

# Serbia holds presidential elections two years after Milosevic's fall

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Presidential elections are currently taking place in Serbia. Voters will go to the polls on Sunday, September 29—almost two years to the day since the downfall of the regime of Slobodan Milosevic. The Democratic Opposition of Serbia (DOS), which came to power with Western backing, still maintains the title even though it is the party of government.

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The *World Socialist Web Site* cautioned at the time, “One can safely predict that the euphoric hoopla surrounding recent events in Yugoslavia will be rather short-lived. Proclaimed by the Western political and media establishment as the ‘October 5th Revolution’, the crumbling of the Milosevic regime in Yugoslavia represented nothing of the sort.... Hundreds of thousands of people were involved in the movement against Milosevic, but from the standpoint of its leadership and political perspective the campaign waged by the Democratic Opposition of Serbia (DOS) could readily be labelled ‘made in America’. The downfall of Milosevic’s right-wing nationalist regime was inspired, funded and organised by the very imperialist powers that little more than a year ago were systematically bombing the Serbian people. Their aim was then, and remains now, the assertion of the absolute control over the Balkans, through the elimination of what they consider to be a political impediment to their commercial and strategic aims.”

Two years on, a far more sober atmosphere dominates Serbia. The “October 5th Revolution” failed to celebrate its first anniversary. The much hyped pop concert in Belgrade—supposedly fronted by Madonna—failed to materialise. The event was to have been funded by Bogoljub Karic, a nouveau riche businessman from the Milosevic era. The government was forced to deny that its decision to cancel the official celebrations was influenced by a desire to avoid attention being drawn to its unfulfilled promises.

The anniversary coincided with a strike wave that spread throughout Serbia. This began with the coal-miners and extended to other workers in the energy sector, telecommunications, health and education. The focus of this movement was opposition to legislation introduced by the DOS government imposing a pay freeze in the public sector. However, the terms of a standby loan negotiated between the International Monetary Fund and the new government meant tight budgetary control. The miners in Kolubura—who were hailed when they were in the forefront of the protests that called for Milosevic’s resignation—were now denounced by the DOS. Prime Minister Zoran

Djindjic described the strike as “blackmail”.

The DOS coalition was unable to stay together longer than a year. The alliance was cobbled together at the last minute under pressure from the NATO powers. Now, however, Yugoslav President Vojislav Kostunica has parted company with his former ally, Prime Minister Zoran Djindjic. Kostunica is contesting the elections as the candidate for the Democratic Party of Serbia (DSS), while Djindjic and the Democratic Party (DS) have endorsed Deputy Prime Minister Miroljub Labus as their man.

The United States and the European Union play a determining role in all aspects of domestic policy, exercising control through the G-17 Plus—an economic think tank financed by the US government that draws its leading personnel from former International Monetary Fund (IMF) and World Bank employees. The G-17 Plus drafted the economic programme of the DOS before it came to power. Its members hold positions of influence within the cabinet and have played a central role in introducing legislation allowing for price liberalisation, privatisation, cuts in welfare programmes and the diminution of workers’ rights.

The main G-17 Plus representatives in the cabinet are Deputy Prime Minister Labus, governor of the National Bank of Yugoslavia, Mladan Dinkic, and Finance Minister Bozidar Djelic. In May 2001 they were co-authors of a “Letter of Intent” to the IMF, assuring the latter that they were committed to the liquidation and privatisation of 28 insolvent banks. What this meant became apparent earlier this year when four of the largest banks in Yugoslavia were closed with the loss of nearly 10,000 jobs.

Bozidar Djelic has also been responsible for the overhaul of the tax system. In a statement dated September 10, the finance minister announced that in the “second wave of the tax reform” corporate tax would be reduced from 20 percent to 14 percent.

This next phase would build on existing measures to clamp down on the grey economy and close the loopholes allowing for tax evasion. The main purpose of this is to create a legal framework to ensure the transparent administration of funds on behalf of foreign investors. Djelic’s statement went on to say that around 60 million euros would have been repaid to foreign creditors—including the European Investment Bank, the World Bank and the Paris Club—by September 15.

The change in the tax system is linked to the privatisation programme of the DOS government. In June 2001 a new law was passed allowing for the privatisation of the “socially-owned property” that forms the sole remaining legacy of the Tito-era federation. So far, 22 small and medium-sized companies have been sold by auction, 14 minority stakes have been sold on the stock market, five companies

have been sold by private tender and 26 companies are in the process of being restructured. This process is to accelerate, with the government committed to the auction sale of 1,000 companies and the private tender of 50 by the end of the year.

