

European Union demands speedy formation of unity coalition in Serbia

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The European Union has called for the formation of a pro-Western coalition government in Serbia as soon as possible following Sunday's elections.

With the final official tally to be released today, the nationalist Radical Party (SRS) of Tomislav Nikolic received 28 percent of the vote, and 81 seats in the 250-member Parliament. The Democratic Party (DS), led by President Boris Tadic, won 23 percent, with 65 seats, and Prime Minister Vojislav Kostunica's Serbian Democratic Party (DSS) took 17 percent and 46 seats.

Amongst the smaller parties, the G17 Plus Party had 6.8 percent, the Socialist Party (SPS) of former President Slobodan Milosevic had 5.6 percent, and a coalition led by the Liberal Democratic Party took 5.3 percent. A further four small parties will also receive several seats each.

A new government must be formed within 90 days of the first parliamentary session on February 25, and the EU has made clear its desire to sideline the SRS, which was in coalition with Milosevic's SPS during the 1990s in the period leading up to the West's dismemberment of Yugoslavia.

The official leader of the SRS is Vojislav Seselj, who is currently awaiting trial for war crimes at the United Nations tribunal in The Hague. Central to the party's election campaign was its efforts to whip up nationalist fervor over the status of Kosovo, which has been under United Nations control since 1999.

Kosovan independence would be the final act in the military and political dismemberment of the former Federal Republic of Yugoslavia that began in the 1990s. The Western powers have utilised this process to secure their hegemony over the strategic Balkan region and its resources. However, popular opposition in Serbia to Western plans led the UN to postpone releasing its proposals on Kosovo's future status until after the January 21 election.

UN envoy Martti Ahtisaari is to present his proposals later this week. Widely expected to be a form of "conditional" independence for Kosovo, the Western powers have avoided until now a public announcement that could boost support for the SRS and inflame broader nationalist sentiment, especially after Serbia's union with its neighbour Montenegro was formally dissolved following a narrow referendum vote last

year. Although the SRS's share of seats fell by one, it remains the largest party in parliament. And all the major parties are on record as opposing Kosovan independence. A new constitution claiming Kosovo as an integral part of Serbia was ratified last year.

Nonetheless, the major powers hope that a coalition of the three pro-Western parties will be able to weather any fallout from the UN's proposals and implement the economic "shock therapy" demanded by big business and the banks, as part of Serbia's integration into the EU, the country's biggest trading partner.

EU foreign ministers have praised the Serbian elections as a victory for "pro-democracy" forces, with its foreign policy chief, Javier Solana, claiming, "The majority voted for forces that are democratic and pro-European." NATO's Secretary General Jaap de Hoop Scheffer said he looked forward to a new government "committed to ever-deeper Euro-Atlantic integration."

Press reports cited Nebojsa Spaic, a Belgrade-based political analyst, as stating that the new government would likely be made up of the Democrats, together with Kostunica's DSS and G17 Plus. "I expect tough talks and horse trading, but they will form a coalition as their interests and ideological ties are stronger than their animosities," Spaic said.

The formation of any stable political leadership is far more problematic than Spaic suggests.

There is bitter rivalry between Kostunica's DSS and Tadic's DS, with the former so far refusing to relinquish the post of prime minister. Whilst Kostunica supports EU entry, he has sought to combine this with a more managed economic "transition" and a concerted appeal to nationalist resentment. According to the *Financial Times*, Kostunica "courted the nationalist youth vote by appearing at a Serbian New Year concert by Ceca, the turbo-folk singer and widow of a slain nationalist gang leader." There were even suggestions before the results came in that Kostunica may seek a coalition with the SRS.

Kostunica's maneuvering not only failed to stymie the SRS, it also saw his DSS lose some 10 seats compared to its results in the 2003 elections.

G17 Plus also saw its share of the vote fall from 11.5 percent

in 2003. It had been part of Kostunica's government until October, when it quit in protest at its failure to hand over Bosnian Serb General Ratko Mladic, who is accused of genocide in relation to the massacre of some 8,000 Muslim men and boys in Srebrenica in 1995. The EU has made the handover of Mladic and other accused war criminals a key condition for closer economic ties with Serbia. The Kostunica government's failure to comply had led to threats that no further cooperation would be possible.

