

Conflict Studies Research Centre



**Political Parties in Serbia.
Source of Political Instability**

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Key Points

- * Serbia's internal stability is one of the most important preconditions for the stability of the Balkans region.
- * Political fragility in Serbia is a result of its party scene. It is too fragmented and unsettled. Small parties prevent development of coalitions and stable and sustainable governments.
- * Fragmented and unstable coalitions have very damaging implications for the whole political, legal and moral system. Governments spend the majority of their energies on bare survival, on permanent redistributions of sinecures and privileges. To stay in power, many acts of corruption and violations of the legal system have been ignored. Whole segments of the civil service have been occupied by incompetent and unqualified persons from small parties.
- * This has several direct economic consequences: insecurity of property, foreign investment, delay of the beginning of public enterprise restructuring. The domination of social demagogy in public discourse is accepted equally by all political parties, so that any ideological and value differences between them have disappeared.
- * Coming from that perspective, one cannot help but notice the remarkable growth of the Serbian Radical Party, which is due to its strong class and social embeddedness, and not its alleged nationalistic sentiment, which has almost totally disappeared from its discourse. This party represents the most impoverished parts of society, whose number is constantly increasing, and ostracising them from political life is not the cleverest strategy.
- * Market reforms are being implemented only due to constant pressure from international institutions and the European Union. The problem of badly organized and ideologically disorientated parties implies the non-existence of a structure, ideology and programme to affirm and propagate capitalism. Right wing parties and European-style conservatives are particularly absent.

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Introduction and Background

After the furious past decade, marked with wars, sanctions, hyperinflation, civic protests and total economic devastation, Serbia is following a very hard path toward internal stability. In spite of very solid economic growth of more than 5%¹ during the previous five years, 2005 brought very dangerous inflation of about 17%,² which has again endangered macroeconomic stability. At the same time, after the one year period of internal stabilization of institutions, in the second half of the year Parliament again became a hive of activity, while the ruling coalition resorted to a certain number of very problematic and even illegal means to preserve its small majority, and to provide the necessary votes for passing the budget for the next year.³

Due to the voluntary surrender of 14 officers to the International Criminal Tribunal for Yugoslavia (ICTY), Serbia had a positive Feasibility Study from the EU in spring, so negotiations on a Stability and Association Agreement with the EU finally started in October. However, in the second part of the year this cooperation stopped, so the report of the Chief ICTY prosecutor Carla del Ponte to the Security Council on 15th December 2005 was again negative. European officials have since that time seriously warned Serbian leaders that these negotiations could easily be suspended if cooperation does not improve. Generally speaking, it seems that after one period of steady progress the situation in Serbia is again starting to get worse and Serbia might fall behind in the process of Euro-Atlantic integration. All this happens exactly at the time which will probably bring final solutions for the two most important territorial and status issues: the future status of Kosovo and the referendum about independence in Montenegro, the other part of the State Union.

Having all that in mind, the issue of internal stability in Serbia rises again as one of the most important problems in the whole Balkans region. Consisting of 7.5 million people without Kosovo, and 9.5 million with Kosovo, and occupying the central geostrategic position in the region, a hub of highway, railway and river communications, Serbia is one of the most important countries for the stability of the whole region. Ideas from 1999 for a *cordon sanitaire* circumventing Serbia, e.g. for using communications in countries surrounding it, proved unworkable. The inclusion of Serbia in the processes of Euro-Atlantic integration is far less expensive than its isolation.

Starting from the axiom that preservation and consolidation of internal political and economic stability is the most important task in Serbia, this article analyses the problems of the party scene, claiming that the existence of too many relatively small and ideologically undefined parties presents one of the most important sources of

political and economical instability. After the explanation of the causes and illustrating the consequences of this phenomenon, the author will argue that enlarging the parties and cleaning the party scene in the direction of a small number of solid and well-rooted parties, is a fundamental precondition for the creation of sustainable political stability, and for the implementation of braver economic reforms, which could provide greater foreign investments, necessary to speed up economic growth and tackle unemployment. During the 1990s Serbia had a dramatic fall of GDP by 50%. With current economic growth of 5.1%, the level from 1989, and \$6000 per capita, will be achieved in 2020. This is less than Croatia, Hungary or the Czech republic have now. According to Slobodan Milosavljevic, president of the Serbian Economic Chamber, for better and faster development this country needs minimum growth of 8% per year and \$2-3 billion direct foreign investment every year.⁴ Political stability and security are the basic conditions for such a growth. The relatively unsatisfactory growth in the first five years of democratic transition could be easily explained as a consequence of the unstable party and political scene.

This paper concludes with several concrete proposals: a reduction of the party scene to a small number of groupings, which could create a stable coalition or a government consisting of no more than two parties. Only a government with a strong parliamentary majority will be capable of staying in power for four years, implementing more decisive reforms, and finishing one complete reform and economic cycle.

This article at the same times represents an effort to highlight importance of the reform of the party sector as probably the most important condition for the progress of general reforms in Serbia. International institutions and different actors dealing with Serbia, but domestic researchers as well, usually concentrate on concrete problems in reforms of particular fields (such as banking, monetary policy, finance or social politics), but often ignore political parties as the basic subjects which have to achieve power and implement reforms.⁵ That the problem of the development of the party scene is neglected for the sake of civil society development is absolutely unjustified. The institutions of civil society are necessary supplements and correctives, but they cannot be substitutes for political parties. Increasing voter apathy,⁶ as well as the growth in popularity of the SRS, due to its out of system⁷ position, are very important and even alarming indicators that this is a field which demands greater attention and engagement.

The Causes of Hyper Partyism

Although political and party pluralism in former Yugoslavia was never *de iure* repealed, *de facto* it was a one party dictatorship of SKJ (Savez Komunista Jugoslavije, the League of Yugoslav Communists), so all other political organizations were wiped out.⁸ The new history of political pluralism starts at the end of 1989 and at the beginning of 1990, with the first non communistic parties and movements, just like in other ex-Yugoslav republics and former communist countries. Among plenty of newly formed options, two emerged as the most influential ones to mark the oppositional scene during the 90s – the Serbian Renewal Movement (Srpski Pokret Obnove, SPO) and the Democratic Party (Demokratska stranka, DS). While the first was established as a monarchist, traditionalistic and extremely nationalistic party which inherited the tradition of the *chetniks*, the controversial anti-communist movement from World War Two, the second started as a very loose mélange of civic intellectuals, former dissidents, scientists, philosophers and writers.⁹

In June 1990, the League of Communists of Serbia transformed into Milošević's Socialist Party of Serbia (Socijalistička Partija Srbije, SPS). Next year, under very controversial circumstances, Vojislav Šešelj's Serbian Radical Party (Srpska Radikalna Stranka, SRS) started its work. This party had a very ambivalent relationship with SPS, but with reservation it can be described as a part of the "*ancien régime*" which ruled in the 90s.

