

MACEDONIA:
"NEW FACES IN SKOPJE"

Lessons from the Macedonian elections and
the challenges facing the
new government

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THE NEW MACEDONIAN GOVERNMENT

ABOUT THE INTERNATIONAL CRISIS GROUP

LIST OF SELECTED ICG REPORTS



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EXECUTIVE SUMMARY

The recent parliamentary elections and the change of government in Macedonia in many respects are a landmark in the country's development. The smooth transition of power from one political camp to another and the fact that the "radicals" from both major ethnic groups rather than the more moderate parties form the new government are significant in themselves. If the new government manages to solve Macedonia's problems, it might also have repercussions throughout the region. This report, prepared by ICG's field analyst in Skopje, looks back and draws lessons from the elections and the formation of the new government, looks ahead at the key policy changes facing the new administration, and assesses the capacity of the ruling coalition to meet those challenges.

The third multi-party parliamentary elections in Macedonia were held on 18 October and 1 November 1998. As a result, Macedonia experienced the first real change of government since it declared independence.

The elections were won by the "Coalition for Changes," which is made up of the Internal Macedonian Revolutionary Organisation–Democratic Party for Macedonian National Unity (VMRO–DPMNE) and the Democratic Alternative (DA). They won a total of 62 out of 120 seats in the new parliament (49 for VMRO–DPMNE and 13 for DA). The Social Democratic Union of Macedonia, which had dominated the government for the past six years, won 27 seats. The two major ethnic Albanian parties, the Party for Democratic Prosperity (PDP) and the Democratic Party of Albanians (DPA), had concluded an electoral alliance and won 14 and 10 seats, respectively. The Liberal Democrats won four mandates, and the Socialist Party and the Union of Roma, one each. Due to irregularities, one seat had yet to be filled as this report was released.

Although the elections were regarded as generally fair and democratic, there were still irregularities. In several constituencies, the vote had to be repeated as a result. Ahead of the next elections, those and other issues need to be addressed and rectified. Furthermore, the election law should be amended to provide for a more proportional representation, and the electoral districts should be redrawn in a way that is acceptable to all parties and all ethnic groups.

Following the elections, a new government was formed by the VMRO–DPMNE, DA, and DPA. VMRO–DPMNE leader Ljubco Georgievski was elected prime minister on 30 November 1998. In the new government, the VMRO–DPMNE holds 14 ministries, the DA has eight, and the DPA, five.

Since both VMRO–DPMNE and DPA are widely regarded as nationalistic and radical, there were concerns about Macedonia's stability after the elections. However, it appears that there is cause for cautious optimism. Both parties have toned down their rhetoric recently, and the VMRO–DPMNE in particular seems to have sidelined the more radical elements in its leadership. The party stressed economic, rather than "national," issues during the recent election campaign and refrained from open attacks on Macedonia's ethnic minorities. Besides, the DA is generally believed to have a moderating influence within the new government. It appears that decisions on more sensitive inter-ethnic issues have been postponed for the time being. Ultimately, the issue of the ethnic Albanians' status needs to be resolved lest Macedonia's stability be put into question. Resolving those problems will largely depend on the good will of all three coalition partners and on their ability to reach and defend necessary compromises. Inter-ethnic issues, more than anything else, will make or break the new government coalition.

The new government stated as its top priorities: economic reform and reconstruction; reduction of unemployment; reform of the social welfare, pension, and health systems; fight against corruption; improvement of inter-ethnic relations in Macedonia; further integration into European and Transatlantic structures; and improved relations with Macedonia's neighbours. But the government has yet to announce concrete plans for solving the country's problems.

The most pressing problems that Macedonia currently faces are in the realms of the economy and social policy. Unemployment is extremely high, the social security systems are on the brink of collapse, and the economy in general is in need of deep structural reforms. Foreign investment needs to be attracted, too. ICG recommends that a comprehensive plan for economic and social reforms be worked out with the help of international experts. This plan needs to be implemented strictly and without delay. Since Macedonia will not be able to finance ambitious reform projects on its own, the international community should provide financial and other assistance on the understanding that the new government will stick to a mutually agreed plan.

The second major task which the government has to tackle is the improvement of inter-ethnic relations. The ethnic Albanian minority demands a status similar to the one enjoyed by the ethnic Macedonian majority. This includes Albanian-language tuition at all levels, the legalisation of the Albanian-language "Tetovo University," and a proportional representation of ethnic Albanians in the state administration. For the Albanian-language university, a solution must be found which guarantees that its diploma are compatible with those of Macedonia's state universities and that ethnic Albanian students receive proper Macedonian-language tuition in order to avoid further segregation. Boosting the number of ethnic Albanians in the state administration will at least partly depend on the financial possibilities of the state.

ICG recommends that the new government decentralise the state administration, which is currently highly centralised. Municipal authorities need to be given more power and financial means in order to deal with problems that can best be solved at a local level. In areas mainly populated by ethnic minorities, decentralisation could also increase trust in and identification with the state. For successful decentralisation, municipal authorities need to be trained by experts from countries with experience in this field.

With regards to foreign policy, the new government needs to bring Macedonia's legislative, economic, and administrative framework in line with European standards. Further integration into European and Transatlantic structures is still a long way off, but the international community should consider assisting Macedonia in achieving this aim if

reforms in Macedonia are pursued seriously and start showing the desired effect. Thus, talks on an association agreement with the European Union should start once the basic conditions are met.

The new government also needs to improve relations with its neighbours. Differences over "symbolic issues" (with Greece over Macedonia's name, and with Bulgaria on the issue of Macedonian nationality and language) can be resolved if both sides show good will and are ready to compromise. Ultimately, this will improve bilateral and regional co-operation and improve stability in the Balkans. Relations with Yugoslavia are likely to deteriorate, especially after the new government's decision to allow NATO troops on its territory. Bilateral relations with Albania are improving, and further improvement will mainly depend on the improvement of inter-ethnic relations in Macedonia.

The new Macedonian government is faced with an immense task. All partners in the ruling coalition need to restrain themselves and their followers if the government's agenda is to be fulfilled at least partly. Otherwise, economic and social conditions may further deteriorate and more extremist tendencies may take over. In its own interest, the international community should assist the new government where necessary and possible in order to maintain stability in this sensitive part of the Balkans.

Skopje–Brussels, 08 January 1999

MACEDONIA: “NEW FACES IN SKOPJE”

A. MACEDONIANS VOTE FOR CHANGE

In October and November 1998, Macedonians went to the polls for the third multi-party elections since the disintegration of the one-party system in the former Yugoslavia. The elections took place on 18 October and 1 November 1998. In several constituencies, however, voting had to be repeated at later dates due to irregularities during previous rounds of voting.¹

Following the victory of the opposition in those elections, Macedonia experienced the first real change of government since the collapse of the old system. After the first multi-party elections in 1990, an expert government, led by Prof. Nikola Kljusev, had been in office in 1991–1992 with the backing of the major parties. But already in 1992, the Social Democrats, who had succeeded the old League of Communists of Macedonia, were back in power, and stayed there for six years.

1. The New Parliament

The 1998 parliamentary elections were the first ones to be conducted under a new election law. Previously, all seats in the Assembly were allocated in a two-round majoritarian system. The new election law adopted in July 1998 introduced a mixed system: Of the 120 seats in the parliament, 35 were to be allocated proportionally among those parties who received at least 5 percent of the votes cast. The seats are distributed on the basis of the d'Hondt formula, which tends to favour larger parties at the expense of small ones. The other 85 mandates were contested in single-member constituencies. If no candidate received the necessary majority of the votes cast in the first round, the two leading candidates faced each other in a runoff, with the winner taking the seat.

(i) Election Results

As a result of the 1998 parliamentary elections, the “Coalition for Changes” emerged with an absolute majority of the seats in the new Assembly. The coalition is made up of two parties, the Internal Macedonian Revolutionary Organisation–Democratic Party for Macedonian National Unity (VMRO–DPMNE), under the chairmanship of Ljubco Georgievski, and the newly-formed Democratic Alternative (DA), led by Vasil Tupurkovski, who was the last Macedonian representative on the collective Yugoslav Presidency. VMRO–DPMNE and DA fielded joint candidates in all single-member constituencies but had separate proportional lists at the national level. The VMRO–DPMNE won a total of 49 seats, of which 11 proportional and 38 single-member district mandates. The DA won 13 seats, four of which

¹ Most reruns were conducted on 15 and 22 November 1998. In some polling stations of Electoral Unit 66 (Studenicani near Skopje), however, the elections were still not finished by early January 1999.

came from the proportional list. Their share of the proportional vote was 26.9 and 10.8 percent, respectively.

While it had generally been expected that the coalition would come out of top, the extent of their victory was a surprise to many observers. They had been widely tipped to get between 45 and 55 seats, but not an outright majority. In many respects, though, it was not so much a victory of the coalition as a defeat of the incumbent government.

The Social Democratic Union of Macedonia (SDSM) of Prime Minister Branko Crvenkovski, which had been the leading party in the outgoing government and at the end of the last Assembly's term had 62 deputies, was reduced to 23.8 percent of the vote and 27 mandates (10 proportional and 17 single-member district ones). A large part of the electorate had obviously lost trust in the Social Democrats and their ability to implement badly needed reforms. Besides, allegations of corruption and incompetence were galore. It was clear that people wanted change and that they felt that this was possible only without the SDSM at the helm.

The two major Albanian parties had concluded an electoral alliance before the polls. They fielded a joint proportional list and common candidates in single-member constituencies. Given the fact that the electorate in Macedonia tends to vote along ethnic lines and that the number of constituencies with an ethnic Albanian majority was clear beforehand, there was not much doubt that the Albanian parties would emerge with 20–25 mandates. Ultimately, they got 19.6 percent of the proportional vote and a total of 24 seats, eight from the proportional list and 16 direct mandates. Of those 24 seats, 14 went to Abdurrahman Aliti's Party of Democratic Prosperity (PDP), which had been in the SDSM-led government for the past six years. The other 10 seats were secured by the Democratic Party of Albanians (DPA), headed by Arben Xhaferi, which is generally regarded as the more radical and nationalistic of the two. The one seat still unallocated is contested between a DPA candidate and a PDP dissident running as an independent, who after the formation of the new government is backed by his party.²

Of the smaller parties, the "Coalition for a Better Life," comprising the Liberal Democratic Party (LDP) and the Democratic Party of Macedonia (DPM), had started out with high hopes. Not only did they hope to get around 15 percent of the vote and become the third-biggest party with a sizeable share of the seats in the new parliament. They also aimed to be in a position where they would have to be included in any future government line-up.³ Instead, the Liberal Democrats went down badly, winning only two mandates from the proportional list and another two in single-mandate constituencies. Instead of the expected 15 percent of the vote, they got a meagre 6.9 percent. DPM Chairman Tomislav Stojanovski–Bombaj failed to get into the parliament, losing in his hometown of Tetovo. He alleged that the SDSM had robbed him of his victory, but ultimately, the election result there was not annulled.

² At the time of writing, this seat (from Electoral Unit 66, Studenicani near Skopje) has yet to be allocated as four second rounds of voting were invalidated. See elsewhere in this report for more details.

³ Interview with LDP spokesman Jovan Manasievski, 12 October 1998.

The Socialist Party of Macedonia (SPM), the smallest partner in the SDSM-led government, fared even worse. In an alliance with four smaller ethnic parties⁴, they got 4.1 percent of the proportional vote and thus failed to clear the five-percent threshold. Therefore, they got no seats from the proportional list. Only the controversial SPM chairman, Ljubislav Ivanov-Dzingo, was directly elected in the first round in Kratovo, where his business empire is the most important employer. The second-round victory of another SPM candidate was annulled by the State Election Commission, and in the repeat of the runoff, he lost to the local VMRO-DPMNE/DA candidate. Even a violently pro-Socialist and anti-opposition campaign on private nation-wide Sitel TV, which is run by Dzingo's son, failed to help the party.⁵

The last seat in the new Assembly, finally, went to Amdi Bajrami of the Union of Roma in Macedonia (SRM).

