

# Opposition unites with former Milosevic supporters in Serbia's new government

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Over the last month, the composition of the new government of Serbia and the Federal Republic of Yugoslavia (FRY) has been finalised. The claims made by the Western media that the downfall of President Slobodan Milosevic was the product of a popular uprising, heralding the dawn of democracy and economic prosperity are contradicted by the political reconfiguration that has taken place. Many of the influential posts in the federal government, which will determine international relations, have been handed over to the representatives of political organisations that have been procured by the Western powers. In addition, the opposition forces now in power have formed a partnership with remnants of the old regime.

Agreement on the composition of the new Serbian government was finalised on October 16 between the 18 party coalition led by President Vojislav Kostunica, the Democratic Opposition of Serbia (DOS) and Milosevic's Socialist Party of Serbia (SPS). This also involved the support of the Serbian Renewal Movement (SPO), the Serb monarchist and nationalist party that refused to stand on a joint slate with the opposition.

The SPS still constitutes the largest parliamentary party and holds the position of Prime Minister as well as position in local self-government, trade, economic and ownership transformation. The SPO hold the position of Vice President and occupies the departments of industry, culture and religion. The DOS also has a Vice President in the government and controls key sectors such as labour and social issues, health and foreign trade. This government will be disbanded when new elections are held in December 23. On November 4, agreement was reached on the 16-member cabinet of the federal (FRY) government. The DOS hold nine of the portfolios including ministerial post for the economy, foreign affairs and the

interior. The other seven positions go to the Socialist People's Party SNP including, that of Prime Minister, which is now held by Zoran Zizic. The SNP is the second largest party in FRY's smaller republic Montenegro. The secessionist government of Montenegro, the Democratic Party of Socialists (DPS) led by Milo Djukanovic, boycotted the elections in order to bolster its claims for international recognition as a separate state. The SPS has operated a de facto agreement not to stand in Montenegro against the SNP, such is the agreement on core political objectives.

The new Foreign Minister is Goran Svilanovic, Chairman of the Serbian Citizens Alliance party (GSS). The GSS is one of the many organisations described as independent, even though it is reliant on US patronage. Svilanovic traveled with other representatives of the opposition to meet with US Secretary of State Madeleine Albright to arrange financial support only months after NATO powers had dropped 24,000 bombs on Serbia. He has been entrusted with reaching an accommodation over the prosecution of those deemed war criminals by the International Tribunal in The Hague. Kostunica is seeking membership of the IMF and World Bank. Negotiations have already taken place over Yugoslavia's outstanding debt to both institutions, which stands at US\$128 million and US\$1.7 billion respectively. In order to qualify for membership, Yugoslavia will have to comply with stringent economic criteria.

Deputy Prime Minister Miroljub Labus is a member of G-17, a free market economic think tank. He will be responsible for coordinating international economic relations. G-17 drafted the economic program of the DOS. Many of its leading figures are drawn from the personnel of the IMF and World Bank and it is funded from Washington. It spelt out what it envisaged as the

first stage of its economic agenda:

“Immediately after taking office, the new government shall abolish all types of subsidies to inefficient companies (retaining only subsidies to agriculture). This measure must be implemented without regrets or hesitation since it will be difficult if not impossible to apply later, in view of the fact that in the meantime strong lobbies may appear and do their best to block such measures. This initial step in economic liberalisation must be undertaken as a ‘shock-therapy’ as its radical nature does not leave space for gradualism of any kind. So dramatic a change in economic policy will suddenly alter the overall climate in the country and mark the beginning of a thorough change of the old economic system.”

To the extent that genuine social grievances played a part in the toppling the Milosevic regime, they were cynically exploited by the opposition forces. This is demonstrated in the attitude of the new government towards the strikes organised by industrial workers. As far as the new government is concerned, yesterday's liberators are denounced today as wreckers and anarchists.

Kostunica said of a recent wave of strikes and occupations, “Some of this is spontaneous, some of its is not. I'm having almost as much trouble from friends as from my enemies.”

Britain's *Observer* newspaper carried a report on a strike at one of Serbia's largest construction firms, Trubenik, which employs 3,000. It offers an example of the cronyism that linked together the ruling party, the business elite and the trade union bureaucracy. A representative of the “crisis committee” formed by the workers, Predrag Jelic, described how the trade union secretary ran the company: “He got rid of the last managing director in 1995 and chose the new one. Under privatisation the trade union secretary formed a company called Sind which built upper-income flats in Belgrade.”

The paper reports that the union had jurisdiction over the allocation of housing intended for the most needy by the state solidarity board. It is alleged that some houses were sold off and the union bureaucracy and its hangers-on kept others. The crisis committee lists among its demands a proper system of accountability in the company, the publishing of credible accounts and an end to party politics in factory appointments. In

response Nebojsa Covic, a member of one of the parties in the DOS, was sent as an envoy by the government to urge the strikers to abandon their protest and return to work. Covic's background is worth noting—until four years ago he was the third most senior person in Milosevic's party and is one of several amongst the old business and political establishment who have decamped to the DOS.

Any demands by industrial workers that the social inequities of the past are not reproduced in future is perceived by the new government as an unwelcome obstacle in the way of realising their economic objectives. It is self-evident from their economic blueprint that in the realm of social policy, the G-17 view equality and leveling as heresy.

Apart from the privatisation of state industry, the G-17 program includes a commitment to lower social costs and taxes for business and high income earners, a reduction in social spending and an end to price controls.

It has not taken long for the impact of these policies to take effect. By mid-October the price liberalisation in certain areas of the economy had already led to reported increases in basic commodities such as milk, which doubled in price, cooking oil, up five times, and sugar, around six times its previous cost.



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