At the first pluralistic elections in December 1990, the opposition was radically defeated thanks to the majority voting system, Milošević's great charisma at the time, and its own ignorance of politics. The whole next decade they spent uselessly trying to overthrow Milošević. It's important to notice the difference from the majority of post communist countries, in which initial enthusiasm for forming parties slowly diminished, so the party scene was slowly stabilized and reduced to several important factors. In Serbia tendencies were going in the opposite direction, toward bigger and stronger fragmentation of party, and especially oppositional space.¹⁰ However, there are some key reasons which explain this phenomenon:

1. This is fundamentally a merit of Milošević's secret police, which used all possible means to control and fragment the whole oppositional space. The crucial goal was to prevent the establishment of one stable, numerous and well organized political force which could really challenge the regime. In spite of the still existing debates about the nature of Milošević's regime, it is clear that it was an authoritarian regime whose power relied on a) control and abuse of force apparatus, and above all secret police, b) control of social and state owned property, with refusal of privatization and c) strong propaganda, especially from national television (RTS), and permanent attacks on private and independent media. All these systems, and secret services especially, were used for controlling, supervising and fragmenting oppositional space.¹¹

Unfortunately, secret police records in Serbia still have not been opened, as was done in some former communist countries, so it is not possible to provide documents to verify this statement. However it is very indicative that the same method was used toward SRS in 1993, when this party clashed with Milošević.¹²

2. The second factor is the extremely egoistic individualism of Serbian intellectuals, from whom leaders of the parties were recruited. Their unjustified vanity, false perception of their "huge importance" which was created by the media, incapacity for long lasting team work, discipline, for accomplishing delegated tasks, for slowly moving through the hierarchy, and for the creation and adequate respecting of institutions, brought a situation in which every unsatisfied politician went for establishing his own party. The bases for this kind of behaviour and mental structure have to be sought in Serbian ethno-psychology, but also in the very comfortable quasi-dissident position which these intellectuals enjoyed in former Yugoslavia.

Tito's soft dictatorship, just like his clever east-west international politics, provided the whole population with a living standard far better than that in other communist countries, but it also practised a very refined mode of corrupting intellectuals. Nowhere else, as happened in former Yugoslavia, did alleged dissidents live in elite parts of the capital, in huge flats or even villas, enjoying high wages and other privileges.¹³

3. The unstable and corrupt election system in Serbia based on manipulation, stimulated fragmentation and not fusion and enlargement in the political party scene. During the 90s the election system was changed three times, each time in accordance with Milošević's actual power and needs.¹⁴ The chief regime lawyer, Professor Ratko Marković, practised all the time some kind of gerrymandering, so SPS could keep power. Since Milošević's charisma was already greatly eroded in 1992, the regime accepted the opposition's demands for the introduction of a proportional system, but with a huge number of districts (first 9 and then 29), so the government could organize them to get the best results. A proportional system by its nature is not a measure that leads to stabilization of the party scene, but to further fragmentation. The first real swing of the pendulum was seen with the 2003 parliamentary elections, due to the high electoral threshold of 5%.

4. The parties' internal organisation was totally undemocratic. All the parties are extremely leader-dependent, without strong party elites.¹⁵ In normal political parties it is the elite that provide strength, organization and meaning, and for those reasons it is more or less permanent and constant. The leader is very often just a front man who is attractive for the media and who is suitable to transmit the message to the audience and to attract the sympathies of voters. In Serbian parties, on the contrary, the leader is the one who is permanent and constant. He preserves the power in his party in spite of bad results at the elections, and he usually removes all of his closest associates, since they could endanger his position. For example, Drašković has been leading the SPO for more than 15 years, in spite of unsatisfactory results, and during that time he has changed at least five complete teams.

Not even one party allows factions or any other kind of internal party opposition.¹⁶ The powers of the party leaders are almost dictatorial. For example Drašković in 1997 expelled his vice-president from the party; according to the statutes of DSS the president of party proposes candidates for vice-president positions. Zoran Djindjić, Serbian Prime Minister, who was assassinated in 2003, expelled from the party both his unsuccessful competitors for the position of party president – Dragoljub Mićunović in 1994 and Slobodan Vuksanović in 2000.

5. Finally, the general social stratification of Serbian society is still unclear, and political leaders in particular do not recognize it adequately. Together with this goes the inability of ordinary citizens to find in some particular actors permanent promoters of their interests and political ideas. All this resulted in long-lasting wandering of huge parts of the political scene. This is the only way to explain the rapid rise and fall of particular parties in a very short time. For example G17, in only several months of 2004, fell from 11.8 to less than 4% support.¹⁷

Political Consequences

The consequence of such a development was the permanent fragmentation of the political scene, in which, like with Russian dolls, all the time new groups of people separated from the old parties to form new ones. Every politician who was defeated in his party or coalition usually would be forming a new political organization. Out of DS came SLS (Srpska Liberalna Stranka, Serbian Liberal Party), DSS (Demokratska Stranka Srbije, Democratic Party of Serbia), DC (Demokratski Centar, Democratic Centre), NDS (Narodna Demokratska Stranka, People's Democratic Party), LDP (Liberalno Demokratska Partija, Liberal Democratic Party), but even DSS lately produced DHSS (Demo-hrišćanska Stranka Srbije, Demo

Christian Party of Serbia). Out of SPO came SNS (Srpska narodna stranka, Serbian People's Party), NS (Nova Srbija, The New Serbia), Narodna stranka Pravda (People's party of justice) No small regional coalition was able to stay together, so the coalition Vojvodina split to factions of its leaders, Veselinov, Čanak and Isakov. Even the small GSS (Građanski Savez Srbije, Civic League of Serbia) produced the SDU (Socijaldemokratska Unija, Social democratic Union) likewise.

Neither were important foreign (western) donors able to produce fusion of parties, but only very poorly organized and unstable coalitions such as DEPOS (Democratic Movement of Serbia, Demokratski pokret Srbije) in 1992, or Together (Zajedno) in 1996. Both of them dissolved very soon, above all because of vanity and personal intolerance among the leaders.¹⁸

So, the first direct consequence of such a fragmented political scene is the relatively delayed, hard and late overthrow of Milošević, who in 1992 lost a majority among the voters, but continued to rule till 2000.¹⁹ When finally the DOS coalition, which organized the revolution from 5th October 2000, was established, it consisted of 18 parties!

The second consequence is the fact that all three democratic governments in the last five years were extremely unstable. All the coalitions were *de facto* minority based with low support in public opinion polls and the media, and with very small legitimacy which made all the reform moves far harder and problematic. The first, Djindjić's government, was characterized by the strong conflict which it had at that time with the most popular politician Vojislav Koštunica. This clash ended up with DSS leaving the coalition by the end of 2001. The government was left with only 20-30% support in the electorate and a tiny majority in Parliament.²⁰ It seems that, together with western support, only the impressive personal energy of Djindjić kept this coalition together till his death on 12th March 2003. The same structure, but led by the far less impressive personality of Zoran Živković, dissolved in only six months, whipped out by scandal and strong public opinion.

The third government of Vojislav Koštunica was formed in April 2004, as a minority government. It consisted of DSS (17 %), G17 (11.8%), SPO and NS (7%), with support of SPS (7%). From the outset it was treated as a transitory or temporary one. During two years of ruling, it was perceived as a very weak and fragile structure that could be overthrown any minute. There was not a month in which the possibility of early elections was not mentioned several times. The reasons for that are to be seen in the catastrophic, passive media approach and presentation of its leaders, and the fact that very soon all ruling parties fell to under 20% electoral support. Almost every move they make or every law, decree or measure they propose, *a priori* are torn apart by the media and public opinion, so several times the government had to step back from some of them, or simply not to apply certain measures for fear of public opinion. A very good example is the law on assistance to ICTY indicted, which was intended to prepare the ground for extraditions. After furious attacks from the newspapers, the government suspended its implementation.²¹

The third consequence is the fact that both leading parties in these governments, DS before and DSS now, are spending the majority of their resources, energies and means on the preservation of the government or coalition. Having in mind that the governments were depending on a tiny and unstable parliamentary majority, which consisted of a huge number of individual and collective factors, they were subject to everyday and permanent extortions, conditionings, trades, and other kind of

demands from coalition partners or individual MPs. Djindjić before and Koštunica now, spent most of their energies on never ending but necessary redistributions of privileges, so that everybody was satisfied; with the only goal of preserving their unstable majority.