(ii) Complaints and Irregularities

The 1994 parliamentary elections were marred by serious irregularities, as a result of which the main opposition parties had decided to boycott the second round of voting. Thus, VMRO-DPMNE and the Democratic Party were not represented in the last Assembly.⁶

This time, the general assessment of the elections was that they had been fair and democratic, although there were complaints of irregularities from virtually all political quarters within the country. The Election Observation Mission of the Organisation for Co-operation and Security in Europe's Office for Democratic Institutions and Human Rights (ODIHR), despite some critical remarks and recommendations, concluded that the elections lived up to Macedonia's commitments as an OSCE participating state.

The main complaint raised by Albanian parties concerned the drawing up of electoral units, which they claimed disadvantaged them against the Macedonian parties. This particular issue is analysed in more detail elsewhere in this report.

One of the most serious complaints raised against the state administration by the opposition was that a rather high number of voters never received their voter cards, which they needed in order to cast their vote. Before the

⁴ The Party for Complete Emancipation of the Roma, the Democratic Party of Turks, the Democratic Progressive Party of the Roma, and the (Muslim) Party for Democratic Action were allied in the Movement for Cultural Tolerance and Civil Co-operation of Macedonia, which in turn formed an electoral alliance with the SPM.

⁵ See *European Institute for the Media, Monitoring of the Media Coverage of the October 1998 Parliamentary Elections In FYROM — First Round, Preliminary Report, 19th of October 1998*; *European Institute for the Media, Monitoring of the Media Coverage of the October/November 1998 Parliamentary Elections In FYROM — Second Round, Preliminary Report, 2nd of November 1998*; *Forum*, 6 November 1998, p. 17–18; *Forum*, 20 November 1998, p. 10.

⁶ The Liberal Party was in an alliance with the Social Democrats and Socialists in 1994 and therefore represented in the old parliament. After the ruling coalition fell apart in 1996, they went into opposition and subsequently merged with the Democratic Party into the new LDP.

first round of the elections, around 9 percent of the voter cards had not been distributed. It is unclear, however, whether accusations that the number of undelivered voter cards was so high because of some engineering from the official side have any foundation. At any rate, those cards could be picked up even on election day at municipal and government offices, so that people who really wanted to vote could do so. Officially, those voter cards belonged to people who moved to a new place of residence but failed to reregister in their new municipality or to citizens temporarily residing abroad.

There were also complaints about incidents on election days. These included manipulations during the vote and the count, intimidation of voters, and attacks on party activists by thugs of competing parties. Parties also accused each other of bribing voters to vote for their candidates or of paying citizens in order to get their voter cards and thus prevent them from casting their vote.

In a number of polling stations, irregularities were serious enough to have the results cancelled. After the first round, voting had to be repeated in one electoral district in the town of Bitola. The second round of voting was invalidated in a number of polling stations in seven districts. In Electoral District 66 in Studenicani outside Skopje, the seat was not filled at the time this report was finished, as voting in a number of polling stations was invalidated four times.

This constituency is a traditional PDP stronghold, but the joint Albanian candidate came from the DPA. Consequently, a local PDP politician, Nazmi Maliqi, decided to run against him as an independent. The DPA candidate won several of the reruns, but Maliqi launched protests with the State Election Commission and forced several reruns. According to reports by observers, all votes in those polling stations were marred by serious irregularities, including ballot stuffing and intimidation of voters.⁷

(iii) Technical and administrative issues to be addressed ahead of future elections

Apart from the problems and irregularities outlined above, issues of a more legal and technical nature need to be addressed in order to enhance trust in future elections.

For example, there was a heated debate after the first round of voting as to the requirements for winning a seat in a single-member constituency in the first round. Article 88 of the Election Law states that "[the] candidate who in the first round of voting won the majority of the votes by the voters who have cast their ballots in the electoral district shall be considered to be elected, provided that the number of votes he won is not less than one third of the voters registered [in the district]."

⁷ The irregularities in this constituency indicate that there are substantial differences between the two major Albanian parties and that similar problems might have been witnessed elsewhere had PDP and DPA not formed a coalition before the elections.

After the first round, VMRO–DPMNE and DA claimed that "majority" should be interpreted as plurality rather than as absolute majority, provided the candidate in question received the votes of at least one third of the voters registered in his constituency. However, most experts concluded that the article referred to the absolute majority of votes cast. Indeed, this interpretation had been used in past elections. Still, the election law should be amended in order to make this and similar provisions absolutely clear.

Another major issue in the last elections was the bad communication between the State Election Commission (DIK) and the parties and media. After the first round, the DIK exceeded the deadlines laid down in the law before it published the official results. This reduced the campaign time for parties, and it also left room for speculation regarding the election process and the tabulation of results. The main problem in this respect seems to be that many protocols were not delivered in time from lower tiers of the election administration. Whatever the reasons, those problems highlight the need for better training of election officials on all levels and for a more professional approach both in the internal work of the election administration and in its communication with parties and media.

Third, certain issues were not addressed prior to the election days. This concerned clear instruction as to what constitutes valid and invalid ballots, for example. In order to ensure a consistent application of the electoral rules and regulations, it is necessary that the DIK clarify such issues ahead of time and instruct and train other commissions accordingly.

(iv) Media issues

The conduct of the media during the election campaign sparked criticism from many sides. This concerned both public-service broadcasters and private media. There was general agreement, however, that the overall situation was much better than in 1994. At least some complaints are substantial and need to be addressed in the future.

Public-service Macedonian Television (MTV) was accused of being biased in favour of the government and of the SDSM in particular. Indeed, the monitoring mission of the European Institute for the Media found that MTV tended to favour the Social Democrats and be critical of VMRO–DPMNE and DA. A similar trend was observed with regards to public-service Macedonian Radio. This is particularly regrettable given the fact that all citizens are obliged to pay fees to finance the state media.⁸ Besides, public-service broadcasters are generally considered to have more obligations than private broadcasters when it comes to balanced reporting and impartiality.

Among the private electronic media, there were some cases of blatantly one-sided campaign coverage. The case of Sitel TV's pro-Socialist approach has already been mentioned. On the other side of the political spectrum, TV Kanal 5, a regional broadcaster based in Skopje, played a similar role. This station is run by Boris Stojmenov, VMRO–DPMNE deputy

⁸ Since those fees are collected as part of the electricity bill, there is no way around paying them.

chairman and finance minister in the new government. As a consequence, Kanal 5 was strongly supportive of the Coalition for Changes and constantly critical of the government and the ruling parties. Similar examples could be observed among the local and regional media.

The Broadcasting Council—in charge of overseeing operations of electronic media and of licensing issues—in its report on the conduct of the electronic media during the election campaign noted that while some media were fair and balanced, others were openly partisan. The council singled out Sitel TV as favouring the Socialists, and TV Kanal 5 and some others as propagating VMRO–DPMNE's cause.⁹ The Broadcasting Council warned that if the tendency of party-political bias continued, it would have to take certain measures, possibly up to the point of revoking licenses. Council Chairman Ljubomir Jakimovski said the council would also investigate whether "paid political advertisement" was indeed always paid by political parties.¹⁰ Sitel, for example, broadcast almost 15 hours of paid political advertisement, mostly for the SPM, and it is unclear how much of it the SPM really paid for.¹¹

Of the print media, the daily *Nova Makedonija* drew lots of criticism for what was perceived as pro-SDSM and anti-opposition coverage, while other dailies were regarded as favouring the opposition or at least being critical of the government. The problem with *Nova Makedonija* is that the state holds a 32-percent share in the publishing house "NIP Nova Makedonija" and that the publishing house also receives high subsidies from the state budget.¹²

With regards to public-service broadcasters, ICG recommends that MTV and Macedonian Radio be put in a position which guarantees their independence from direct party-political influence. Both broadcasters should adopt a code of ethics based on that of the British Broadcasting Corporation (BBC) and be overseen by an independent supervisory body comprising representatives of all relevant political parties and social groups. The Broadcasting Council should be given additional authority to deal with violations of the election law and other related legislation.

2. The new electoral system — a weak compromise

The new election law was a compromise between large and small parties. Smaller parties had pressed for a more proportional system, while the larger ones for obvious reasons favoured a majoritarian one. Ultimately, the new law was adopted in July 1998 with the backing of all relevant parties. Given the arguments during the 1994 parliamentary elections and the decision of the opposition to boycott the second round, the fact that the new election law was adopted by a wide consensus is a good sign. This consensus also helped to increase trust in the electoral system as such. At the same time, however, the new system is far from perfect. As a matter of fact, it has several serious shortcomings while it is hard to see any real systemic advantages over the previous, purely majoritarian one.

⁹ *Nova Makedonija*, 26 November 1998.

¹⁰ *Dnevnik*, 26 November 1998.

¹¹ *Nova Makedonija*, 26 November 1998.

¹² Other print media are also entitled to subsidies from the state budget, but NIP "Nova Makedonija" is by far the biggest recipient of such funds.

For one, the share of mandates allocated on a proportional basis (35 of a total of 120 seats) is rather small. Thus, a party barely passing the 5-percent threshold is unlikely to get more than just two seats in the parliament from its proportional list. Ultimately, the fact that part of the deputies are elected on proportional lists favours small parties without a strong regional foundation. But at the same time, the small number of proportional seats means that their presence in the parliament is largely symbolic unless the overall results make them the tip of the balance.

The two parts of the election system are also completely independent from each other; the number of single-member seats won and the number of votes cast for proportional lists have no bearing on one another. This ultimately means that the electoral system as a whole is far from proportional. As a matter of fact, it remains essentially a majoritarian system, despite the recent changes.

(i) Possible Improvements to the Election System

If the aim of Macedonian politicians is to have a more proportional election system, then the most important modification must be to increase the number of mandates allocated on a proportional basis. At the same time, there should also be some link between the proportional and majoritarian part. Practice in other countries has shown that this is feasible without creating a system that is overly complicated.

In Germany, for example, half the mandates in the federal parliament (and most state parliaments) are allocated in single-member districts, and the other half, using proportional lists. A disproportionately good showing of one party's candidates in single-member districts is compensated by giving that party less seats from the proportional list than it would get in a purely proportional system. For example, if a party receives 40 percent of the vote and wins 80 percent of the single-member constituencies (which equals 40 percent of all seats), it will not get any mandates from its proportional list. This system ultimately manages to rather accurately reflect the share of votes for each party in the seat distribution of the parliament.

An even more complicated system is used in Hungary, where part of the mandates are allocated in a two-round majoritarian system, and the rest from county lists and national lists. This system, with transfer of "surplus" votes from various levels to others and with compensation mandates, is arguably one of the most complex ones world-wide. While it is probably not appropriate for a country like Macedonia, it is yet another example how a mixed electoral system can ultimately reconcile majoritarian and proportional elements.

Such a mixed system would have the advantage that it would be more proportional than the system currently used in Macedonia while at the same time providing a direct link between deputies and their electorate in the single-mandate constituencies. Some might argue that such a system would create two kinds of deputies, those elected directly by their local electorate and those elected on the proportional list. But experience from other countries shows that in practical terms, this distinction is not made by

the public and therefore has no bearing on the status of individual deputies. Besides, this distinction already exists in Macedonia with the current system.

(ii) Gerrymandering, or Just Lack of Time?

Another issue that needs to be addressed is the design of the single-member constituencies. Given the limited time between the adoption of the new election law and the elections, it is quite natural that this issue could not be resolved in an ideal manner. One issue which would have been problematic in any case is that the number of voters in individual districts should be as uniform as possible in order to give each vote equal weight. As a matter of fact, the election law stipulates that the number of voters in any one district should be within a ten-percent bracket from the national average.

Still, complaints from various sides suggest that more care could have been taken in drawing the boundaries between the electoral units, and that party-political considerations probably played a role in the delineation of at least some electoral districts.