The G17 is especially anxious to press ahead with EU ties. The party, which has close links with the US Congress, Washington's National Endowment for Democracy and the Center for International Private Enterprise, comprises 17 economists, most of whom worked for the World Bank and the International Monetary Fund. The G17 has promoted IMF structural adjustment policies, based on privatisation and "liberalisation," stating that economic reform should be "undertaken as a shock therapy as its radical nature does not leave space for gradualism of any kind."

Many commentators noted that social discontent over the impact that initial steps in this direction have had on living standards—unemployment stands at more than 20 percent—played a key role in the election.

Tadic's DS, which benefited from not being in the outgoing government, made the most gains in the election. Oriented firmly toward the EU, Tadic has claimed that Serbian membership would "provide better conditions for our people" and has also pledged that a government under his leadership would end the country's isolation by handing over those individuals sought by the UN to The Hague.

Along with Kostunica, Tadic has argued for keeping Kosovo within Serbia with the promise of broader autonomy. Both have pledged to resolve any dispute by "peaceful" means. But events are not under their control. The only party in Serbia to back independence for Kosovo is the Liberal Democratic list, led by Cedomir Jovanovic, although the *Financial Times* suggests that "many voters backing the Tadic-Djelic list would prefer to let Kosovo go".

Nor will matters be determined only by events in Serbia. In Kosovo, Albanian leaders have ruled out accepting any deal short of independence. On Monday, Kosovan Prime Minister Agim Ceku called on the West to press ahead, arguing, "There is no one single reason more to keep Kosovo as a hostage of the difficult and complicated path of Serbia."

The US, Britain, France, Italy and Germany are supportive of Kosovan independence, differing only as to how speedily this is pushed through. But SRS leader Tomislav Nikolic claims to have Russian backing for its opposition to Kosovan independence.

Russian President Vladimir Putin has said Russia would veto independence plans in the UN Security Council unless they had Serbian backing. Russian diplomats have expressed concern over the strengthening of ties between NATO and Belgrade.

Financial Times quoted "a senior American official traveling with [US Secretary of State] Condoleezza Rice" complaining that Russia was "flirting with blocking a Kosovo settlement."

"This is an issue of European security," the senior US official said. Referring to events leading up to the First World War, he continued, "To have Russia messing around in Serbia has a 1914 ring to it."

There is speculation, however, that Putin would back a deal if Kosovan independence could be used to Russia's advantage in pressing Georgia to allow the secession of Abkhazia and South Ossetia.

In addition to the destabilising impact of Great Power intrigue, Tadic's claims that the economic and social hardship facing the Serbian people can be offset through EU integration are false on a number of counts.

In the first instance, there are now widespread calls from within the EU that the process of enlargement be curtailed. Although EU leaders have held out the carrot of Serbian membership as a means of ending the country's economic isolation, there is no guarantee that Serbia would be admitted.

Fundamentally, closer ties with the EU are predicated on the further impoverishment of the Balkan peoples. Immediately after the election, Standard & Poor's Ratings Services Analyst Sladana Tepic made clear that the issue troubling international capital was the danger that the incoming government could opt "for a significant reversal from Serbia's structural reform and stabilisation efforts."

According to the Deutsche Press Agentur, the Belgrade stock exchange's key index rose by 12 percent in December, and a further 7 percent in the first weeks of the New Year. Foreign investment increased from US\$900 million dollars in 2005 to US\$4 billion dollars in 2006, approximately 10 percent of Serbia's national domestic product, helped by the sell-off of telecommunications.

But DPA notes that economists are demanding any incoming government launch the "long delayed push to further open up the nation's economy through selling off state-owned enterprises, notably sectors such as utilities, oil and pharmaceuticals." They are also demanding "far-reaching reform of the nation's judiciary system, which will also assist in promoting an international business framework in the country."

This is the agenda pushed most resolutely by the DS, whose candidate for prime minister, economist Bozidar Djelic, has pledged to turn Serbia into a "Balkan tiger" through "stricter fiscal management" in order to meet EU-set targets.



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