When it became impossible, these leaders resorted to wooing the MPs from different parties, to breaking up those parties and to other unconstitutional and methods.²² To preserve his government, Djindjić took away the places of Koštunica's DSS MPs, then he organized the fracture of the Parliamentary group of NS, when he started conflict with its leader Velja Ilić, then he organized the break-up of the SPS and the creation of the phantom SNS (Socijalistička Narodna Stranka, Socialist People's Party) made up of those runaway socialist MPs who always provided the majority in the parliament. Even Koštunica's government had to resort to the similar manoeuvres when the SPO group was torn apart with 9 MPs leaving it, and then changing under very controversial circumstances the MPs who intended to move to the opposition.²³

All Serbian parties have the problem of very weak internal structure.²⁴ We already mentioned that they all lack a strong and stable elite. However, they are also missing almost all the necessary segments of good internal organization. There is no real division of labour. Instead of having duties delegated and distributed across a broad structure and numerous individuals, the top of the party, meaning the President and his 5-6 closest associates, decide everything, often without having adequate information or capacity. There is no coordinated strategy, for example for media presentation, but several people go to talk-shows according to *ad hoc* decisions. No party has valuable foundations, journals, intellectual forums, think-thanks.²⁵ Nor are they accustomed to order researches, polls, analyses, strategies and similar projects that could help them prepare a firm basis for some long term work. There is no strategy for recruitment and education of party officials and personnel, for their preparation, specialization and gradual introduction into a hierarchy and apparatus.²⁶ Serbia is a country which due to generally unpractical education and a catastrophic brain drain lacks personnel in all fields. This poverty is especially visible in the sector of public administration, due to small wages and bad selection. In such a constellation the result of parties at elections depends largely on the popularity of their leaders, but after gaining the power, they lack people for almost all sectors.

The other aspect of this feeble system of organization is its unpreparedness for work in the field and for spreading the party's network to all towns and regions in the state. DSS gives the most striking example. The enormous popularity of their leader Koštunica after the revolution of October 5th 2000 did not result in the transformation of this party into a serious nation-wide structure equally spread in all the parts of the state.²⁷ They have not done anything to build a party structure all over Serbia; to recruit and educate new people, to approach sympathizers, intellectuals and other interested citizens. Besides their inadequate campaign, this is the main cause of their relatively bad result in the 2003 parliamentary elections, when they got about 17%, something more than 500,000 votes, although they expected at least 10% more. The results of the local elections in 2004 are even more indicative, when they got something more than 200,000 votes.²⁸ The SPS example speaks very much about the importance of local infrastructure. They are doing very badly at the state level due to lack of money, etc, but thanks to their preserved structure in the field they had very good results at those last elections.

The implication of this kind of laziness and lack of organization is low legitimacy, lack of grass-root support, dependence on a huge number of different small political factors and compulsion and pressure to resort to short-term means for preservation of power. Weakness of internal structure directly produces weakness of general political action and thereby weakness of the government led by such a party.

One important consequence of such a situation is the undermining of the rule of law and elementary morality in the public sphere. Since the government depends on an unstable and weak majority, every vote in Parliament implies an enormous challenge for the ruling coalition. This can even lead to violation of the Constitution, for example on 24th May 2005. Article 93 of the Serbian constitution says that the support of at least 20 MPs is necessary for the proposal of a confidence vote. Having that provided, the open debate has to be started, which has to be followed by secret voting. However, since the ruling coalition was not sure about the possible outcome of such a vote, they decided to force the parliament to vote first for the sole possibility of the debate, and in that way they avoided risks. The same method was used by Djindjić's government, so both those governments violated the Constitution for the sake of staying in power.²⁹

Instead of strengthening institutions and the principles of rule of law, instead of providing citizens with reasons for increasing their trust in the system, the trends are the opposite: corruptions, scandals, immorality and grabbing become normal modes of behaviour, largely accepted by the citizens as the only realistic rules for acting. Having in mind that the survival of the government depends on every single MP, the ruling parties are forced to handle the mistakes and the greed of their coalition partners. They do not react to obvious cases of corruption and law violations which are connected with the leaders and members of these small parties.³⁰ The chief of the DSS parliamentary group recently had to apologize to the leader of the opposition on behalf of a minister from G17, who had insulted opposition MPs – the minister himself refused, and continued with provocations and quarrels.

To satisfy the appetites of these small and structurally weak parties, it is necessary to find new places for them in the managing boards and at the top of wealthy state and public companies. Thus in such important positions one often finds incompetent persons, without any qualification or knowledge about that specific field. However, thanks to membership of such boards, a person usually gets quite an impressive sum of money, out of which part goes to party funds.³¹ This is the main reason why civic service and public administration is filled with incompetent persons, which is especially visible in smaller towns all over Serbia where it is almost impossible to get such a job without membership of one of the important parties. Even worse, some complete segments of state politics and public administration become totally useless.

A very good example is the Ministry of Foreign Affairs, which is said to be “the possession” of SPO, or rather of Vuk Drašković, its leader. This is strange, impulsive, epic person³² appears incapable of long lasting, serious political and service organization. He managed to fill the Ministry with persons from his party, and the embassies and consulates contain many incompetent, unprepared and generally useless people.³³ If we add to this situation the fact that all the staff from Montenegro do not pay much attention to orders from the Minister, and work generally in propagation of Montenegrin independence, then it becomes clear why nobody in Serbia takes this Ministry seriously. Moreover, Mr Drašković often makes trouble for other decision makers. For example, for a very long time he had

his own policy about Kosovo, ignoring and undermining the positions of the government and president, and he used to send to the ambassadors instructions different from the agreed state policy. As a result, for the sake of government preservation, and to avoid conflict with Drašković, Serbia is now entering talks on the future status of Kosovo, and a possible referendum in Montenegro, without serious and relevant diplomacy that could adequately promote and explain its position to the rest of the world.