Ethnic Albanians, for example, had two main complaints. The first one was that the average number of registered voters in districts with an ethnic Albanian majority was around 20,000, whereas in many other districts, it was closer to 17,000–18,000. As a result, they claimed, the vote of an ethnic Albanian had less weight than that of an ethnic Macedonian. The official numbers of registered voters partly support that claim, at least as far as the relatively high average number of voters in districts with an ethnic Albanian population is concerned. On the other hand, however, there are also many other electoral units with 19,000–20,000 registered voters.¹³

The second major objection raised by ethnic Albanians was that the electoral units were drawn up in such a way that in western Macedonia, most districts were either almost exclusively ethnic Albanian or ethnic Macedonian. This, Albanian politicians claimed, limited the number of seats they could possibly hope to win from the very outset. Obviously, their hope was that if the borders had been drawn differently, ethnic Albanian parties might have won seats in units with a population of, say, 60–65 percent ethnic Albanians (instead of 90–100 percent), and that this would have given them the chance to win more mandates. Some facts indeed support their argument. Many electoral districts in the west were indeed drawn up in such a way that the population belonged overwhelmingly to one ethnic group. There were also some units uniting mostly Macedonian towns and villages, although their borders made little or no sense from a geographical point of view. Obviously, the motive was to secure the seat in this district for an ethnic Macedonian candidate. Had the region been split up differently, those settlements would almost certainly have been part of districts with an ethnic Albanian majority.

¹³ For a list of electoral units with numbers of registered voters see *Nova Makedonija*, 21 October 1998.

Some of the parties representing smaller ethnic minorities had different complaints. They objected that the area in which their electorate lives was deliberately split among several electoral districts in order to prevent them from gaining parliamentary representation. The Democratic Party of Serbs in Macedonia, for example, claimed that it would have had a realistic chance of winning a seat if the area in the north in which ethnic Serbs predominantly live had not been split up among several constituencies, thus minimising the party's chances.¹⁴

Whatever the ultimate motives behind the current delineation of electoral borders might have been, it is desirable that they be reviewed well ahead of the next parliamentary elections.¹⁵ This should happen regardless of other possible changes to the election law. To this end, the new parliament should establish an expert commission, which will have to include members delegated by all major parties and all ethnic groups. Ideally, they would not be politicians but professionals without immediate interests in the possible party-political ramifications of their work. The work of such a commission — coupled with an increase of the number of proportional seats and possibly with a system by which the two parts of the electoral system are interconnected— will help to avoid some of the problems witnessed before and during the 1998 elections.

B. THE NEW GOVERNMENT — "RADICALS" OR "MODERATES" AT THE HELM?

On 19 November 1998, the newly elected parliament convened for its first session, electing Prof. Savo Klimovski of the Democratic Alternative as its president.¹⁶ The same day, President Kiro Gligorov officially asked the VMRO–DPMNE to name the person who would take up the mandate to form a new government. On 23 November 1998, Ljubco Georgievski received the official mandate to form the government.

The new government's composition was announced on 27 November 1998 and was approved by the parliament on 30 November 1998. The government —led by VMRO–DPMNE Chairman Ljubco Georgievski— is made up of representatives of three parties: the VMRO–DPMNE, the Democratic Alternative, and the Democratic Party of Albanians.

In the new government, the VMRO–DPMNE has 14 ministers (including the prime minister), the DA has eight, and the DPA, five. Six new ministries were agreed on (Trade; Sport and Youth; Ecology, Émigré Issues; Ecology; Local Self-Administration; and Information), but since new ministries can only be established if a two-third majority in the parliament votes in favour, the heads of those future ministries were in the beginning ministers without portfolio. Only on 29 December 1998, and following lengthy negotiations with the PDP, did the parliament vote in favour of setting up the new ministries.

¹⁴ Interview with DPSM Chairman Dragisa Miletic, 12 October 1998.

¹⁵ This does not apply to the upcoming presidential elections, for which all of Macedonia constitutes one single electoral unit.

¹⁶ His deputies were elected on 30 November 1998. They are Tomislav Stojanovski (VMRO–DPMNE) and Ilijaz Halimi (DPA). The SDSM rejected the offer to name a third deputy chairperson.

The coalition partners agreed to divide the number of deputy ministers at a ratio of 8:8:5. On 11 December 1998, 15 deputy ministers were named (five from each party), who were approved by the parliament on 18 December 1998. The other deputy ministers were not yet appointed because their newly-established ministries were still pending parliamentary approval. (see Appendix for the complete government line-up)

1. New coalition partners tone down nationalist rhetoric...

Before the elections, there had been widespread concerns —not just in Macedonia, but also abroad— that a government led by VMRO–DPMNE would be considerably more radical and nationalistic than its predecessor and might seriously impair inter-ethnic relations in the country. There was some relief when VMRO–DPMNE formed a coalition with Tupurkovski's DA, which brands itself as a civic party that tries to appeal to voters from all ethnic communities.¹⁷ While some thought that forming a coalition with DA was just an opportunistic move by VMRO–DPMNE in order to gain respectability, others maintained that the VMRO–DPMNE has generally become more moderate during the past year or two. Another argument was that the older and more experienced Tupurkovski would have a moderating influence on the 32-year old Georgievski.

It is yet unclear whether there has been a real change of conviction within the VMRO–DPMNE, or whether the party just tried to broaden its appeal and increase its respectability by not playing the nationalist card for purely tactical reasons. Be it as it may, nationalistic propaganda was conspicuously absent from the party's election campaign. Instead, the state of Macedonia's economy was stressed as the key issue (including related issues such as unemployment and privatisation), followed by the fight against corruption and organised crime.

When presenting the new government to the Assembly on 30 November 1998, Georgievski himself explained that the "Coalition for Changes" was meant to be more than just a tool to win the elections, although he admitted that that was the "main goal."¹⁸ But he also stressed that the coalition united "two parties, two structures of people who not so long ago had different, often conflicting, ideologies and considerations." This, according to Georgievski, made the VMRO–DPMNE/DA coalition "a kind of national reconciliation and [offers] the possibility for greater flexibility [with regards to the] political differences within the Macedonian national body."¹⁹

But more nationalistic tones were not completely absent. During the election campaign, Georgievski made some statements to the effect that he would not form a formal government coalition with any of the ethnic Albanian parties. He did not generally exclude, however, the presence of ethnic Albanian government ministers in a future cabinet headed by him. It appears that this statement was

¹⁷ This DA strategy was only partly successful, however. Ethnic Albanians almost to a man voted for the candidates of the PDP/DPA alliance, apart from a few cases where "dissident" DPA or PDP members ran as independents against the joint PDP/DPA candidate (usually, those candidates had been forced on the local party organisations against their will). The ethnic Albanian candidates which DA had fielded in single-mandate constituencies were all soundly defeated, most of them in the first round.

¹⁸ M.I.C., Infomac Daily News Service, 30 November 1998.

¹⁹ *Nova Makedonija*, 1 December 1998.

intended mainly for domestic consumption and aimed at keeping the nationalistic wing of VMRO–DPMNE followers together. It must have been clear to Georgievski that there would be some pressure by the international community to include an ethnic Albanian party in the new government lest inter-ethnic relations deteriorate.

Georgievski gave an explanation for the inclusion of the DPA in the government when he presented his cabinet to the parliament. He said there were two reasons to include the DPA. Firstly, to "prove [to] the international community that the Republic of Macedonia has the firm determination to [abandon] Balkan standards and become a creator of stability in the region and beyond, and thus to stop being a subject of concern [to] the international community."²⁰ And secondly, and more importantly, to "obtain complete [internal] stability and security."²¹ Georgievski said he hoped that the new government would do away with "qualifications such as 'national traitors' of big political structures or entire ethnic collectives only because they are thinking differently."²²

Georgievski used the formation of the new government to sideline some top leaders of his party. On 27 December, the Central Committee of VMRO–DPMNE voted to reduce the number of members of its Executive Committee from 20 to 14, and several members of the new government lost their seat in the party's highest body.²³ This was widely seen as move by Georgievski to further consolidate his position in the party, and speculation has it that some people might also lose their ministerial positions soon, but the reshuffles ultimate effects remain unclear at the moment.

Actually, it was the SDSM which used much more nationalist rhetoric in the election campaign, especially between the two rounds, when the Social Democrats warned of the potential dangers of a coalition between VMRO–DPMNE/DA and Xhaferi's DPA for the country's stability and integrity.

The new governing coalition in some respect seems like a marriage of unlikely partners. Whereas in the previous government, the more moderate ethnic Macedonian and ethnic Albanian parties co-operated, now it is the parties which are regarded as more nationalistic and radical that rule the country.

Just as Georgievski heads the more radical of the two big Macedonian parties, Xhaferi has always been the more radical of the two major Albanian party leaders. While not advocating secession as a short-term aim, leading members of his party have not excluded it as a long-term objective. Xhaferi has constantly demanded more rights for Macedonia's largest national minority, similar to the ones enjoyed by the Kosovars before Slobodan Milosevic stripped this province of its autonomy. Xhaferi demands that ethnic Albanians be recognised as a constituent nation (like the ethnic Macedonians) and be given the right to tuition in their own language at all levels. Xhaferi also wants Albanian to be introduced as a second official language. His third main demand concerns proportional representation of ethnic Albanians at all levels of the state administration, including police, army, and management of public enterprises.

²⁰ M.I.C., Infomac Daily News Service, 30 November 1998. In this context, Georgievski stressed the "large contribution" the co-operation between SDSM and PDP had in this respect.

²¹ M.I.C., Infomac Daily News Service, 30 November 1998.

²² M.I.C., Infomac Daily News Service, 30 November 1998.

²³ *Dnevnik*, 28 December 1998.

In order to stress his point, Xhaferi at one point boycotted sessions of the parliament for two years, with the result of having his parliamentary seat taken from him. But since he regained it in the subsequent by-elections, he became the only politician in Macedonia who was elected to the parliament twice within one term.

Xhaferi himself is undoubtedly one of the most intelligent political actors in Macedonia, not just within the ethnic Albanian community. He holds a university degree in philosophy and worked at TV Pristina in Kosovo for 16 years before turning to politics. Ultimately, though, he seems to be more of an intellectual than a real politician, which might be a problem when it comes to running day-to-day political business. Nonetheless, he is one of the key players on the current political scene in Macedonia. Despite his "radical" rhetoric, it seems that Xhaferi knows how far he can go and which goals he can realistically achieve in the short term. This, in turn, might make him more predictable and could turn him into a stabilising factor in Macedonian political life, provided he realises that politics are all about making compromises. However, there are more serious doubts as to the political abilities of some of his lieutenants.

Despite the past record of two of the new coalition partners, there is reason for cautious optimism. Even if both the VMRO–DPMNE and the DPA still struggle with nationalism and radicalism, a more moderate approach is very likely. After all, the new government is condemned to succeed lest the ruling parties lose popular support and be washed away in a wave of discontent.²⁴ Public attitude is particularly important given the fact that presidential elections will take place in 1999²⁵, and local elections one year later.

Furthermore, it might be easier for parties considered to be more nationalistic and to stand up for the rights of the ethnic group which they represent to push through changes in inter-ethnic relations, provided they act in good faith. Whereas more moderate parties would invariably be faced with protests and resistance from radical parties, there are currently no significant parties which could take on that role vis-à-vis either VMRO–DPMNE or DPA.

2. ...but doubts remain over the coalition's viability

Despite indications that the new government might cooperate in a fruitful manner, some doubts remain as to its viability and its ability to reconcile interests that are often conflicting and even mutually exclusive.

²⁴ This was the case in Bulgaria, for example. There, the Socialists scored an impressive victory in December 1994, but brought the country to the brink of total collapse within just two years, owing to a mixture of incompetence, corruption, and arrogance. Ultimately, they had to relinquish government after mass protests in early 1997, and were crushed in the following parliamentary elections in April 1997.

