

# Further turmoil in Balkans at prospect of independence for Montenegro

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Uncertainty regarding Serbia's future constitutional relationship with Montenegro is a significant hindrance to achieving stability in the Federal Republic of Yugoslavia (FRY).

The small republic is the sole remaining partner of Serbia within FRY, and provides its only access to the Adriatic. Conflicts between Belgrade and Podgorica over the last years have resulted in a constitutional quagmire. The Montenegrin presidency of Milo Djukanovic, with Western backing, implemented a series of measures that amount to de facto separation. For his part, former FRY President Slobodan Milosevic had attempted to downgrade Montenegro's status within the Federation and whip up Serb nationalism.

Any hopes that Milosevic's departure in October last year would lead to an amicable settlement of the dispute have failed to materialise, however. Rather the situation threatens to spiral out of control.

Firstly, Djukanovic's Democratic Party of Socialists (DPS) refused to participate with the Democratic Opposition of Serbia (DOS) coalition in the Yugoslav federal presidential elections last September. This contravened the wishes of the Western powers, who viewed it as lessening their influence on the outcome of the elections and jeopardising the aim of removing Milosevic. Djukanovic's reasoning was that participation in the elections as part of the DOS umbrella would be tantamount to recognising the authority of FRY, and so weaken the case for independence in the future.

Subsequent talks with the new FRY President Vojislav Kostunica have not produced a compromise. Over the Christmas period, Djukanovic travelled to Belgrade for the first time in two years for negotiations. In an interview with the daily *Podjeda* he stated, "I will be cynical: judging from Kostunica's statements, a common aim is reduced to a desire to govern Montenegro...we wish to govern our own state, but Kostunica would like to govern our state."

Djukanovic is demanding international recognition of Montenegro as a sovereign state with its own seat at the United Nations, as well as separate diplomatic offices and

armies, whilst maintaining a common market with Serbia.

Over the last months, Djukanovic has attempted to finalise plans for a referendum in Montenegro on the issue of separation, but the coalition government he heads no longer enjoys a parliamentary majority, since the Peoples Party (NS) withdrew its support at the end of last year. Though numerically small, the NS provided the Djukanovic government with a slender majority over the pro-federalist Socialist People's Party (SNP). The withdrawal of the seven NS deputies leaves the government with only 35 seats in the 78-seat parliament: Djukanovic's DPS holds 30 of these while his remaining partner the Social Democrat Party has five.

The NS quit after refusing to endorse the government's blueprint for separate statehood outlined in the "Platform for the New Relations with Serbia". NS leader Dragan Soc stated, "The Platform has no legitimacy since it doesn't have majority support within Montenegro." The departure of NS has made Djukanovic's government even more reliant on striking a deal with the fervent nationalists of the Liberal Alliance (LSCG).

But the LSCG, which has five parliamentary deputies, is an unreliable ally. Last year it withdrew from the coalition it had established at a municipal level with the DPS, as part of its ongoing campaign to pressurise Djukanovic to bring forward the date for a referendum on independence. The government can only guarantee the continued support of the LSCG by adopting a more belligerent stance towards Belgrade.

Other opposition forces have also demanded that parliamentary elections be held in advance of a referendum. The NS had refused to collaborate in preliminary work on legislation for the referendum until this precondition was satisfied, whilst the SNP is opposed to a referendum per se—threatening to organise street protests and civil unrest if one is held.

Consequently, Djukanovic has reluctantly agreed to hold parliamentary elections before the referendum. A provisional election date has been set for April 22, but this depends on

agreement between the parties on the date of the referendum, which would follow shortly afterwards.

The push for a referendum is producing a rift between the Montenegrin President and his Western backers, exposing a long running anomaly. The official foreign policy position of the NATO powers has been to oppose outright separation whilst providing the economic and political sustenance for such a development.

While the rest of FRY suffered under US and European economic sanctions, Montenegro has been a major recipient of Western financial support. The republic has received \$55 million per annum over the last two years from the US alone, making it second only to Israel as the foreign country receiving the most per capita aid from Washington. The European Union (EU) has also been a major sponsor—circumventing laws preventing aid to non-state entities by provided financial assistance through the Obnova programme, originally devised for Bosnia.

The economic motive for this was indicated in a document produced last year by the US Department of Commerce's Bosnia/Balkan Task Force. It states, "Montenegro has developed legislation and regulations for the privatization process. Under the Montenegrin legislation foreign and domestic investors receive equal treatment. Foreign investors may repatriate profits and capital to their country of origin and will enjoy a five-year tax holiday on corporate profits."

Montenegro has set income tax at 2.5 percent and President Djukanovic made clear that this is aimed at establishing the republic as an "offshore" tax haven. In addition, the US and German governments provide investment guarantees to companies from their respective countries that operate in Montenegro. The republic has also been allowed to participate in international meetings from which FRY was excluded: Djukanovic has regularly participated in the Stability Pact for South East Europe and UN gatherings.

The most tangible evidence of Western financial aid is the 20,000 police and paramilitary forces that have been assembled by Djukanovic. These had received training from the US and Britain as a military counterweight to Milosevic and the Federal Yugoslav Army.

As a separate economic entity, however, the tiny republic of around 650,000 people is an unviable prospect. While it provides FRY's only access to the sea, it is a largely mountainous region, industrially backward and with few raw materials. More recently it has become a centre for criminal activity. Even the pro-Western Institute for War and Peace Reporting, which proclaimed Djukanovic to be a "democratic counterweight" to Milosevic, carried a report on the centrality of criminal undertakings in the local

economy. According to this report, tobacco smuggled across the Adriatic to Italy accounts for 60 percent of Montenegro's GDP. Convictions for tobacco smuggling by the Italian courts have revealed connections between the Italian Mafia and high-level ministers in the Montenegrin government. The President's brother Aca is also heavily implicated.

For the Western powers, Djukanovic's government was only of use in so far as it facilitated their efforts to influence internal affairs within FRY and destabilise the Milosevic government. Now that they have a more pliant administration in Belgrade, the West is scaling back its support for Montenegrin separatist forces. Zoran Djindic, Serbia's new Prime Minister has been a consistent ally of the Western powers and is committed to implementing the economic dictates of the IMF and World Bank.

The EU has already signalled that it wishes to see the maintenance of FRY. At their first routine meeting in the New Year, EU foreign ministers stipulated that Serbia and Montenegro should agree new constitutional arrangements "within an overall federal framework". Their statement continued that the EU's stance, "underlines the importance of avoiding any unilateral action [and] reaffirms its conviction that any renegotiation of the federal relationship must be consistent with the internal stability" of Yugoslavia.

The US is also resistant to the demand for independence. The incoming Bush administration has been highly critical of US involvement in Bosnia and Kosovo, and is committed to reducing its military presence in the region.

Ivo Daalder, a representative of the Washington think-tank, the Brookings Institute said, "If Djukanovic insists on pursuing this path in clear opposition to what the new federal authorities want, he won't find much support in Washington."

Even the keenest advocates of Montenegrin independence do not forecast a sizeable majority in favour of separation in any referendum. Last year's local elections, widely regarded as effectively providing a plebiscite on the issue, only involved a third of the populace. Far from giving the government a ringing endorsement, Djukanovic only narrowly retained control of the administrative capital Podgorica, and lost control to the pro-Federalist coalition in the more impoverished coastal town Herceg Novi.



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