Huge problems are presented by the fact that this government depends on the support of SPS, whose formal president is still ICTY indicted Slobodan Milošević. Although their demands concerning privileges and sinecures are not so greedy, their position as an actor who tries to move away from Milošević but cannot exaggerate it if it wants to stay in the Parliament, is directly reducing possibilities for cleaning up the heritage of the 90s. For example, according to the newspapers, Milošević's blackmailing brought the cancelling of the indictments of his son and wife, Marko and Mirjana Marković, who are being wanted for several crimes, and who have been hiding for years in Russia or some other former soviet republic.³⁴

The other problem comes from the fact that SPS is a leftist party of the old kind, whose support is somewhere around the election threshold. They can hardly accept serious reforms and market orientated laws and measures, since their electorate might turn against them and leave them out of the parliament at the next elections. Several of their amendments, directed toward "protection" of the workers and retired, were making very serious problems for the government, especially concerning its relationship with the IMF. Twice the situation became extreme. During the parliamentary debate about changes of the Labour Law, SPS together with SRS strongly attacked the good Labour Law from 2001. This law was one of the first reform moves of DOS, intended to reduce the socialist kind of rights that workers enjoyed, with the purpose of creating a more dynamic and flexible labour market. Under the pressure of these two parties, new amendments were adopted which returned the old socialist prerogatives like *regres*, *toplji obrok* and *minuli rad*.³⁵ The other case was their conditioning of budget voting with accepting their demand that pensions should be harmonized with the wages more often than the IMF insisted.³⁶ They also demanded that pensions cannot fall under 60% of the average wage. The sole initiative for the change of this law came from the minister of labour and social issues, Slobodan Lalović, who is a member of another small leftist party SDP (Socijal demokratska partija, Social Democratic Party), which participated in government till 24th August 2005.

The confusion which was initiated with the decision of the Constitutional Court of Serbia has to be mentioned. It is the interpretation of the constitution which claims that seats in the parliament belong to individual MPs and not to the parties from whose lists they were elected. This is a very problematic decision since Serbia has a proportional election system with only one unit, and not a majority system in which the citizens vote for a particular person. According to earlier practice, the party or coalition was the only master of its seats and it could easily replace disobedient MPs. After this decision, parties are not allowed to do so, and MPs can change parties, MP groups, etc. This interpretation would have validity and good consequences in totally different circumstances than the ones that exist in Serbia: in some settled democracy with long traditions, in which corruption is not prevalent, where one could find strong monitoring from public opinion and high moral and patriotic feelings about the meaning of being a MP. Since Serbia recently started its transition to democracy, all those things are greatly lacking. There is a permanent auction going on in Parliament for the transfer of one MP to some other

MP group. Having in mind the fundamental need for stabilization of party, parliamentary and general political life, this interpretation directly endangered the stability of parliamentarism.³⁷

The most extreme case is the example of tycoon Bogoljub Karić, who established a political party PSS (Pokret Snaga Srbije, Movement of the Power of Serbia) in 2004 to avoid prosecution for damage he did to the public company PTT. During the whole of 2005 he treated parliament as an open market and he even publicly offered money and privileges to MPs to move to his party. The price of one seat is around 200,000 euros. He first took one MP from SRS in April, and then he took two more from SDP who were expelled from the ruling coalition. On 22nd December he bought two more MPs from ruling parties and he succeeded in forming his own MPs group although his party did not participate in the elections.

In reaction to the attacks from the government which followed, Karić and his MPs started to open the cases in which, it seems, the ruling coalition used the same methods to preserve some problematic MPs or even to attract others who entered parliament as members of opposition coalitions. Such is the case of two MPs from Sandžak region, Omeragić and Džudžević, who left the DS group and started to support the government. They were the subject of great scandal since they stayed in Parliament although it was legally clear that they should forfeit their places due to mistakes in procedure.³⁸ At the end of 2005, five seats were the subjects of the investigation and court disputes. The Serbian parliament consists of 250 seats, and a majority is 126. The government has a majority of five seats, with 129 MPs. Without these MPs it would control only 124 and could be overthrown.³⁹

Economic consequences

The direct consequences of the fragmented party scene for stability, morality and rule of law have been shown. Now we turn to the implications of such a situation in the economic field, which are equally disastrous. Due to Serbia's recent experience, the issue of economic development stands in closest linkage with the problem of political stability: stability is a basic condition for foreign investment, and hence of economic development, but at the same time speeding up economic development is the precondition for preserving political stability. Serbia finished the last decade with a GDP which was only 50% of the GDP from 1989. Having in mind the huge promises which DOS presented at the time of Milošević's overthrow, people are very disappointed with slow improvements of living standards. Total expenditure is still far bigger than real productivity and earning. As a consequence of this state of affairs one faces apathy, electoral abstinence, and a turning of all political actors to social populism. In this chapter I want to show how the fragmented political scene causes bad economic consequences.

Naturally, the unstable political and legal framework, and the high level of corruption⁴⁰ and clientelism are more than enough to produce bad economic consequences since Serbia is not perceived as a country attractive for foreign investments. When we look at the structure of the investments that entered Serbia in the last five years, it becomes clear that those are the investments of the first phase – investors usually buy market share and very often monopolies in specific sectors, such as the tobacco industry, breweries or cement factories. Greenfield investments are very few. Obviously the situation is much better than it used to be five years ago. But Serbia has some interesting comparative advantages, such as a good position, cheap and educated labour, know how, and the possibility to enter

Russian markets due to its free-trade agreement with Russia. It seems that besides the ICTY problem and unsolved political status issues, the main reason for investor hesitation is this unsteady party political scene. Political stability is not sufficient but it is a necessary condition for serious investors.⁴¹

The risk of investing in Serbia is still estimated as very high. This is because of the unsound regional environment, but also due to the lack of consensus on fundamental issues, which could provide continuity in creating an adequate political and legal framework for business. Investors who arrived in the period of 2001-2003, with the new government, have now found not only the legal framework, but the whole business atmosphere, changed. The most striking example is the cluster of problems created by the new Labour Law from 2005, which is burdening investors and local businessmen with new obligations, and reducing their possibilities for the creation of dynamic staff.⁴² The general populist atmosphere created by the new government's economic policies in 2004 resulted in a great drop behind in Serbian transition. The new minister for privatization, Dragan Maršićanin and the new Director of the agency for privatization Branko Pavlović started their work with very serious threats that their first goal would be the revision of all the "suspicious" privatizations achieved in the first three years, including US Steel's buying of Smederevo iron works. Only strong pressure from the IMF and Maršićanin's defeat in the presidential elections in autumn 2004 brought the removal of these two persons and the restarting of privatization. The new minister, Bubalo, cancelled the project of revision, but the damage was done.

Unstable governments which seem as if they can dissolve any moment, especially in times of transition, cause an enormous amount of social demagogy in everyday discourse of political leaders and other party officials. Five years of democratic political life showed that there is almost no difference among all the parties concerning their behaviour, tactics and presentation: they all play on social demagogy and alleged protection of the poor, for the sake of coming to power, and then once in power, under IMF pressure they continue with market reforms which introduce privatization, dismiss redundant workers and similar measures. Of course, with great fear and hesitation. So DSS was furiously criticising the reform moves of Djindjić's team,⁴³ they insisted on revision of privatization etc, but once they came to power, after initial hesitation and doubts, their government continued to fulfil the demands of the IMF, to impose market orientated laws, to even speed up the privatization, and to dismiss redundant workers with pay-offs.

But at the same time, one important part of DS, including its leader, President Tadić, accepted this demagogic discourse, saying that reforms should continue but with "care for ordinary people".⁴⁴ Prominent party official Dragan Djilas, often mentioned as possible Prime Minister for the next government, in his editorial for the daily *Politika*, insisted on "protection" of the retired, defending them from IMF recommendations that cutting enormous budget expenditure should be achieved above all by cutting the pensions which account for one third of the budget.⁴⁵

It's been noted that two leading democratic parties in particular, DS and DSS, are trying to compete in social demagogy with SRS in a field where they are unbeatable. Due to their radical social demagogy and lack of any obligations, since they do not participate in any administration, this party is the strongest party in Serbia with more than 35% support.