²⁵ Presidential elections have to take place by October/November 1999 at the latest, but there has been speculation lately that they might already be held between May and July 1999, following the possible resignation of President Kiro Gligorov in the spring. See *Makedonija Denes*, 2 December 1998. Much of this speculation was based on an analysis in the Greek daily *Eleftherotypia*, which was dismissed by President Gligorov's office on 2 December 1998.

In order to secure a smooth start, the new partners seem to have agreed to postpone dealing with more sensitive issues for several months. Many of those issues were not addressed in Georgievski's speech in the parliament on 30 November 1998, or they were just mentioned in passing or in very general terms. There are indications that the really sensitive issues might actually not be dealt with until after the presidential elections.

It might be argued that such an approach has its merits because it allows a largely inexperienced government team to gain some experience in running the state administration. It also would allow the three coalition partners to get used to working together on a daily basis.

On the other hand, however, this approach also has its pitfalls. Most important, next year's state budget must be presented to the parliament as soon as possible in order to secure that government and state can function normally in 1999. This in turn means that the government must know which funds it wants to allocate to specific sectors and should therefore be clear on its priorities and on changes it wants to introduce. Given that the state coffers are reportedly almost empty, drawing up a realistic budget will be a serious challenge anyway.

Apart from that, there is also the danger that VMRO–DPMNE and DPA will clash heads-on once they really touch upon sensitive inter-ethnic issues. If this happens, it may spell the end of the current coalition.

With the DPA in the new government, much will depend on Xhaferi's performance, on his ability to satisfy his constituency without making unreasonable demands, and on his capability to keep his own party under control and sell necessary compromises to its members and followers. Although he seems to be rather realistic about what he can achieve, there is some risk that he might be tempted to switch to a more radical line on certain issues so as not to lose support among ethnic Albanians. In this context, it could prove problematic that Xhaferi decided not to enter the new government himself, since that means that he has to take less personal responsibility than government ministers and is not bound by cabinet discipline. Xhaferi might ultimately prove to be the "loose cannon" of the new governing coalition.²⁶

Domestic issues aside, any settlement in Kosovo is bound to have repercussions in Macedonia. If an agreement is reached in Kosovo, ethnic Albanians in Macedonia are likely to become more vocal in demanding an improvement of their own status. It can not be excluded that they might get more radical altogether and demand more than they have so far.

But arguably the most important factor in this context is the behaviour Xhaferi's political partners will show towards him. If they treat him merely as a necessary evil, forced upon them by the international community, and fail to pursue a reasonable and moderate policy in the interest of all Macedonian citizens, then the future of the new coalition could be in jeopardy very soon.

This risk can not be excluded, given the strong nationalistic wing of VMRO–DPMNE and the fact that this party together with the DA commands an absolute majority of the seats in the parliament. If necessary, the VMRO–DPMNE could

²⁶ This danger seems to be less evident with the VMRO–DPMNE, since almost all its leading figures hold positions in the new government.

always try to form a government without the DPA and claim that it at least attempted to rule with an ethnic Albanian party. If there are serious problems between VMRO–DPMNE and DPA, much will depend on whether Tupurkovski can act as a moderating force within the new coalition and convince Georgievski that the DA's support for a VMRO–DPMNE-led government is dependent on the inclusion of an ethnic-Albanian party.²⁷

After all, the VMRO–DPMNE has a long-standing reputation for nationalistic zeal. The party constantly protested against any major concessions to ethnic Albanians, arguing that this would threaten the very existence of the Republic of Macedonia. In relations with Macedonia's neighbours, VMRO–DPMNE also portrayed itself as the main defender of national interests. As a result, they rejected the 1995 Interim Agreement between Macedonia and Greece and the resulting change of the country's flag. Both on the issue of inter-ethnic relations and relations with Greece, the VMRO–DPMNE accused the SDSM-led government of selling out and giving in under international pressure. VMRO–DPMNE also supported the protests of ethnic Macedonian students against Albanian-language tuition in early 1997.²⁸

At the same time, though, the nationalism of the VMRO–DPMNE is far from coherent. While using rather radical nationalistic rhetoric (at least at times), the party never really managed to clarify its view on the main problem related to the issue: the position vis-à-vis Bulgaria, the historical connection between Bulgarians and Macedonians, and Sofia's refusal to recognise the existence of a Macedonian nation and language distinct from the Bulgarian ones. Georgievski himself repeatedly said that the Macedonian language was an artificial creation. He called on Macedonian historians to present him with a single document that would prove that activists of the "National Revival" period of the 19th and early 20th centuries had a Macedonian, rather than a Bulgarian, identity and spoke Macedonian rather than Bulgaria.²⁹ In a symbolic action, Georgievski changed the spelling of his first name from the standard Macedonian "Ljupco" to the Bulgarian "Ljubco" in 1996.³⁰

Currently, VMRO–DPMNE tries to steer a course of promoting Macedonian national identity while at the same time acknowledging historical ties with the Bulgarians. A characteristic statement is that of leading VMRO–DPMNE member Aleksandar Lepavcov in an interview with the Sofia daily *24 chasa*. Asked about his identity, Lepavcov said: "Look, my grandfather called himself Bulgarian. My father was Bulgarian or, to put it most mildly, a big Bulgarophile. I am also Bulgarophile, but above all I am Macedonian. I know my roots, but today the situation is as it is."³¹

²⁷ This could be difficult since Tupurkovski needs the support of VMRO–DPMNE if he runs for president in 1999, as he is widely expected to do.

²⁸ The VMRO–DPMNE claimed that it was opposed to Albanian-language tuition at the University of Skopje's Pedagogical Faculty because it violated the constitution, not for nationalistic reasons.

²⁹ Georgievski made this statement in *Puls*, 7 and 14 July 1995. Cited in: "Who Is Preparing a Referendum on the Script for Us?" by Mirka Velinovska, *Puls*, 26 November 1998, p. 10.

³⁰ Incidentally, print media not too friendly with Georgievski and the VMRO–DPMNE —such as the daily *Nova Makedonija* and the weekly *Puls*— continue to refer to him as Ljupco rather than Ljubco.

³¹ *24 chasa*, 8 July 1998, reprinted in *Puls*, 26 November 1998.

Ideological differences apart, lack of experience is also a potential problem for the new government. Most members of the new cabinet have no previous government experience. The same is true for the parliamentary deputies, mainly of VMRO–DPMNE and DA, but also of other parties. This could become an even bigger problem if the new government decided to replace large parts of the state administration with its own people. In this case, even the day-to-day business of the state could be affected if people with the right party membership but little or no administrative experience are put in charge.

This risk is real. Following the appointment of the new government, the coalition partners set out to divide the top positions of state agencies and public enterprises among themselves. This included not only the public-service media, utilities, and other state agencies, but also companies which are still state-owned or state-controlled. There were also rumours that the PDP voted in favour of the establishment of new government ministries in return for a guarantee that it will continue to control a number of state enterprises. If political considerations were more important than professional qualifications in filling such leading positions, then this might cause major problems in the future.

C. THE NEW GOVERNMENT'S MAIN TASKS

There can be no doubt that in many respects, Macedonia has fared better than any other former Yugoslav republic with the exception of Slovenia. Macedonia alone managed to gain independence without having to fight the Yugoslav People's Army and without civil war. In the years since independence, the country has been able to maintain a relatively high degree of stability, especially compared to other former Yugoslav republics.

Of course, there have been many problems. Inter-ethnic relations have never been easy and were most seriously tested during the clashes of July 1997 in Gostivar and Tetovo. Since then, relations between Macedonians and ethnic Albanians have been tense and characterised by a general and mutual feeling of mistrust. Nonetheless, they are infinitely better than inter-ethnic relations in Serbia or Croatia, let alone Bosnia and Herzegovina or Kosovo.

Another major problem facing the country is the state of its economy. Never very strong or advanced, it has been troubled ever since independence. The country was hurt by the international embargo against Yugoslavia, and it also had to cope with the blockade imposed on it by Greece between April 1994 and October 1995. Some people undoubtedly profited from them, but for the vast majority, they had an adverse effect. Furthermore, Macedonia has been unable to attract direct foreign investment of any sizeable extent.³² Unemployment remains extremely high, nominal wages are still low, corruption is rampant, and organised crime is becoming an ever more worrying occurrence. Unemployment in particular is a major concern; at the end of August 1998, it stood at 27.9 percent

³² In 1998, direct foreign investment increased considerably, to some \$160 million between January and mid-September 1998, compared to a total of just \$60 million in 1993–1997 (*Business Central Europe. The Annual 1998/1999*, December 1998, p. 39). Some major privatisation deals involving foreign companies were concluded later in 1998. Nonetheless, direct foreign investment remains low in absolute terms.

according to official data³³, but the real rate is estimated to be even higher. A survey conducted by the Statistical Office in April 1998 estimated unemployment at 34.5 percent.³⁴

Finally, there are Macedonia's relations with its neighbours. For various reasons, relations with all four neighbouring countries have been problematic ever since Macedonia gained independence. Given Macedonia's position as a small state in the middle of the southern Balkans, it is in the new government's interest to improve relations with all neighbours and settle outstanding issues as soon as possible.

1. Economic reform and social issues

Economic reform and recovery are clearly the top issue in Macedonia at the moment. Macedonia is faced with a host of major economic and social problems that need to be resolved urgently. If the government does not manage to tackle those issues, major problems lie ahead of the country.

The economy was the main issue in the election campaign, especially for VMRO–DPMNE and DA. They promised to raise the level of employment, attract foreign investment, continue with privatisation while reviewing dubious old deals, and implement structural reforms. Currently, the government is preparing a "White Book" on the state of the country's economy. Its content is likely to have a sobering effect on the public and to point the finger at the previous government.

(i) The New Government's Economic Aims

More specifically, Georgievski described the government's macroeconomic aims as follows³⁵:

- An average real increase of production of 8 percent annually;
- Increase of exports by 8–10 percent per year;
- Investment rate of up to 20 percent of GDP;
- Controlled low inflation and a stable denar;
- A monetary policy which stimulates domestic production and exports;
- Lower interest rates;
- Reduction of public consumption;
- Structural reforms;
- Allocation of state funds for the creation of new jobs.

³³ *Dnevnik*, 16 November 1998.

³⁴ MILS News, 13 November 1998.

³⁵ M.I.C., Infomac News Service, 30 November 1998.

As a result, the government hopes to achieve a real drop in prices of domestic products, reduced imports, increase of production and supply of domestic products, and increased employment.

With regards to privatisation, Georgievski said his government would review shady privatisation deals, offer companies on the stock market if they do not fulfil their obligations towards the state, privatise public utility companies, and make privatisation more attractive to foreign capital. A review of certain privatisation deals is certainly necessary since there are allegations that in many cases, companies were sold off under dubious circumstances. Favouritism, cronyism, and corruption seem to have been a major problem in the privatisation process, and there are accusations that many companies were systematically plundered and their assets transferred abroad.

The government pledged to reduce the unemployment rate to 15 percent by the year 2002. To this end, it plans to reduce state expenditures in other field in order to make more money available to employment programs, invest in public works, sell attractive companies to foreign investors, and develop Macedonia's agriculture.

Direct foreign investment, which has so far been marginal, is to be attracted by improving the macroeconomic climate, creating better legal conditions, reducing taxes, fighting corruption, and extending ownership guarantees. At the same time, the government wants to increase domestic savings, so that domestic resources can also be invested. But given the precarious economic and social situation of most Macedonian citizens, this is probably wishful thinking for some time to come.

Georgievski's government also wants to reduce the country's foreign debts, reform the banking system, and carry out tax reforms.

(ii) Social Systems on the Verge of Collapse

Social policy issues are also a main are of concern to government and citizens alike. The social security and the pension systems are reportedly on the brink of collapse, with unforeseeable consequences for the country. Not only does the high rate of unemployment drain the state's social security funds, the situation might get worse as more enterprises are expected to go bankrupt and lay off staff. In many companies, wages have not been paid for months.