In order to offer the transnational corporations optimum conditions for profit making, the government has introduced legislation divesting workers of certain rights. The labour law introduced last December ended collective bargaining as well as the rights to establish works councils and participate in management. Most importantly, from the point of view of privatisation the new law “does not regulate the means by which the labour relationship must be concluded”. In order to make these companies attractive to foreign capital there must be the possibility of scaling back labour costs by cutting the number of jobs, which until now had not been possible.

For the international supporters of the DOS this has been cause for celebration. The International War and Peace Reporting web site wrote, “Foreign investors were not ready to enter the Serbian market as long as they were prevented from sacking a single employee—even those who had been given permanent leave.”

The new government has mustered the courage to lay off 15,000 workers from the Kragujevac-based Zastava car factory. Some 10,000 were made redundant as a result of the National Bank of Yugoslavia’s decision to liquidate four of the country’s biggest banks.”

An estimated 200,000 workers have lost their jobs in Serbia this year, bringing the total up to over a million out of a population of eight million.

The three-year standby agreement with the IMF, loans from the World Bank and the writing off of 51 percent of Yugoslavia’s debts to Britain came with very specific requirements from the donors. Apart from the restructuring of the economy and the legal establishment, donors have demanded an end to the regulation of prices.

In a progress report on “One Year After Serbia’s Democratic Transition”, published at the end of January, the government crowed that over 70 percent of prices had been regulated when it came to power, whereas now “only prices of a few items, such as bread and basic utilities, are controlled”. The outcome of this can be seen from a survey in June’s *Konjunktorni barometar* of the Belgrade Economic Institute. In the first five months of 2002, inflation had risen by 3.9 percent, and the cost of living by 2.9 percent. Total retail price increases had been driven up by the 13.3 percent rise in the cost of agricultural products over that period. Following IMF demands, the government introduced a major rise in energy prices in July. On average, household bills went up 50 percent.

The social misery produced by the government’s economic policy is revealed by two examples. The authorities have recently moved to halt the availability of anti-stress drugs without a doctor’s prescription, following an August 29 report by the health authorities on the quantity of anti-stress drugs being consumed by the populace. In 2001, Serbs consumed 41 million tablets of Bensedin, 63 million tablets of Bromazepam and 40 million tablets of Diazepam.

A more malignant expression of the social crisis is recorded in the suicide rate. In the capital Belgrade, a city of around 2.5 million, there were 900 suicides last year. In Nis, with a population of 350,000, local police estimate there is a suicide every five days.

In face of this social misery, the ruling coalition has resorted to forestalling parliamentary elections and thwarting an inquiry into corruption.

The DSS withdrew its ministers from the government last August following the high-profile murder of Momir Gavrilovic, a senior

Serbian state security official. Directly prior to the killing, the police officer had visited President Kostunica to disclose information pertaining to links between Prime Minister Djindjic and Balkan mafia boss Stanko Subotic. To date no one has been arrested and charged with the killing.

Kostunica pushed for an official inquiry into reports that had appeared in Britain’s *Observer* and *Financial Times* linking top politicians in Yugoslavia with the Balkan mafia. A parliamentary vote for the establishment of an enquiry was defeated by the narrowest of margins—100 to 98—in December 2001. The critical role in blocking the motion was played by the 11 MPs from the small party Nova Srbija (New Serbia) as the result of a trade-off between the prime minister and the party’s leader, Velimir Illic. The latter had originally added his voice to those calling for an investigation, but changed his stance after he was given the go-ahead to build a large cigarette factory in the municipality where he is mayor.

Since then, the momentum for early parliamentary elections has gathered. In an effort to avert this, in July a parliamentary committee under Djindjic’s control stripped the DSS of its assembly seats on the pretext that the deputies had failed to attend sessions regularly enough. In one move, the largest single party in the parliament was expelled. The constitutional court subsequently overturned the decision, calling it a violation of the law on the election of deputies.

Kostunica is opportunistically putting some distance between himself and the DOS in an attempt to capitalise on the growing discontent. He is seeking to divert the growing social grievances and opposition to the subjugation of the country by the Western powers into the dead end of Serb nationalism.

However, he signed up to the economic programme drafted by the G-17 Plus. And, after originally claiming that he would not cooperate with the war crimes tribunal against Milosevic in The Hague, Kostunica has said he is in favour of introducing domestic legislation that would enable government collaboration with the tribunal to proceed “constitutionally”.



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