Even more important is the position of G17, which was formed as a group of economic, market oriented experts, and which had the dominant influence in

economic and especially finance sectors, during the whole of the period after Milošević's fall. They were the favourites of international institutions until they were removed from power in summer 2003. But during the election campaign and at the beginning of actual government, they employed demagoguery, and started to speak about economic patriotism (protectionism), about a budget oriented toward development (full observations), social care for citizens and farmers, etc.⁴⁶ Only the IMF succeeded in forcing them to rebalance the budget and to radically reduce the predicted deficit. Persistent joint pressure of the IMF⁴⁷ and the World Bank finally managed to compel this party to decrease its demagoguery and to return to reform moves.

From 11.8% which they got at the elections in December 2003, very soon their support fell to less than 3%, while at the same time DSS, the senior partner in government, gave them total control over the finance sector.⁴⁸ Since they are beneath the electoral threshold, they are persistently employing demagoguery, trying to lift their popularity with some manipulative moves. In so doing, during 2004 they continued to give huge subventions to plenty of state-owned firms which are producing only enormous debts,⁴⁹ and during the whole of 2005 they led budget politics based on huge spending, which produced very high inflation. The second half of the year passed in a titanic struggle with the IMF mission, who demanded the reduction of such expenditures, reduction of pensions spending, and finally the beginning of the reforms of the public sector. Finance Minister Dinkić insisted, to IMF protests,⁵⁰ and starting by paying off of some old debts to retired people. This can only be understood as an attempt to attract some percentage of the voters. This thesis is strengthened by the fact that at the same time the so called "children's supplement", regular support given by the state to poor families with small children, continued to be paid late.⁵¹

The worst implication of this situation is in the problem of public enterprises. The eight biggest ones: EPS (electricity), NIS (oil industry), JAT, Serbian railways, Belgrade Airport, Serbia Forests, PTT (post), Telecom, employ about 130,000 workers (EPS alone 60,000), and they are the biggest debtors.⁵² Some still produce only losses and they represent a permanent burden for the budget and for the whole country. Their management, trade unions and workers are abusing their monopoly position and they have been permanently blackmailing the government for new subsidies and privileges. But simultaneously, these companies serve all the Serbian parties (especially the ruling ones) as a marvellous source of material means,⁵³ since their officials are members of the managing boards, managers, etc. In that way an interest coalition has been created among workers, managers and ruling parties, with only one goal: to postpone start of the reforms and privatization as long as possible.⁵⁴

The IMF demanded the beginning of this restructuring from the first two post Milošević governments, imposing it as an obligation via the credit arrangement signed in 2003. Djindjić's administration started with some small cosmetic changes and preparatory works, but by the end of 2005 almost nothing substantial had been done, especially concerning the dismissal of workers. The last government at least put it on the agenda. Most has been done in extracting the side business and smaller companies that were part of mega systems. In April 2005, the division of JAT started, then NIS was also divided into three separate units, and then followed the plan for extracting some firms from the Railways. Finally the government was compelled to announce the tender for the advisor in the process of privatization. With that the process of privatization of this giant was formally opened.

Beside this direct interest, all ruling parties also fear the beginning of this process because they are afraid of strikes, social insurrections and losing power. Indeed it is the most challenging bite to be swallowed in the general reform of the Serbian economy. Having done it, the enormous public expenditure would be radically reduced, and the whole public sector would recover, finally starting to produce profit and not debts.⁵⁵ Naturally there is a great fear of the reaction of the workers that will lose their jobs. But the delay of the whole process has tremendous effects: increase of companies' debt, wasteful treatment of the public finances, and especially keeping among the workers the false hope that this constellation will somehow be conserved. High inflation also belongs to this camp. Generally, it is very hard to expect serious efforts in the desired direction from a party with only 2-3% support, and a government which has somewhere around 20%⁵⁶ of supporters in the electorate.

It is interesting to notice that this government did not have a single serious, organized media campaign for promotion of any of its moves and measures. Starting the reconstruction of the public sector as the most demanding reform move needed a broad and intensive media campaign, by which public opinion and endangered workers could be persuaded of the necessity and justness of the whole process. However, the government entered the process without any campaign, as if they wanted to do it all with the least possible media presence. Instead of going bravely and unambiguously to the public as the uncompromised leader of the work, it wanted to save some demagogic potential as someone who "cares for the people". Djindjić's team paid much more attention to media support, and there were very good campaigns for the beginning of the privatization in Serbia and for the promotion of private entrepreneurship.

This leads us to the following, very important aspect of the phenomenon. The obvious social stratification of Serbian society is not followed by ideological and political differentiation of the parties. Almost all parties are still addressing all the classes and strata of society. The only exception is SRS, which concentrates on the so-called losers of transition, poor and marginalized strata consisting of frustrated people irritated by the corruption, suspicious privatizations and fast enrichment of some individuals. During the last four years they have given up nationalistic discourse and fully concentrated on social demagogy, which gave them the possibility to become the most powerful party.⁵⁷ For example the leader of the party, Nikolić, has exposed clear consciousness of its class embeddedness during the campaign for local elections in 2004, when he insisted that Karić's PSS was the party of the rich, while their party was the party of "the poor people".

Although DS became a member of the Socialist International, and DSS and G17 are members or associate members of the European People's Party, no sign of it can be seen in their internal political discourse or practice. Ideologies and general value orientations do not play any role in actions of this so-called democratic bloc. Politics is reduced to bare power, so the picture an ordinary citizen gets as regards the parties is that these are interest based groups of different people, which do not have any differences, meaning "they are all the same". None of them tries to legitimize its work according to some value system, programme or ideology; not even tries to directly address itself to some specific stratum of the voters, recognized as its target group.⁵⁸ Thus the phenomenon of Karić's party, which openly fights for power without any reference to values, norms or morality, is simply a logical outcome of long lasting trends.⁵⁹

The clash between Djindjić and Koštunica, that started after 5th October 2000, with all its other aspects (power, positions, influence, connections with secret services and criminals) however in public community was perceived and accepted as a debate about value and ideological differences. Djindjić was leading the reforms, relying on the concepts of progress, reform, modernization, dynamic and similar mostly leftist values. Kostunica's opposition grounded on traditional conservative norms such as stability, morality, institutions and the rule of law.⁶⁰ Today, however, all that has disappeared, and every party avoids any ideological or value self-definitions.

The case of SRS represents a particular problem for general political stability in Serbia. Due to the fact that the formal president of the party still is ICTY indicted Vojislav Šešelj, and due to its very problematic heritage of the 90s this political organization has the role of isolated leper in the Serbian political scene. In spite of the fact that it is the most powerful party, which is very much trying to change its discourse and priorities, its image and its political programme,⁶¹ the international community and some influential circles in Belgrade continue to keep them in isolation, refusing any contact with them. There is an ongoing informal ban in diplomatic Belgrade on any contact with this party.

The SRS's high popularity is the result of their steady position as the representers of poor, marginalized and disappointed people, so called transition losers – so it is not the outcome of nationalistic but social discourse.⁶² Having in mind general social and economic circumstances in Serbia, it is very likely that their popularity will not decrease. On the contrary. That's why it is not so clever keeping them out of the system, without any responsibility. It is far wiser to prepare some plan for their pacification, separation from Šešelj, and gradual integration into the system; also necessary to open links and contacts with Western groups, to encourage their further adaptation to different values and rules. There are several recent good examples from the region, such as the transformation of HDZ in Croatia or the slow pacification of Haradinaj's Alliance for the Future in Kosovo.