The government wants to thoroughly reform the social security system, with the main goal of increasing employment rather than supporting an army of unemployed. It also wants to redirect assistance to the really needy, which would receive more money at the expense of those who would be cut from welfare benefits.

The pension system is also to be reformed radically. The government wants to create private pension funds, allocate 15 percent of the money raised from privatisation to the state pension fund, ensure that all

enterprises pay into the state pension fund, and make sure that money from the pension fund is not used for other purposes.

Finally, the health care system needs to be reformed. Currently, it is rather ineffective. Many facilities are outdated or in bad shape, and doctors and other personnel are underpaid and therefore tempted to accept bribes from citizens who want to receive proper medical treatment. The government's plans to build a new national health care system will not be cheap, and given the limited state funds, it is unclear where the money should come from.

(iii) What will be Tupurkovski's Role?

At the basis of the new government's economic policy is a "Plan for Reconstruction and Development" (POR) proposed by DA. This plan is to be worked out in details by the government during the first 100 days of its term. It is based on the idea of raising \$1 billion of foreign capital, which will be used to stimulate various spheres of the economy and to launch a state-run employment program.

Here lies the main problem. Nobody in the new government has so far been able to explain where this money is going to come from, and thus far, there have been no pledges from abroad to contribute.³⁶ The Macedonian state is in no position to raise the money needed to launch such an ambitious program within the country. Macedonia is clearly in need of international assistance if it is to reform the economy.

The POR is to be supervised by an Agency for Reconstruction and Development, which is headed by Vasil Tupurkovski. The cabinet on 11 December 1998 formally decided to set up this agency and name Tupurkovski as its director.³⁷

What exactly the role of this agency is and what its powers will be has yet to be announced. If the agency is to be effective, the government needs to clearly define what its powers are and what its position vis-à-vis the government is, especially with regards to the ministries responsible in the wider realm of the economy (mainly the ministries of economics, finance, development, construction, trade, agriculture, and labour and social policy). Shortly after the new government was formed, Finance Minister Boris Stojmenov said that the agency "can only bring in investment, but directing and controlling it will be within the responsibility of the government."³⁸ If the division of responsibilities and the chains of command are not clearly defined, there is a certain risk for the successful implementation of the Program for Reconstruction and Development.

³⁶ The DA election program, though, claims that "the [financial] means for this plan have already been agreed on with the participating states." The program also includes a pledge that "all elected functionaries from the ranks of the Democratic Alternative will submit irrevocable resignations if the programmatic commitments which were promised to the citizens of Macedonia are not fulfilled." The program was widely distributed, among others, in the daily *Dnevnik*.

³⁷ *Nova Makedonija*, 11 December 1998.

³⁸ *Nova Makedonija*, 10 December 1998.

Tupurkovski himself said that the agency will legally start working on 10 January 1999 and that before that, the government would lay down the details of its work. But he noted that he was already travelling abroad in order to attract foreign investment. He said that the agency and the government will not be "parallel institutions." Rather, his agency will be a small body helping foreign investors to implement their projects in Macedonia. This, according to Tupurkovski, will allow foreign investors to deal with only one authority in the country which will take care of their needs.³⁹

Even if a satisfactory framework for the agency's operations is found, its future is uncertain. Currently, it has the advantage of being headed by one of Macedonia's most important politicians, who also has good ties abroad. But if Tupurkovski runs for the presidency, as he is widely expected to do, he will almost certainly win the elections and become Macedonia's next head of state.⁴⁰ In this case, it will be hard to find an adequate replacement, and the government and individual ministries might be more tempted to get involved in the agency's work, thus undermining its position.

(iv) A Vicious Circle for Macedonia's Economy?

Generally, the new government's economic policy plans point in the right direction. Still, Georgievski's statements were vague when it came to concrete measures. He did not explain how certain objectives will be achieved and how the whole reform project will be financed. It remains to be seen whether the government will manage to come up with a comprehensive, logical, and realistic plan within the next months. After all, it is a huge task that lies ahead of Macedonia, and it is doubtful how much can realistically be achieved in the next years. It might prove impossible to carry out radical reforms in all fields of the economy at once and in a short period of time.

Not only are the current problems numerous and serious. Structural deficiencies need to be addressed and rectified. In the short term, a new economic policy may well lead to further hardship, and the government might have to implement it despite popular discontent and resistance.

But apart from that, it is doubtful if the small Macedonian market will ever be attractive for larger-scale foreign investment. To attract direct foreign investment in any significant quantities, Macedonia needs to improve conditions for investors. This does not only concern legal and taxation issues, the fight against corruption, and an overhaul of the country's inefficient bureaucracy. Macedonia will also have to improve its infrastructure, and this in turn costs money which the state does not have. This vicious circle of needing foreign capital in order to attract it can only be broken if the government manages to get loans from international lending institutions and foreign governments early on. And this, in turn, is largely

³⁹ MILS, 28 December 1998, based on an interview with Tupurkovski on Macedonian Radio.

⁴⁰ According to the constitution, the president must be at least 40 years of age. This prevents both Georgievski and Crvenkovski from running. At the moment, no potential Social Democratic candidate seems to be capable of beating Tupurkovski in the presidential elections.

dependent on the government's proven will and ability to create the right conditions and start implementing serious reforms.

Ultimately, an improvement of Macedonia's economic situation will only come about if the international community is willing to provide considerable financial assistance and expert advice. But even this will only help to produce the desired effect if the government works out a comprehensive and realistic plan and implements it properly, ensuring that it is not hampered by corruption and the temptation to sacrifice it for short-term political and other gains.

2. State Administration, Legal System, Corruption, Organised Crime

Alongside —and complementing— economic reforms, the new government also announced plans for an overhaul of the legal framework and the work of the state administration. Over the past years, party-political considerations have had their bearing on the work of the public administration and the judiciary as well as on other fields. Widespread corruption is a further problem and in Georgievski's words "has covered almost all fields in charge of fighting it."⁴¹

Public administration is to be reformed and made more efficient by increasing control over it. In order to deal with corruption and abuse of power of civil servants and others holding public office, the new government wants to create the position of independent public prosecutor. Control of public purchases and budgetary expenditures shall be regulated on the basis of a new legal framework.

In order to ensure the independence of the judiciary, Georgievski pledged that his government will eliminate party influences from the election and dismissal of judges and will provide the judiciary with stable financing in order to increase its independence from the government. Furthermore, legal proceedings are to be sped up through more efficient regulations. Macedonia's legal system as a whole is to be brought in line with European standards.

The new government also promised to protect citizens from organised crime. Racketeering, drug trade, smuggling, and corruption of all sorts are a big source of concern to most citizens, and the government has to take steps so that they do not get out of hand.

Macedonia's public service is indeed in need of reconstruction. But this will also be a difficult task for the new government. It is doubtful how big its chances to succeed are. One of the main problems in this sphere is money. In order to motivate civil servants and make their work more efficient, the government will have to increase their salaries, which are currently rather low and make them susceptible to taking bribes. Besides, the infrastructure of the whole civil service would have to be modernised, which will cost even more money. The same is true in the case of the judiciary. More judges and other staff are needed if court proceedings are to be sped up.

Another problem is that the government might simply not be able to do away with filling jobs based on political considerations, even if it really has the will to do so.

⁴¹ M.I.C., Infomac Daily News Service, 30 November 1998.

Many supporters of the ruling parties will ask for their spoils, and the parties might find it hard to turn them back. Thus, the perennial Balkan problem of "connections" could well continue. Accusations raised against VMRO–DPMNE for hiring supporters in municipalities where the party is in power suggest that this practice may indeed continue at all levels. If the coalition's decision to fill the top posts of state agencies and public enterprises with their people is an indication of things to come, then it does not bode well.

Corruption in general will be impossible to deal with as long as positions in the civil service and in public enterprises depend on the good will of those in power and as long as public administration, the economy, and privatisation are not effective and transparent.

3. Decentralisation of State Structures

Currently, Macedonia is a highly centralised state. Most relevant decisions are taken at the central level in Skopje. Municipalities have little authority and hardly any money of their own. As a result, mayor's offices can do very little to improve living conditions for their citizens.

The new government established a new Ministry of Local Self-Administration, but the new ministry's role has yet to be defined conclusively.

In order to create a more effective administration which is closer to the everyday needs of the population, ICG recommends a certain degree of decentralisation of state structures. Laws should be changed accordingly, and municipalities should be given more human and financial resources to deal with problems that can best be solved at a local level. This can be effected either by direct transfers from the state budget to the municipalities or by a tax reform which would allocate revenues from certain taxes to the municipalities. If implemented properly, such a policy could make administration more effective and enable it to respond adequately to the needs of the local population. Experience in other countries proves that in certain fields, local authorities are best suited to deal with certain local issues.

A further effect would be that in areas populated by ethnic minorities, these would be given more responsibility to run their own affairs. This could increase their trust in the state, apart from giving them more control over day-to-day business in their place of residence. If a certain degree of decentralisation is complemented by a general improvement of ethnic minorities' status, it would also have the positive effect that local politicians would deal with local issues, rather than "trying to solve global problems at a local level."⁴²

In order to carry out such an important reform, the Macedonian government should be assisted by the international community, first and foremost by providing experts in local self-administration and by training those who hold offices at municipal level in Macedonia.

⁴² This is an accusations that has been raised against ethnic Albanian local politicians in particular.

4. The Ethnic Albanian Minority

Inter-ethnic relations, and especially the status of the ethnic Albanian minority, are one of the most sensitive issues facing the new government. Finding a balance between ethnic Albanian demands and the interests of all citizens will be one of the most difficult tasks of the government. Given that VMRO–DPMNE and DPA are partners in this cabinet, inter-ethnic relations will to a large extent determine the success or failure of the coalition.

Of Georgievski's exposé to the parliament on 30 November 1998, only a few sentences were devoted to inter-ethnic relations. This is an indication of how sensitive this issue is and that the new government probably has yet to adopt a coherent strategy in this field.

Georgievski said that the government will follow the development of inter-ethnic relations with special interest and that it has "deep respect [for] the ethnic identity of every citizen." He pledged to "confront all expressions of intolerance, chauvinism, and segregation." The ultimate goal, he said, was twofold: protecting the ethnic and cultural identity of national minorities, and "protection of state integrity."⁴³ Georgievski said that the government plans to implement all international standards with regards to human rights and civic liberties. All this should be achieved within the framework of the Macedonian constitution and laws and the international conventions and declarations of which Macedonia is a signatory.

(i) Constitutional Changes and Legal Issues

Ethnic Albanians in Macedonia have long demanded that their status be raised from that of a nationality to a constituent nation, a position thus far afforded only to the Macedonians. They justify their demand by the size of their community. Officially, ethnic Albanians account for around 23 percent of Macedonia's population, although ethnic Albanians claim that the actual figure is considerably higher. The preamble of the current constitution defines Macedonia as a "national state of the Macedonian people, in which full equality as citizens and permanent co-existence with the Macedonian people is provided for Albanians, Turks, Vlachs, Romanies, and other nationalities living in the Republic of Macedonia."

Elevating ethnic Albanians to the status of constituent nation, however, will spark resistance not only from Macedonian nationalists but probably also from smaller ethnic minorities. If Macedonia's Albanian community insists on a change of the preamble, the most acceptable compromise may ultimately be to remove all reference to the various ethnic groups. For example, Macedonia could be defined as the state of the Macedonian citizens, regardless of their national or religious affiliation. But a proposal along those lines is also bound to draw resistance from the ethnic Macedonian majority. It is quite obvious that on this issue, consensus should have been reached when the constitution was adopted in 1991. Now, it is probably too late to reach a compromise that is acceptable to everyone.

⁴³ M.I.C., Infomac Daily News Service, 30 November 1998.

