.

Opponents of the ultra-nationalists fear that a Nikolic victory could not only prompt renewed western sanctions, but also the onset of a new era of political repression. Memories of the late 1990s, when repression reached its climax in Serbia, are still vivid. At the time, Milošević opened the government to the Radicals' leader, Vojislav Šešelj; not so long before that he had had Šešelj jailed several times. In early 2003, Šešelj gave himself up to the Hague tribunal threatening, as he did so, a

forthcoming “bloody events” in Serbia. Shortly thereafter, Serbia’s Prime Minister Zoran Đinđić was murdered. Since then, there have been allegations of Šešelj’s complicity in the killing. But, to date, the trial hasn’t furnished hard evidence to back those charges.

### **Divided Democrats**

There is reason to expect that no single candidate will receive an absolute majority of the vote so that there will be a second round run-off between the top two vote getters on June 27. Current opinion polls show Nikolić in a dead heat with both of the democratic candidates, Tadić, Đinđić’s successor as president of the DS, and the national-conservative candidate of the minority government, the 54-year old Dragan Maršićanin. He is vice president of the Democratic Party of Serbia (DSS), which is led by Serbia’s present Prime Minister Vojislav Koštunica, and considered to have a marginal advantage as a challenger to Nikolić over Tadić. Maršićanin is more acceptable to many than the liberal, western-supported Tadić. In the early days of the campaign, Tadić was greeted with open arms and Washington and West European capitals. He also travelled to Moscow and Banja Luka, in Republika Srpska. Shortly thereafter, high-ranking members of the Moscow Duma welcomed the Radicals’ candidate, Nikolić.

Should Tadić make it into the second round – and Maršićanin not – his chances will hinge, above all, on Koštunica’s recommendation. So far, the Prime Minister has emphasised that he stands equidistant when it comes to the SRS and the DS. In his eyes, the Radicals embody the former regime, while the DS is still a bastion of corruption. For Koštunica, “cohabitation” with Tadić would be difficult. In contrast to the Prime Minister, Tadić portrays himself as Đinđić’s political heir. Even Đinđić has been dead for over a year, Koštunica and his party still spend a considerable amount of energy eradicating Đinđić’s liberal political

legacy, above all his energetic efforts to open up to the West.

It is still open whether Koštunica could convince himself to support Tadić in a two-candidate run-off with the Radicals’ Nikolić. His relationship to the DS is badly damaged and his efforts to tap the reservoir of right-wing voters are blatant. His critics even speak of an insidious restoration of the former regime. They point to the government’s grudging co-operation with the international tribunal in the Hague, Koštunica’s willingness to court figures associated with the former regime and, lastly, of the growing role of the Serbian Orthodox church in government affairs.

Koštunica has left long overdue economic and financial reforms to one of the coalition’s junior partners, the liberals of G17 Plus, a reform-minded group of Serbian economists. Both of this group’s leading politicians, the Vice Prime Minister, Miroslav Labus, and Finance Minister Mladjen Dinkić, appear at Maršićanin’s campaign events and simultaneously call for the inclusion of the DS in the government. Should the Radicals win the presidency, both have publicly promised to resign from the government. The more that Koštunica and his followers flirt with Serbia’s traditionalists and nationalists, the deeper will grow the divide between them and the reformers of G17 Plus.

At the same time, further rifts are emerging within the Serbian government. The monarchist Serbian Renewal Movement (SPO) and its leader, Vuk Drašković, who is presently Serbia and Montenegro’s Foreign Minister, are increasingly at odds with their partners in the ruling coalition. At the heart of the matter, Drašković promotes Belgrade’s membership in NATO and stands behind Serbia’s full co-operation with the Hague tribunal. He has, thus, become a prime target for the Radicals and other nationalists – without getting even the slightest support from Koštunica. Few people believe that Koštunica’s fragile minority government will last for long and

many analysts predict new parliamentary elections before the year is out.

### **The Accused before the Court**

Serbia's political reality experienced a dramatic turn when on May 2, 2004, the suspected head of the conspiracy to kill Đinđić gave himself up to Serbian authorities after spending 14 months in hiding. The former head of the paramilitary special forces of the secret police, JSO, Milorad Ulemek, (also known as Legija because of his earlier time in the French Foreign Legion), is scheduled to give testimony before a court for the first time on June 10, just days before the presidential elections. His lawyers are busy spreading rumours that their client gave himself up because he trusted the new government. At the same time, Belgrade's yellow press, which is allegedly close to secret service and underworld sources, is full of conspiracy theories that Đinđić was murdered by western secret service agents because he wanted to break away from the West and put Serbia on a more "patriotic" course. As evidence, proponents of this story point to the worsening of the Đinđić government's relations with the Hague in 2002 and the then-Prime Minister's decisive refusal to give up Kosovo.

The domestic situation became tense when on May 15th two masked men attacked Đinđić's sister in front of her house in a small Serbian town, tortured her and injected her with an anaesthetic. Before this there were many other such cases that made Serbs shudder because they reminded people of the time before Đinđić's murder. At the time, dark figures from the criminal, secret service and political underworld could do what they wanted with impunity.

### **Underdevelopment**

Serbia is obviously still far away from the kind of domestic stability and democratic consensus that are necessary to tackle the

country's huge problems. The Albanian-dominated Kosovo government unilaterally announced that it will take decisive steps if the status of Serbia's southern province, which has been under U.N. administration since June 1999, has not been clarified by fall 2005. Montenegro's Prime Minister, Milo Đukanović, continues to push for the dissolution of Montenegro's union with Serbia despite warnings from the West not to do so. In Montenegro, polls show the population evenly divided between those who favour independence and those who oppose it. In foreign policy, Serbia's advancement to the European Union has ground to a halt. Brussels is deeply concerned about Serbia's domestic setbacks. Another blow in the making: Serbia can hardly expect to gain entry into NATO's Partnership for Peace program at the NATO summit in Istanbul at the end of June.

But Serbia's most pressing problem is the stagnant economic reform and the economy's dismally low productivity. With an annual growth rate of only 1.5 percent (2003) Serbia stands no chance of catching up to Europe anytime soon. According to the Belgrade Institute of Market Research, the average technical capacity of Serbian enterprises lags 19 years behind companies in the EU countries. The country is also deeply indebted, \$14.3 billion as of 2004. At the moment, economic growth is happening almost exclusively in the private sector, while the massive public sector continues to waste immense amounts of the state's resources.

Over the past three years, around 1100 companies with about 200,000 workers have been privatised. Since then, nearly 40,000 of those workers have lost their jobs. Between 500-700 state-owned firms in Serbia have yet to be privatised. But the majority of these companies operate at a loss, and continue to have non-working employees on their payrolls paying them ridiculously low wages. The average monthly income in January 2004 was just €174. Unemployment, hovering now at

around 25 percent, is supposed to climb in coming months.

Only a thorough review and an increase in the present western economic and financial aid can brake Serbia's backward slide. Especially now, in the run-up to the presidential elections, Brussels and Western capitals have to signal to Serbs that broad-based support for ultra-nationalist forces like the SRS undermine any chance of Western financial aid for the country. This message has to be addressed directly to Prime Minister Koštunica, who currently shoulders the onus of blame for the present state of affairs in Serbia.

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