Finally, when one takes a look at the profile of Serbian parties, it is striking how much the right-wing elements are missing. Since all the parties have been competing in social demagogy, it seems that Serbia is dramatically missing a clearly profiled European conservative party, which would steadily insist on market reforms, institution building and rule of law; a party that would truly believe in these values, and which would have organizational and media capabilities to propagate and defend such a programme, not because the international community asks for it, but because it understands that such goals are really fundamental national interests. There is a significant part of Serbian society, consisting of middle aged, middle class family people, sick of chaos, corruption, laziness and public immorality. But they do not have a party to vote for.

For the time being, the market reforms are being continued for the reason that international economic institutions and EU are putting permanent pressure onto Serbian officials, and not because some political parties, or even the whole Serbian elite have that as their programme.⁶³ Lack of domestic capacity and long term planning is evident. The whole of politics in Serbia is being led in an *ad hoc* mode, without serious and prepared strategies, without support from the institutes, think tanks or similar institutions which could collect the facts, give the analyses and propose solutions and long term strategies.

For building and developing a stable society, there has to be some equilibrium between left and right elements. In Serbia the left is, especially among the elite, dramatically dominating, since the right hardly exists at all.⁶⁴ For example, if we take a look at the media sphere, we see that both leading weeklies are left orientated, with extreme sympathies for anti-globalist movements. *NIN* is selling the Serbian version of *Le Monde Diplomatique*. In spite of a general perception that *Vreme* is more pro-western, while *NIN* is more pro-nationalistic, both of them are equally against capitalism and economic globalization.⁶⁵

Starting from everything that was happening in the 90s it is understandable why the West supported different anti-war movements and organizations for the protection of human rights. But the whole of this strong structure is based on leftist and anti-capitalistic values.⁶⁶ With their pro-nationalistic counterparts they share equal distrust and even hostility toward capitalistic values, consumerist culture, hierarchy, the need to recognise natural and social inequalities, and the consequences of market liberalization. If reforms have to become part of the domestic system of values, and domestically initiated, instead of being permanently pushed from abroad, there is a tremendous need for pro-capitalistic forces that can be capable of tackling any kind of demagoguery.

Let us finish with one illustration. In normal, stable countries laws are passed to solve concrete problems. In Serbia they are being passed mostly because EU and other international institutions are asking for them, and not because it was acknowledged that they are needed. Given that they are imposed from abroad, one of the biggest problems is that it is very hard to make them function, so the level of implementation is very low.⁶⁷ This is all the consequence of the fact that the social and political ambience is not prepared for the demands brought about by those laws. It is therefore vital to work on redirecting public opinion in a way that could provide political parties with the possibility to withdraw social demagoguery.

Conclusions

If the arguments and the facts here presented have shown that such an unsettled party scene in Serbia is the main source of political and other instability, then the primary goals must be settling down, pacification, profilisation and above all enlarging the political party scene in such a way that those on offer could be reduced to a small number of serious, locally rooted and ideologically and value defined subjects. Only that kind of party could finally create a stable coalition capable of staying safely in power for four years, of implementing courageous reforms and starting a serious fight against corruption.

Starting from this goal, I will make several recommendations.

If the political elite and the international community as the main factors which shape political life in Serbia decide that this is the route to be taken, then first several legislative measures for stimulating larger parties have to be passed. The last parliamentary elections demonstrated the good consequences of the higher threshold of 5% - only six parties or coalitions entered the parliament and serious political subjects were separated from the bunch of political exhibitionists who were all the time present in the media but had no serious support in the electorate. This threshold has either to be preserved or even lifted, to for example 8 or 10%, with specific positive discrimination for the parties of national minorities.

CESID's idea that threshold should be lowered to 2 or 3%, for the purpose of artificially pushing into parliament so called pro-western parties such as G17, LDP and SPO, and by that strengthening of the "democratic bloc" (meaning everybody except SRS),⁶⁸ could bring back chaos similar to the one which characterized the parliament from 2001-2003. Small and irresponsible parties could again control important instruments of power.

Also, the Law on Financing Political Parties could be good instrument for enlarging the parties: it should be continued with support of parliamentary parties only, and doing so proportionally to their strength and representation in the parliament.⁶⁹ A new Constitution and new law on political parties must abort the decision of the Constitutional Court mentioned above. It is necessary to have parties clearly defined as the owners of the mandate if we want to avoid further trading, blackmailing concerning the seats, and general ruining of the parliament's representation.

Second, projects could by education, public lectures, seminars, or media campaigns stimulate and propagate comprehension of parties as ideological and value based groups, addressing one specific part of the population or way of thinking.⁷⁰

Third, an enormous amount of work with the leaderships and elites of the parties is needed, especially with middle aged and young ones. They should be trained in all the aspects of party work, from ideological to organizational and field work. For a start they should be taught how to undertake basic research, or polls, about the political, social and economic profile of their actual and potential voters. They have to understand who their specific target groups are, what needs they have and how to approach closely their existing and to expand their wider electorate.

Finally there is a need for ongoing education and training of the MPs and other party officials, and especially intensification of their connections with appropriate European and global partners and counterparts. The links of DS with European socialists and DSS with European conservative parties should be improved at all possible levels; but it has to be demanded from them to propagate adequate principles and programmes on the internal scene. Starting open dialogue and keeping contacts with SRS are also needed. Opening possibilities for them to participate in international conferences and forums would represent an important incentive for their further transformation into acceptable frameworks of action. On the other hand, their systematic marginalization and isolation would represent the best way to ensure the new isolation of Serbia and destabilization of the Balkans.

Endnotes

¹ D. Boarov, Učinak demokratske petoljetke, *Vreme*, no 769, 29th September 2005

² Estimations vary from 16 - 18%. See *Kurir*, 1.12. 2005, 'Opet inflacija'.

³ The budget was adopted with very strong media pressure from the government, and with strong threats by the Ministry of Internal Affairs and the Public Prosecutors that they will "investigate the corruption in the Parliament". *Blic* claimed that BIA (Serbian secret service) was bugging the MPs several days before 27 November when the budget was adopted. See *Blic* 13.12 and *Danas* 9.12. 2005.

⁴ See his article in *Blic*, 31. 12. 2005.

⁵ A very good example is provided by the excellent and comprehensive edition of Centre for Liberal-Democratic Studies from Belgrade, in which there is no article about the party scene, and neither on new laws dealing with this field. See CLDS, *Četiri godine tranzicije u Srbiji*, Beograd, 2005.

⁶ At the local elections of 2004, just 2,553,693 voters participated, or only 40.06%; the worst number since 1990. See the, www.webrzs.statserb.sr.gov.yu

⁷ It would be unfair and wrong to label them as an antisystemic party. On the contrary, during the last several years they have shown very great respect for the Constitution, rule of law, and system building, and they are trying to enter the system; but the system is keeping them out.

⁸ See Koštunica. V, Čavoški. K, *Party Pluralism or Monism? Social Movements and the Political System in Yugoslavia*, Columbia University Press, 1985.