Ethnic Albanians also demand that Albanian be given the status of a second official language. This will also be resisted by other ethnic groups, and again by Macedonians in particular. Currently, minority languages can be used on the local level of the state administration (alongside Macedonian) where ethnic minorities constitute the majority or a significant minority (Art. 7 of the Macedonian constitution). Any change which would allow the use of Albanian at all levels, including the parliament, courts, state administration, etc., appears unrealistic under current circumstances. Apart from resistance from other groups, it would also pose tremendous logistical problems and would inevitably lead to an even more bloated bureaucracy.

Nonetheless, Parliamentary Chairman Savo Klimovski proposed that new rules for the parliament should include a provision allowing all members of parliament from national minorities to use their mother tongue.⁴⁴ If this proposal is adopted, it would satisfy at least one of the ethnic Albanians' demands and would be far easier to implement than the use of minority languages in all official dealings.

On other changes of the constitution —such as providing for tuition in minority languages at all levels— it might be easier to reach a settlement. If the government coalition is willing to change such provisions, it would almost certainly get the necessary two-third majority in the parliament since the PDP would most definitely vote in favour.

There are other issues of a legal nature that need to be dealt with as well. In June 1997, immediately before the clashes in Gostivar and Tetovo, the parliament had passed a law on the display of minorities' flags. This law stipulated that flags such as the Albanian and Turkish ones could be flown on public buildings, but only on certain holidays and alongside the Macedonian flag. The Constitutional Court on 18 November 1998 ruled that this law was not in line with the Macedonian constitution or the European Framework Convention for the Protection of National Minorities. The court argued that the display of flags as an expression of national identity was not backed by constitutional guarantees towards ethnic minorities.⁴⁵ Following this ruling, any displays of flags other than the Macedonian one on public buildings are not regulated by any legislation. The SDSM and the PDP criticised the ruling, saying that it created a legal vacuum and things might turn for the worse. For Xhaferi, however, this was a welcome ruling. The DPA said it might "create space for a better solution to this problem."⁴⁶

Finally, ethnic Albanians insist that the mayors of Gostivar and Tetovo, Rifi Osmani and Alajdin Demiri, be released from prison. Both were arrested after the violent clashes in Gostivar and Tetovo in June 1997. On 17 September 1997, Osmani was sentenced to 13 years and 8 months in prison for violating Articles 319 ("inciting national, racial, and religious hatred, discord, and intolerance") and 377 ("neglect to exercise a court ruling") of the Macedonian Penal Code. Gostivar City Council Chairman Refik Dauti received a three-year prison sentence.⁴⁷ Demiri and Tetovo City

⁴⁴ *Dnevnik*, 29 December 1998.

⁴⁵ *Dnevnik*, 19 November 1998.

⁴⁶ *Dnevnik*, 20 November 1998.

⁴⁷ RFE/RL NewsLine, 18 September 1997.

Council Chairman Vehbi Bexheti were each sentenced to two years and six months.⁴⁸ Osmani's sentence was later reduced to seven years and eight months, which he started serving in April 1998. The sentences of the other defendants were also reduced. With discussions among the coalition partners on how to find a way to release those politicians already underway, the European Parliament on 17 December 1998 adopted a resolution calling for their release.⁴⁹

Finally, the Macedonian parliament on 29 December 1998 passed an amnesty act with the main aim of releasing the ethnic Albanian politicians.⁵⁰ Some 75 deputies voted in favour of the bill. But this bill also sparked fierce criticism because in order to release Osmani, Demiri, and the others, the sentences of almost 1,000 persons convicted of crimes such as illegal possession of firearms and narcotics were also reduced.⁵¹ After consulting with legal experts, President Kiro Gligorov reportedly decided not to sign the bill into power, but he has not formally vetoed it yet.⁵² If the president vetoes the law, under Art. 75 of the constitution, "[the] Assembly considers the President of the Republic is then obligated to sign the promulgation [of the law] in so far as it is adopted by a majority vote of the total number of Representatives," which is the case with the amnesty law. There is a possibility, however, that the parliament might adopt a new version of the amnesty law, in particular in order to not reduce the sentence of drug dealers.

When Osmani and Demiri are released, new municipal elections in Tetovo and Gostivar are almost certain. The DPA has already raised that demand.⁵³ Mayoral elections are also slated to take place in Oslomej, since Mayor Fadil Bajrami was elected to the new parliament.⁵⁴

(ii) The "Tetovo University" and the Issue of Albanian-Language Tuition

The status of the Albanian-language "Tetovo University" in Mala Recica is one of the top issues for ethnic Albanians.⁵⁵ Founded in December 1994, it was immediately declared illegal by the Macedonian government. Its premises were repeatedly raided by the police, and administrators, including the president, Fadil Sulejmani, were arrested.⁵⁶ Ever since, the university has operated in an uneasy environment, unrecognised by the government but not closed down by the authorities.

⁴⁸ RFE/RL NewsLine, 15 October 1997.

⁴⁹ MILS News, 21 December 1998.

⁵⁰ MILS News, 30 December 1998.

⁵¹ *Dnevnik*, 30 December 1998.

⁵² *Nova Makedonija*, 4 January 1999; *Makedonija Denes*, 4 January 1999.

⁵³ *Nova Makedonija*, 8 December 1998.

⁵⁴ *Dnevnik*, 8 December 1998.

⁵⁵ See "The Albanian Question In Macedonia: Implications Of The Kosovo Conflict For Inter-Ethnic Relations In Macedonia," ICG Report, 11 August 1998.

⁵⁶ Sulejmani was actually sentenced to two and a half years in prison for "inciting resistance." (see "Enemies Far And Near: Macedonia's Fragile Stability" by Fabian Schmidt, *Problems of Post-Communism*, July/August 1998) He was released on probation on 1 February 1997 (OMRI Daily Digest, 3 February 1997).

For the Albanians, university tuition in their mother tongue is seen as a key means of achieving social and economic parity with the ethnic Macedonian majority. They regard a resolution to this issue as all the more pressing since the Pristina University was closed down by the Serbian authorities in 1989. Up to that point, ethnic Albanians from all Yugoslav republics would go to Pristina for university tuition. The national university in Skopje currently offers Albanian-language tuition only in its Pedagogical Faculty in order to train teachers for Albanian-language primary and secondary schools.

For many ethnic Macedonians, on the other hand, the legalisation of the "Tetovo University" would mean encouraging Albanian "separatism" and consequently a threat to the stability of the Macedonian state. They also point to Art. 48 of the Macedonian constitution, which states that "members of the nationalities have the right to instruction in their language in primary and secondary education," and argue that since university tuition in minority languages is not mentioned, it contravenes the constitution.

The new government has yet to state its position on the Albanian-language university. Georgievski on 30 November 1998 said that the new government would carry out reforms in the sphere of education. But the only part of his exposé which could be interpreted as referring to the "Tetovo University" was that "[the government] shall create conditions to open foreign faculties without the participation and financial support of the state as it is done in the highly developed countries."⁵⁷

This sentence obviously refers to a proposal by Max van der Stoel, OSCE High Commissioner on National Minorities, who had proposed that a private college be set up to train teachers.⁵⁸ This college should cooperate with the Skopje University and be open to all ethnic groups, and its curriculum should correspond to that of state universities. Van der Stoel's proposal was received coolly by ethnic Albanians, who continue to demand that the university in Mala Recica be legalised as a state university.

If the VMRO-DPMNE is unwilling to accept the Albanian parties' demands, a possible solution could be found along the lines of van der Stoel's proposal. But a compromise would have to provide for more than just training of secondary-school teachers to be acceptable to the ethnic Albanian community. It would have to have the character of a full-fledged university. Already, the "Tetovo University" is modelled along the lines of a classical university, and it is hard to imagine that those supporting it would be willing to demote it to an institution that is just training teachers. If no compromise is reached, the Albanian-language university will simply continue to operate outside the legal framework, producing academics whose degrees are not recognised anywhere.

If the "Tetovo University" is legalised as a private institution, it has to be ensured that it is at least partly funded from the state budget and that its diploma are recognised by the state as being equal to those of the two state universities in Skopje and Bitola. On the other hand, the university and the education ministry would have to work together so as to ensure

⁵⁷ M.I.C., Infomac Daily News Service, 30 November 1998.

⁵⁸ *Dnevnik*, 12 November 1998.

that the curricula of the Albanian-language university and those of the state universities are comparable and that the diploma carry equal weight. Finally, students at an Albanian-language university must also receive compulsory Macedonian-language tuition (along the lines of the constitutional stipulation for secondary schools with minority-language tuition). If the Albanian-language tuition system does not guarantee that its students have at least adequate command of the Macedonian language, their career chances are automatically limited. Furthermore, if ethnic Albanians do not study Macedonian properly, it will hamper their integration in society, further cement segregation, and ultimately undermine the stability of the state.

(iii) Integration of Ethnic Albanians into State Structures

Currently, ethnic Albanians are grossly underrepresented in the Macedonian state administration. The police forces and the army are almost exclusively staffed with ethnic Macedonians, especially in the higher echelons. The situation in other spheres of public administration and in many state-owned and public enterprises is similar. In the interest of inter-ethnic coexistence, it is necessary to boost the number of ethnic Albanians (as well as that of other ethnic minorities) in public administration.

However, rectifying this situation will not be easy for a number of reasons. First of all, the public sector is already oversized. In order to create a more efficient public administration, the number of employees should be cut, not raised. But even if the numbers remain at the current level, employing more ethnic Albanians in the short term would mean laying off ethnic Macedonians. This would inevitably lead to inter-ethnic tension since ethnic Macedonians would complain that ethnic Albanians are favoured at their expense.

Secondly, employing further staff in the public sector would result in increased expenditures, which would have to be covered by the state budget. Given the economic situation, this does not appear to be a realistic solution. It would also run counter to the government's stated intention to create a more effective administration and cut public spending.

Thirdly, filling senior positions with ethnic Albanians could be difficult because the average level of education among them is below the national average. In the current academic year, ethnic Albanians account for 9.57 percent of the students at the universities of Skopje and Bitola. In the 1992/1993 academic year, this number was only 3.4 percent.⁵⁹ Graduates from the "Tetovo University" are not taken into account here since their diploma are not recognised by the state. As a result, it might be difficult to find qualified Albanians for certain positions. However, given that the share of ethnic Albanians in the state administration will probably rise only gradually, this should not be an insurmountable obstacle.

Georgievski repeatedly stated that there will be no backlash in the public administration and that his government will only replace the top layers of

⁵⁹ *Dnevnik*, 12 November 1998.

the state administration with people close to the ruling parties.⁶⁰ This in itself is commendable and would be a welcome deviation from Balkan standards. On the other hand, of course, ethnic Albanians (especially DPA followers) would benefit from purges on a larger scale. In the interest of society as a whole, though, Georgievski is well advised to stick to his pledge.

Obviously, the only realistic solution would be a long-term strategy by which part of ethnic Macedonian civil servants which reach retirement age is replaced by staff from ethnic minorities. Some kind of affirmative action, although probably not too popular with ethnic Macedonians either, seems to be both necessary and feasible.

At the same time, if Macedonia's economy picks up and growth can be sustained, there will be less incentive to enter into civil service, and competition for posts there will be reduced. But given high unemployment and the widespread notion that civil-servant jobs are attractive because they are perceived to be safer than those in the private sector, competition for employment in the state sector will not decrease for a long time.

In the short to medium term, some jobs might be created if the local governments are given more authority and bigger financial resources. This would be especially noticeable in regions with an ethnic Albanian majority. But proportional representation of ethnic minorities in the state administration will still be a long way off.

5. Foreign policy

In its foreign policy approach, the new government pledged to largely follow the line of its predecessor. The stated strategic goal of the new government is to advance Macedonia's integration into European and Transatlantic structures. Not surprisingly, Georgievski's first official visit as prime minister abroad (on 7–8 December 1998) was to Brussels, where he met with NATO Secretary General Javier Solana and EU Foreign Relations Commissioner Hans van den Broek.

Presenting his new government, Georgievski described the main points of this policy as follows:

- "Actions and activities for integration into the EU;
- Continuation of friendly relations and co-operation with the USA;
- Accelerated preparations for NATO membership;
- Close and friendly relations with [Macedonia's] neighbours;
- Expansion of relations with all European countries, the Russian Federation and other non-European countries which will stimulate state economy, that is, investment interest for our country."⁶¹

⁶⁰ The government announced, though, that it will review all hiring carried out by the Crvenkovski government after 8 September 1998. This concerns over 1,000 positions. (see *Dnevnik*, 4 December 1998)

⁶¹ M.I.C., Infomac Daily News Service, 30 November 1998.

To meet these objectives, Georgievski said, his government will strive for the following goals:

- Participation in international organisations such as the EU, OSCE, and the Council of Europe;
- Further development of democratic processes in Macedonia;
- Harmonisation of the Macedonian legal system in order to bring it in line with EU legislation;
- Co-ordination of trade policy with the policy of the EU;
- Restructuring of Macedonia's economy in order to prepare it for the challenges of the EU market;
- Membership in international trade and economic organisations, such as CEFTA, OECD, and WTO.

The new government's intention to largely follow the line of its predecessor and to work for Macedonia's integration into international structures is commendable and encouraging. But at the same time, the government must be clear that this will take a long time and tremendous efforts on Macedonia's side to achieve those objectives.

Obviously, the country is nowhere near an invitation for EU membership talks. Even an association agreement with the EU is ultimately contingent on economic and legal reforms, but also on relations with Greece. Given the current state of Macedonia's economy and the long way the country has to go in order to achieve integration into European structures, the government is well advised to frankly state that this is but a long-term perspective and to avoid raising unrealistic hopes among the population.

Integration into NATO structures, on the other hand, seems to be easier to achieve, although this will take a long time too. But at least Macedonia has done the first step by joining NATO's Partnership for Peace program and actively participating in it. And the West certainly has a vital interest in promoting Macedonia's stability because of its strategic location.

As a matter of fact, one of the new government's first decisions should further improve its standing with NATO. On 2 December 1998, the cabinet agreed to NATO's request to station its Extraction Force for the Kosovo Verification Mission in Macedonia. Georgievski in his first press conference as prime minister noted that this decision will improve Macedonia's position vis-à-vis NATO and the EU.⁶²

6. Relations with Macedonia's Neighbours

Macedonia's relations with its four neighbours are of paramount importance for the country, not just in themselves but also in connection with future integration

⁶² *Makedonija Denes*, 3 December 1998.

into European and Transatlantic structures. However, there are open issues with all four neighbours. As long as those are not resolved, Macedonia's position will be inherently unstable.

The new government pledged to lead a "balanced regional policy" based on "friendly relations and close co-operation with [all] four neighbours."⁶³ Georgievski stressed that contacts with these states and the resolution of open issues — based on equal relations and mutual respect— are priorities of Macedonian foreign policy. He also stressed the need for regional co-operation in the fields of security, communications, and energy.

Nonetheless, there might be some changes to Macedonia's Balkan policies. There were indications before the formation of the new government that it might change the policy of "equidistance" which was promoted by Gligorov and Crvenkovski. Thus, the new government might draw closer to Bulgaria and Greece, provided that it manages to resolve the outstanding issues between Macedonia and those two countries. Ties with Yugoslavia, on the other hand, may become looser and less important.

(i) Greece and the Name Issue

Relations with Greece are of paramount importance for Macedonia. Its southern neighbour is, after all, the only Balkan country which is a member of both NATO and the EU. This means that good relations with Greece could help Macedonia draw closer to these organisations. If relations are strained, on the other hand, Greece has the possibility to block any further integration of Macedonia.

Relations with Greece have improved considerably since the signing of the Interim Agreement in September 1995. Whereas Greece before that tried to strangle Macedonia economically by imposing a blockade, it is now one of the main trading partners and foreign investors.

Political relations also improved after the signing of the Interim Agreement. Macedonia changed its flag, which the Greeks claimed symbolised possible territorial claims against them because it included the ancient Macedonian Star of Vergina. Macedonia also changed its constitution in order to clarify that it has no territorial designs on the Greek province of Macedonia.

But there is still one major unresolved issue, that of Macedonia's name. Greece still refuses to recognise its northern neighbour under the name Republic of Macedonia. Bilateral talks brokered by the UN have been going on for several years, but so far not agreement has been reached. Macedonia keeps insisting that its "constitutional name" should be internationally recognised and used, while Greece is at best willing to accept that Macedonia adopt a new "composite name" such as Northern Macedonia, Vardar Macedonia, or New Macedonia.

When Macedonia declared its independence, Athens might easily have got what it would accept now. But back then, the Greek government insisted

⁶³ M.I.C., Infomac Daily News Service, 30 November 1998.

that the word Macedonia should be dropped from the country's name altogether. Now, time is working for Macedonia and against Greece, and it seems that the current Greek government finally realised this.

Recently, there has been speculation that Skopje and Athens might be close to finally reaching an agreement on the name issue. Greek newspapers claim that a breakthrough might be reached very soon, and that Macedonia may be willing to accept the Greek proposal to change its name to "Republic of Macedonia-Skopje."⁶⁴ Greek Foreign Minister Theodoros Pangalos reportedly admitted that the argument between Greece and Macedonia "was a monumental idiocy" of the Greek side.⁶⁵

However, there are enough indications that reaching complete normalisation between Skopje and Athens will not be easy. Reacting to questions about the Slavic minority of northern Greece, which Athens refuses to recognise, Pangalos during a visit to Macedonia on 22 December 1998 said that there is no such minority. He then added insult to injury by referring to the ethnic Macedonian organisation "Rainbow," which is based in northern Greece, as "a coalition of Stalinists, Slavo-Macedonians, and homosexuals,"⁶⁶ provoking fierce reactions and protests in Skopje.⁶⁷ Pangalos' statements cast new shadows over Greek-Macedonian relations, and it will take time and hard work to undo the damage.

Reaching an agreement, both the Macedonian and Greek governments need to be careful about how they sell this agreement at home. Nationalistic passions still run high in the Balkans, and both sides face the danger that the opposition will try to capitalise on them by branding any agreement as a sell-out of national interests. There is also bound to be opposition within the ruling parties themselves. This appears to be of particular importance for the Greek government. Prime Minister Kostas Simitis is widely respected but not too popular. He faces strong resistance from the populist wing of his own Panhellenic Socialist Movement (PASOK). The next PASOK party congress is scheduled for March 1999, and this alone might delay an agreement between Macedonia and Greece. But even if Simitis is confirmed at the party congress, there will still be pressure on him from within his own party. PASOK fared worse than expected at recent local and regional elections in Greece, and with parliamentary elections slated for September 2000 at the latest, the government might find the name issue too hot to handle.

The ruling parties in Macedonia, especially VMRO-DPMNE, might also find it hard to sell a compromise on the country's name to their members and followers. After all, if they objected to changing their country's flag, how could they possibly accept a new name? But at the same time, Macedonia has much to gain from a complete normalisation of relations with Greece, and this could be the strongest argument of those advocating a compromise. Besides, the new parliament is only at the beginning of its

⁶⁴ *Nova Makedonija*, 3 December 1998, citing reports by the conservative Athens dailies *Vradini* and *Apogevmatini*.

⁶⁵ *Nova Makedonija*, 3 December 1998, based on a report in the Paris daily *Le Figaro*.

⁶⁶ MILS News, 24 December 1998.

⁶⁷ Interestingly enough, Macedonian Foreign Minister Aleksandar Dimitrov refused to comment on Pangalos' statements, a behaviour which most Macedonians found weak and not acceptable.

term, and if an agreement with Greece is reached in the near future, there should be enough time for the government to reap the fruits of normalisation before it can be punished at the polls.

(ii) Bulgaria

As with Greece, relations between Macedonia and Bulgaria are currently dominated by a largely "symbolic" issue. While Bulgaria was the first country to recognise Macedonia as an independent state on 15 January 1992, it has yet to recognise the existence of a Macedonian nation and of a Macedonian language. As a result, around two dozen bilateral agreements have been initialled but not ratified because Bulgaria rejects Macedonia's demands that the official documents be done in both Bulgarian and Macedonian.

Another logical consequence of Bulgaria's stance is that Sofia denies the existence of an ethnic Macedonian minority on its territory, especially in the south-western part known as "Pirin Macedonia." Ethnic Macedonian nationalist organisations based in Bulgaria have failed to be registered by the authorities and continue to operate more or less illegally.⁶⁸

During the term of the previous Macedonian government, relations between Skopje and Sofia were always a bit uneasy. It remains to be seen whether Georgievski's government will bring about an improvement. Bulgaria had pinned its hopes on an opposition victory, and consequently the government in Sofia welcomed the outcome of the Macedonian elections. Congratulating Georgievski on his election as prime minister, Bulgarian Premier Ivan Kostov said this opened "a new page in bilateral relations."⁶⁹

Former Bulgarian President Zhelyu Zhelev recently tried to break the ice on the issues of nation and language. In a lecture at the American University in Bulgaria (based in Blagoevgrad in Pirin Macedonia) and in an interview for the Sofia daily *24 chasa*, he noted that Bulgaria has no right to dictate the Macedonians their national identity. Zhelev said that "since the citizens of Macedonia... [identify] themselves as Macedonians, and not as Bulgarians, Bulgaria as a democratic country is obliged to respect this choice."⁷⁰ However, Zhelev questioned the existence of a distinct Macedonian language and proposed that bilateral agreements be done "in the official languages of the two countries," a suggestion which the Macedonian side earlier rejected.

Zhelev's suggestion is a first step and points to a possible resolution of open issues between Macedonia and Bulgaria. But his voice is still isolated, and he no longer carries much political weight in Bulgaria. Nonetheless, if both sides are truly willing to achieve a breakthrough and rid themselves of old positions, relations could improve.

⁶⁸ Macedonian organisations in Bulgaria which support Sofia are of course registered. Most of those organisations are dominated by people whose ancestors moved from Macedonia to Bulgaria in the 19th and early 20th centuries and who consider themselves to be ethnic Bulgarians.

⁶⁹ *Nova Makedonija*, 3 December 1998.

⁷⁰ Reprint of Zhelev's interview for *24 chasa* in *Nova Makedonija*, 30 November 1998.

The fact that VMRO–DPMNE appears to be more open and less defensive on those issues than SDSM indicates that Macedonian-Bulgarian relations could indeed be put on a new basis. But this will only happen if the Bulgarian side is also willing to discard old dogmatic views and move closer to the Macedonian position. So far, however, there is little indication that Sofia's attitude has changed. If anything, the Bulgarian political elite probably hopes to achieve a breakthrough by dealing with a more accommodating Macedonian government. But even if both sides move toward each other, they will have to walk a fine line so as not to alienate their followers and open themselves to accusations of being weak on "national issues."

(iii) Yugoslavia — Threat from the North?

Of Macedonia's neighbours, the Federal Republic of Yugoslavia is the one that appears to pose the biggest potential threat. This is not so much because of the rather small ethnic Serb minority living in Macedonia. The main problem lies with Yugoslav politics, especially in Kosovo. Given the ethnic composition of Macedonia's population, the solidarity ethnic Albanians in Macedonia feel towards their brethren in Kosovo, and the balanced line the Macedonian government therefore has to take, it is not surprising that Skopje's policies almost inevitably will fall foul on Belgrade.

But there is also one big open question that needs to be resolved: the common border has still to be delineated. Talks on this issue have been going on for years, but an agreement has yet to be reached. Belgrade demands that Skopje recognise some locations of strategic importance as Yugoslav territory. Macedonia, for its part, insists that those territories were part of the Socialist Republic of Macedonia (within former Yugoslavia) and therefore constitute part of the present Republic of Macedonia. Neither side seems to be willing to compromise, and a final settlement should not be expected anytime soon.