⁹ On their nature and transformation see L. Sekelj, *Partije i izbori: SR Jugoslavija – promena bez demokratske transformacije*, in, *Lavirinti krize*, IES, Beograd, pp 156 ff.

¹⁰ *Polika* 4. 1. 2006 says that Serbia has entered 2006 with 326 officially registered parties. In the last two months of 2005, four new parties were signed in. According to the laws for forming a party it is necessary to collect 100 signatures and to pay a symbolic tax.

¹¹ On this connection between Milošević's staying in power and fragmentation of opposition, see L. Sekelj, *ibid*, 152. He claims that except in Poland in 1992-93, nowhere in former communist countries could be seen such a fragmentation of the opposition. See also R. Thomas, *Serbia under Milosevic, Politics in 1990s*, Hurst, London, 1990, pp 107-142.

¹² There are plenty of public statements of the officials of this party about the ways in which the secret service organized corruption of seven of their MPs, and how it tried to tear the party by forming the *Radical Party of Nikola Pašić*, led by Jovan Glamočanin. See *Novosti*, 9.2. 2005. *Novosti* claimed that Glamočanin admitted all this to *Nedeljni Telegraf* from December of 1996.

¹³ On quasi-dissidents in Serbia see the excellent book of Dragoljub Todorović, *Knjiga o Čosiću*, III Milenijum, Beograd. Also, M. Đurković, *Diktatura, nacija, globalizacija*, IES, Beograd, 2002, pp. 27-29.

¹⁴ See M. Jovanović, *Izborni prag i stranački system*, in *Političke stranke u Srbiji, struktura i funkcionisanje*, FES, Beograd, 2005, pp, 187.

¹⁵ See, V. Goati, *Partije i partijski system u Srbiji*, OGI centar, Niš, pp, 126-137.

¹⁶ Stojiljković, in *struktura, modeli i praksa unutarpartijskih odnosa*, in *Političke stranke u Srbiji*, FES, Beograd, 2005, pp, 27, wrongly claims that this trend is ending, so that parties are starting to create more plural structures with more internal competitiveness. In 2005, there were two examples which clearly falsify this thesis. DS expelled the faction of Čedomir Jovanović, who lost the internal elections and then he formed his Liberal-democratic Party. From DSS was expelled the very influential businessman Zoran Drakulić after he clashed with the dominating structure in the party.

¹⁷ About the problem of social bases of the parties see Z. Slavujević, *Socijalna utemeljenost političkih stranaka pre i posle izbora 2000*, in *Partijska scena Srbije posle 5. oktobra*, FES, Beograd, 2002.

¹⁸ See Dž. Lempi, *Jugoslavija kao istorija: bila dvaput jedna zemlja*, Dan graf, Beograd, 2004., pp, 345, 346.

¹⁹ For the results of the elections since 1990, see www.cesid.org.yu, or www.webrzs.statserb.sr.gov.yu. Till 2000 see V.Goati, *Partije Srbije i Crne gore u političkim borbama od 1990 do 2000*, Konteko, Podgorica, 2000.

²⁰ See S. Anđić, *Nacija u strujama prošlosti*, Čigoja, Beograd, 2003, pp 279, 280. About the problems of the survival of that government see Sam protiv svih, *Vreme*, no.571.13th December 2001.

²¹ For the perception of this law in public opinion, see *Dnevnik*, 31.3. 2004, Milošević i njegovi na našoj grbači.

²² During 2002, 2003 and 2005, the newspapers were crowded with different scandals shaking the parliament and the whole political sphere. See for example *Šta se krije iza skupštinskih kulisa*, *Vreme*, no. 778, or the collection of the 2003 affairs at www.transparentnost.org.yu/arhiva/28.07.2003.html

²³ For the last affair dealing with the involuntary resignations of MPs from G17, Lalić and Čonjagić, see *Blic*, 29.11.2005.

²⁴ See Č. Anđić, *Organizaciona struktura partija u Srbiji*, at www.kas-bg.org. Also, V. Goati, *Partije i partijski sistem u Srbiji*, pp 105-148.

²⁵ The possible counterexamples for this thesis such as *Srpska slobodarska misao*, journal of the SRS, or G17 Institute, which is a company insisting that it has no connection with G17 party, are bizarre.

²⁶ In his television interview at RTS, on 27.12. 2005, President Tadić insisted on this point, although his party, DS, is probably the only one that has at least tried to organize training for future leaders. He said that one year after his election as President, the part of the programme with which he is mostly unsatisfied, is the plan for 1000 new leaders in Serbia.

²⁷ A regional party organization for the very important territory of Vojvodina was only formed at the end of 2005! See *Danas*, 26. 12. 2005.

²⁸ For the result of local elections in 2004 see *Blic*, 22.9.2004.

²⁹ See Z. Lutovac, Uvod, in *Političke stranke u Srbiji*, FES, Beograd, 2005, pp, 11.

³⁰ Examples are endless, ranging from the chaos created in JAT by the people from SPO who led this public enterprise, to the affair over the import of second hand locomotives from Sweden, arranged by director of Serbian railways, a member of NS. See *Glas javnosti*, 30.12.2005, Sve probleme i dalje rešavamo uz mito. The article mentions the Transparency International report according which SCG took the high 97th place in the world in corruption. For the affair at the Railways see *Glas javnosti*, 13.1. 2006.

³¹ For the purpose of satisfying the appetites of these parties, there has to be removal of people working well in their enterprises. The latest example is bringing of the officials from SPO to important *Genex* company. According to the newspapers this is the price for their support over the budget. See *Kurir*, 6, 7, and 8. 1. 2006.

³² See, Vera Didanović, Ministar u opoziciji, *Vreme*, 29.12. 2005. The book *Podsećanja*, Srpska reč, Beograd, 2001, which is the collection of his interviews, is very indicative and helpful.

³³ Newspapers wrote about it dozens of times, especially on the cases of sending close friends and relatives as diplomats. For example the son of Minister Vojislav Vukčević, from SPO, was rejected by Turkey, because he is too young and “doesn’t have a biography”. See *Kurir*, 8.10.2004, 9.1.2005 or 23.11.2005. Also *Blic*, 13. 1. 2006, Nepotizam u diplomatiji. The author of this article from his own seven months work in administration can testify about the real state of Serbian-Montenegrin diplomacy.

³⁴ See the newspapers from 10-20. 8. 2005. For example *Danas*, 10. 8. 2005. At the same time they were very cooperative concerning cooperation with ICTY and they welcomed the voluntary surrender of 14 officers at the beginning of 2005.

³⁵ These are old socialist concepts known to the researchers of the eastern bloc. *Regres* is the money (usually one month’s salary) given by the factory to the worker for going on holiday; *topli obrok* is the money given by the firm to the workers for every meal taken during work; *minuli rad* is the higher sum of money a worker gets as a part of salary due to the years he spent at the job.

³⁶ IMF demanded that this process happen only once a year. See *Glas javnosti*, 27. and 29. 9. 2005. Finally the law was passed which defines that it should be twice a year.

³⁷ See *Blic*, 23. 12. 2005.

³⁸ For the whole case see *Danas*, 28.9. and 29. 9. 2005. For good legal analysis of the case see Z. Tomić, Saplitanje o ostavku, in *Danas*, 5, 6. 10, 2005.

³⁹ Political analyst V. Goati claimed that for those reasons the government has lost its legitimacy and that the budget was passed without legitimacy and proper legality. See *Danas*, 10. 1. 2006.

⁴⁰ On corruption in Serbia see S. Vuković, *Pravo, moral i korupcija*, Filip Višnjić, Beograd, 2005, then the collection *Korupcija u Srbiji*, CLDS, Beograd, 2001, as well as numerous publications and reports at www.transparency.org.yu.

⁴¹ Many of potential investors are worried, for example about the chances of SRS winning power and taking the country back to isolation.

⁴² On the new Labour law, which made even the Minister unsatisfied see *Dnevnik*, 19.12. 2005.

⁴³ For example they were against the market orientated Labour law from 2001. See *Vreme*, no. 571, Sam protiv svih.

⁴⁴ Tadić’s speech at the CLDS conference on 8. 10. 2005 at the Sava centre in Belgrade. He was the only exception among the supporters of continuation of thorough liberalization, which included also A. Vlahovic from his party.

⁴⁵ See D. Đilas, Račun tranzicije penzionerima, *Politika*, 22.9.2005. Serbia is a country of old people in which the retired are a very important part of the population and of the electorate. So, all the parties are striving for their support.

⁴⁶ See, B. Mijatović, Opšti pregled tranzicije u Srbiji, in *Četiri godine tranzicije u Srbiji*, pp 26, 27.

⁴⁷ They were using the fact that for removing of \$700million of Serbian debt at the Paris Club, it was necessary to get the approval of the IMF and to finish the three year arrangement started in 2002.

⁴⁸ This party holds positions of the only government vice president, governor of the national bank, minister of finance, president of the commission for the securities and all other key posts in the finance sector.

⁴⁹ A good example in the positive response to the strike of the miners from Bor in the summer of 2004, although Minister Dinkić insisted previously that there would not be additional subsidies. See *Dnevnik*, 23. 7. 2004.

⁵⁰ At RTS on 22. 12. 2005 he stated that the means for this operation would be taken from the income of privatization. So this government continued, just like the two previous, to spend the money coming from privatization.

⁵¹ See, *Blic*, 27.12. 2005.

⁵² According to *Danas*, 13. 9. 2004, their debts comprise 47.2% of cumulated debts of the whole Serbian economy.

⁵³ Famous local cartoonist Corax illustrated this with the cartoon displaying a big cow representing the public enterprises, under which the leaders of the Serbian parties are seated and milking. For his cartoons which represent important day to day analyses of Serbian society see www.corax.co.yu, and *Danas*.

⁵⁴ This kind of interest based coalition is known in other transitional countries. See A. Shleifer and R. Vishny, Politicians and Firms, in *Quarterly Journal of Economics*, vol. 109, 1994, pp, 995-1025.

⁵⁵ For the complexity of the problem see *Economist*, no. 117, 19. 8.2002. Tajne javnih preduzeća, and the report of the *Institute for War and Peace Reporting*, Serbia faces Battle over reform of Public Companies at www.iwpr.net. For the general state of Serbian economics, and the special position of public companies in it see *Danas*, 31.12. 2005. Otrežnjenje pod pritiskom međunarodnog monetarnog fonda, and the reports and sites of *EBRD*, *IMF* and *The World Bank*.

⁵⁶ See *Kurir* 10.6. 2005, which gives surveys of several research agencies, or the site of *Strategic Marketing*, www.smmri.co.yu with the results from February 2005.

⁵⁷ This is largely ignored among analysts, since their perception from the 90s is still dominant. Judy Bath for example just partly notes the change of their agenda, but still describes them with the worst characterizations as extreme nationalists with fascist rhetoric. See *The Question of Serbia*, Institute for Security Studies, Paris, 2005, pp, 52.

⁵⁸ I already mentioned that DS, whose supporters are the youngest and the most urbane, also tries to approach the retired, poor, etc.

⁵⁹ Bogoljub Karić, a tycoon who earned his fortune during Milosević's times entered politics in 2004 to try to protect his controversial business empire. At the presidential elections he got 18.3%, beating even the candidate of the ruling coalition. After that, he established his political party PSS and according to public opinion polls he has now about 10%, fighting for the third place with DSS.

⁶⁰ See S. Antonić, Parlamentarizam u Srbiji posle 2000, in *Sociološki pregled*, XXXVII, no. 3-4, pp, 212.

⁶¹ Plenty of facts are showing this: they are not speaking of Great Serbia any more, the last election campaign they started by visiting a mosque in Belgrade, their leader Nikolić insisted on EU and Partnership for Peace accession of Serbia, they hired Barber Griffith agency for lobbying and changing their image in USA...

⁶² See B. Milanović, Ko je glasao za radikale?, in *Prizma*, January 2004, Beograd.

⁶³ This is the conclusion of CLDS analysis: see CLDS, *Četiri godine reforme*, pp, 27.

⁶⁴ For this problem see M. Đurković, Ima li srbija pravo na desnicu? In *Prizma*, March 2004.

⁶⁵ Capitalism and market reforms are strongly supported only by *Economist* weekly and by the NGO *CLDS*.

⁶⁶ One more very illustrative example. Due to this heritage, even foreign right wing foundations work in Serbia with leftists. So it happens that the same people work for Konrad Adenauer and Friedrich Ebert foundations in Belgrade; some people even publish the same articles in publications of both foundations. See for example articles of Z. Slavujević on party identification and social embeddedness of political parties, which are both printed in *Partijska scena Srbije posle 5. oktobra 2000*, book of FES, and posted at the site of KAS www.kas-bg.org, in their publication *Politicis*.

⁶⁷ There are plenty of laws which have never been implemented, such as the Lustration law from 2003, or the Law on Fight against Money Laundering from 2002. There is no comprehensive monitoring of the results of particular laws after passing. In 2005, parliament passed 208 laws (see *Danas* 29.12.2005), but the real question is what their outcome will be, or is there a political will for their implementation?

⁶⁸ This proposition has been propagated by influential NGO *CESID*. See *Danas*, 10.1. 2005.

⁶⁹ About the financing of the political parties in Serbia see M. Milosavljević, *Finansiranje političkih stranaka u Srbiji iz javnih izvora: norme i praksa*, in *Političke stranke u Srbiji*, FES, Beograd, 2005 and V. Goati, *Partije i partijski sistem u Srbiji*, 71-104.

⁷⁰ Belgrade Fund for Political Excellency have been organizing for several years very serious seminars with the youth sections of political parties in which they are introduced to all of the most relevant political ideologies. See www.bfpe.org

Want to Know More ...?

See:

http://en.wikipedia.org/wiki/List_of_political_parties_in_Serbia_and_Montenegro
Wikipedia's list of the parties in Serbia

<http://www.parlament.sr.gov.yu/content/lat/sastav/stranke.asp> Serbian
Parliament list of the parties in Serbia

<http://www.b92.net/link/index.php?view=233&lim=20> B92 list of parties in Serbia

<http://www.b92.net/link/index.php?view=139> B92 list of State institutions

www.srbija.sr.gov.yu Government of Serbia

www.dss.org.yu Democratic Party of Serbia

www.ds.org.yu Democratic Party

www.srs.org.yu Serbian Radical Party

www.g17plus.org.yu G17 plus

www.spo.org.yu Serbian Renewal Movement

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