Although the Federal Republic of Yugoslavia and Macedonia recognised each other in April 1996,⁷¹ it appears to be in Milosevic's interest to postpone a settlement on the border issue. At least in theory, this is one of the few cards he has left to play as the "champion of Serb national interests." It also is one of the few tools he has left to potentially put pressure on Macedonia.

Bilateral relations are not helped by the stationing of NATO troops on Macedonian territory, which Belgrade considers an unfriendly act and openly warned against.⁷² Macedonia's decision will definitely lead to a deterioration of bilateral relations. An indication for this is that the Yugoslav authorities in late November 1998 introduced high guarantee deposits, which Macedonian truck drivers have to pay in order to transit with goods coming from or going to Slovenia.⁷³ There was even speculation that

⁷¹ On Yugoslav–Macedonian recognition, see "Rump Yugoslavia and Macedonia Deal the Cards of Mutual Recognition" by Stefan Krause and Stan Markotich, *Transition*, vol. 2, no. 11, 31 May 1996.

⁷² *Dnevnik*, 17 November 1998.

⁷³ *Nova Makedonija*, 3 December 1998. The fees are 10,000 German marks per truck. Belgrade gave no official explanation for that move, and there are worries that the new regulations might be

Belgrade might impose a full-fledged trade embargo on Macedonia.⁷⁴ Later on, however, it was reported that a planned free-trade zone between Macedonia and Yugoslavia will be implemented in 1999.⁷⁵ Macedonia was also worried about the reported stationing of significant numbers of Yugoslav troops along the common border in mid-December 1998, although reports to that effect were denied by UNPREDEP, the UN Preventive Deployment force based in Macedonia.⁷⁶

It can also not be ruled out that the ethnic Serb community in Macedonia will become more unruly as a result of Macedonia's decision to grant support to the Kosovo Verification Mission. The Democratic Party of Serbs in Macedonia is nationalistic and considered to be strongly pro-Belgrade. The party has repeatedly stated that it might turn to Belgrade for help if its demands are not met. DPSM Chairman Dragisa Miletic himself is considered to be strongly pro-Milosevic.⁷⁷ When NATO threatened military action against FRY this fall, Miletic said that this would be "the beginning of the Third World War" and that he could "not guarantee that his party [would] be able to control the emotions of the Macedonian Serbs."⁷⁸ After the new government approved the stationing of the Extraction Force in Macedonia, the Kumanovo branch of the DPSM promptly announced it would hold protest meetings in that town.⁷⁹

The unresolved border issue, the stationing of the Extraction Force in Macedonia, and the fact that Macedonia's ethnic Albanians (both in the government and in opposition) support the Kosovars' demands vis-à-vis Belgrade indicate that in the short term, bilateral relations between Skopje and Belgrade are more likely to deteriorate than to improve.

(iv) Albania

With Albania, the status of ethnic Albanians in Macedonia (and the much smaller ethnic Macedonian community living in Albania⁸⁰) will always have an effect on bilateral relations. On the whole, however, bilateral relations are reasonably good, despite complaints of Macedonia's ethnic Albanians about their status. This is mainly due to the fact that both governments exercise restraint and do not try to capitalise on existing problems for short-term political gains at home.

However, there were problems in 1997 due to numerous incidents on the common border, in which several people were killed. During the first half of 1997 alone, 105 such incidents were reported. Among those killed were

also be applied to goods transported between Macedonia and Croatia (*Dnevnik*, 4 December 1998).

⁷⁴ *Makedonija Denes*, 24 December 1998.

⁷⁵ MILS News, 30 December 1998.

⁷⁶ MILS News, 15 December 1998.

⁷⁷ Incidentally, there is a big portrait of Milosevic in the DPSM conference room in its Skopje headquarters, and one of General Ratko Mladic, the Bosnian Serb military commander indicted for war crimes by the Hague tribunal, in Miletic's office.

⁷⁸ Interview with DPSM Chairman Dragisa Miletic, 12 October 1998.

⁷⁹ *Makedonija Denes*, 4 December 1998.

⁸⁰ The Bulgarians, quite predictably and to the distress of Macedonia, claim that these people are ethnic Bulgarians.

Albanians trying to cross the border illegally, but also a Macedonian police officer.⁸¹

Relations improved when Fatos Nano, the Albanian prime minister at that time, visited Macedonia twice, in January and February 1998. Both sides initialled eight co-operation agreements, which included the reduction of customs tariffs, lifting double taxation, and legal co-operation, among others.⁸² Gligorov was invited to visit Tirana and sign a mutual friendship and co-operation agreement, but the visit has not taken place yet.

Indicating the new improvement in bilateral relations, Nano during a visit to Tetovo discouraged separatism, saying that "the future of all citizens in the Balkans, wherever they live... is only in the integration into a new Europe."⁸³

Obviously, further stabilisation of Albanian-Macedonian relations will mainly depend on two factors. One is the status of the ethnic Albanians in Macedonia. The other is internal stability in Albania, which is always threatened by bouts of anarchy and the inability of the main political actors to cooperate.

D. CONCLUSIONS AND RECOMMENDATIONS

In the recent parliamentary elections, Macedonia voted for a change in government. While the elections were considered to have been generally fair and democratic, some issues need to be resolved before the next elections. This concerns both the election process and the election legislation, but also the role of some media during the election campaign.

The new government of Prime Minister Ljubco Georgievski is faced with a host of problems which need to be resolved urgently.

Most importantly, economic reforms have to be carried out. The government has stated its goals, but it has yet to present a comprehensive and realistic plan. Social systems will also need to be reformed in order to prevent their collapse.

The second big issue are inter-ethnic relations. The partners in the new ruling coalition have stated their will to work towards an improvement in this field, but numerous obstacles lie ahead of them. If they remain realistic, show good will to improve the situation of ethnic minorities without risking the country's stability, and manage to keep radicals and nationalists from both major ethnic groups at bay, relations between Macedonians and ethnic Albanians could be improved significantly.

⁸¹ "Enemies Far And Near: Macedonia's Fragile Stability" by Fabian Schmidt, *Problems of Post-Communism*, July/August 1998.

⁸² RFE/RL NewsLine, 16 January 1998.

⁸³ "Enemies Far And Near: Macedonia's Fragile Stability" by Fabian Schmidt, *Problems of Post-Communism*, July/August 1998.

Finally, the new government will need to advance Macedonia's integration into European and Transatlantic structures and improve relations with Macedonia's neighbours.

Given the numerous issues Macedonia has to tackle, ICG recommends that the new government take the following steps:

- Regarding future elections, the government should consider amending the current election law in order to provide for a more proportional representation. This would make it easier for smaller groups to be represented in the legislature and could increase its legitimacy. Electoral districts should be drawn in a consistent manner, reducing the risk of accusation of gerrymandering. The election process could be improved if the State Election Commission (DIK) clarified certain issues well ahead of time and instructed commissions at a lower level accordingly. The DIK should also ensure that election results are issued within the deadlines set down in the election law and should improve communication with political parties and the media.
- The new government should ensure that public-service media work professionally and provide comprehensive and unbiased information rather than serving the political interests of the ruling parties, not only during election campaigns but in general.
- In the spheres of economics and social policy, the government needs to immediately draw up a comprehensive plan for future reforms. This plan needs to be realistic and should be worked out in co-operation with the international community in order to secure the support of international financial institutions and foreign governments and should be implemented strictly.
- The new government should decentralise the state structures, giving more authority to the units of local self-government. At the same time, the municipalities need to be given more money from the state budget or tax revenues of their own so that they can cope with additional tasks.
- In order to improve inter-ethnic relations, the government should find a solution to the issue of Albanian-language education and work towards increasing the share of ethnic Albanians and other minorities in the state administration, including the security forces.
- Macedonia should bring its economic and legislative framework in line with international standards in order to improve its chances of further integration into European and Transatlantic structures. The new government should also work to improve relations with its neighbours, in particular with Greece and Bulgaria.

The international community should focus on the following issues in order to promote stability in Macedonia:

- Assist the Macedonian government in drawing up a comprehensive plan for economic and social reform.

- Provide economic assistance if Macedonia pursues economic reforms according to a plan worked out in co-operation with the international community.
- Assist in a possible decentralisation, including legal and other expert advice and training of municipal officials.
- Launch projects aimed at improving inter-ethnic relations and understanding between Macedonian citizens of different ethnic and religious backgrounds.
- Help Macedonia to get closer to EU and NATO structures on the understanding that Macedonia works towards bringing its legal, economic, and administrative framework in line with international standards.

Skopje–Brussels, 08 January 1999

APPENDIX

THE NEW MACEDONIAN GOVERNMENT

The composition of the new Macedonian government was announced on 27 November 1998. The parliament approved the government on 30 November 1998 with 76 votes for, 31 votes against, and one abstention. The deputy ministers were named on 11 December 1998 and approved by the government on 18 December 1998.

Prime Minister:	Ljubco Georgievski, VMRO–DPMNE
Deputy Prime Ministers:	Dosta Dimovska, VMRO–DPMNE Radmila Kiprijanova-Radovanovic, DA Bedredin Ibrahim, DPA
Foreign Minister: Deputy Minister:	Aleksandar Dimitrov, DA Boris Trajkovski, VMRO–DPMNE
Interior Minister: Deputy Minister:	Pavle Trajanov, DA Dragan Grozdanovski, VMRO–DPMNE
Defence Minister: Deputy Minister:	Nikola Kljusev, VMRO–DPMNE Refet Elzami, DPA
Justice Minister: Deputy Minister:	Vlado Kambovski, DA Bajram Polozhani, DPA
Finance Minister: Deputy Minister:	Boris Stojmenov, VMRO–DPMNE Jordan Markovski, DA
Economics Minister: Deputy Minister:	Zanko Cado, DA Lambe Arnaudov, VMRO–DPMNE
Trade Minister:	Nikola Gruevski, VMRO–DPMNE
Agriculture Minister: Deputy Minister:	Vladimir Dzabirski, VMRO–DPMNE Jovan Damcevski, DA
Labour and Social Policy: Deputy Minister:	Bedredin Ibrahim, DPA Risto Georgiev, VMRO–DPMNE
Health Minister: Deputy Minister:	Stojan Bogdanov, VMRO–DPMNE Muharem Nexhipi, DPA
Education Minister: Deputy Minister:	Nenad Novkovski, VMRO–DPMNE Fejzula Shabani, DPA
Culture Minister:	Dimitar Dimitrov, VMRO–DPMNE

Deputy Minister: Blagoja Corevski, DA
THE NEW MACEDONIAN GOVERNMENT (continued)

Science Minister:	Merie Rushani, DPA
Deputy Minister:	Tomislav Dzekov, VMRO–DPMNE
Development Minister:	Milijana B. Danevska, VMRO–DPMNE
Deputy Minister:	Liljana Popovska, LDP (nominated by DA)
Construction and Urban Planning Minister:	Dusko Kadievski, VMRO–DPMNE
Deputy Minister:	Silvija Tomovska, DA
Communications Minister:	Bobi Spirkovski, DA
Deputy Minister:	Rexhep Asani, DPA
Sport and Youth Minister:	Gorgi Boev, VMRO–DPMNE
Ecology Minister:	Toni Popovski, DA
Émigré Issues Minister:	Martin Trenevski, VMRO–DPMNE
Local Self-Administration Minister:	Xhevdet Nasufi, DPA
Information Minister:	Rexhep Zlatku, DPA
Ministers without Portfolio:	Gorgi Naumov, VMRO–DPMNE Adnan Kahil, DA Ernad Fejzulahu, DPA

Note: The following ministries were newly established by the new government: Trade; Sport and Youth; Ecology, Émigré Issues; Ecology; Local Self-Administration; and Information. They were formally approved by the parliament on 29 December 1998. Prior to parliamentary approval, the ministers in charge were technically ministers without portfolio.