

# Serbia: Pro-Western president attempts to form a government

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Immediately following the result of parliamentary elections on May 11, pro-Western Serbian president Boris Tadic trumpeted the unexpected success of his “For a European Serbia.” European Union leaders declared it “a clear victory to the pro-EU parties.”

However, the initial euphoria evaporated when it was realised that Tadic’s victory was not so clear-cut and he had to embark on a struggle to cobble together a coalition government.

“For a European Serbia,” which comprised Tadic’s Democratic Party (DS) and the G17-plus party, increased its number of seats by 16 from elections last year to 102, well below the 126 seats needed to form a majority in the 250-seat parliament.

The number of votes “For a European Serbia” received increased from 1,190,895 to 1,587,630—largely at the expense of the Democratic Party of Serbia (DSS) led by outgoing Prime Minister Vojislav Kostunica and previously in a coalition with the DS. Its votes slumped by nearly a third from 667,615 in the last election to 463,996, securing just 30 seats compared to its previous 47.

The votes of Tomislav Nikolic’s nationalist Serbian Radical Party (SRS), which remains the largest individual party, increased slightly by some 40,000 to 1,194,029. But the party lost three seats, ending up with a total of 77 seats.

The Socialist Party (SPS) also increased its vote—by 40 percent—from 227,580 to 321,908—increasing the number of seats it holds by four to 20. The Liberal Democratic Party (LDP) gained two seats, ending up with 14 seats, and smaller parties representing ethnic minorities also won a handful of seats.

Since his election speech Tadic has not spoken in public and EU foreign policy chief Javier Solana was quite subdued when he said, “I hope that a new government can be formed rapidly, which would be strongly committed to reforms and to meeting the necessary conditions for further progress towards Europe... The European Union would give such a government all its support.”

Former US ambassador to Serbia, William Montgomery, warned, “Although we see a very good result for Tadic’s Democrats, it remains very uncertain who will form the government.” He added, “The results show the country is divided, about 50-50, between those who support the politics of the Democratic Party and its partners, and those who support the Radicals and similar parties, like the Socialists and Kostunica’s DSS.”

Since the election, there has been a week of political horse-trading, but if a new coalition government led by Tadic or Nikolic eventually emerges it will be extremely unstable.

The immediate reason for calling the election was the collapse of the DS-DSS coalition government following Kosovo’s unilateral declaration of independence from Serbia on February 17. Since then, about 40 countries led by the United States, Canada, Japan, Australia and most of the 27-nation European Union have recognised the breakaway province, inflaming anti-Western protests and violence in Serbia. Serb protesters set part of the US Embassy in Belgrade on fire and for several days in March hundreds of Serbs took control of a United Nations courthouse in the northern Kosovo city of Mitrovica. Northern Kosovo now operates as a de-facto independent state, holding parallel local elections on May 11 though the United Nations and Western powers declared them to be illegal.

Such formal complaints ring hollow, given that Kosovo’s declaration of independence was itself illegal under international law.

The election also took place at a time of mounting economic difficulties and social polarisation. Despite above average economic growth over the recent period, the credit crisis is now exposing Serbia’s reliance on a housing boom. Serbia has a huge foreign trade deficit that in the first three months of this year amounted to nearly \$3 billion, 40 percent more than in the same period last year. Whilst a handful of oligarchs have made fabulous fortunes out of the breakneck privatisation of state property, unemployment has reached 30 percent and the average wage remains one of the lowest in Europe—about 22,000 dinars a month (\$360). Nine percent of the population is living below an official poverty line set at \$115 a month or just \$2 a day.

Tadic made European Union membership a key point of the bloc’s campaign, claiming that the economic and social hardship facing the Serbian people could only be overcome through EU integration and not dwelling on the loss of Kosovo following its unilateral declaration of independence in February.

During the campaign Tadic declared, “Kosovo cannot be saved by paralyzing Serbia, but only by decisively moving forward. Some people say we should not speak with countries that have recognized Kosovo’s independence until they take back their decision. I say only if we head towards the EU can we deal with that problem and also attract foreign investment.”

Hoping it would boost Tadic’s campaign, the EU signed a pact, the first step towards European entry, with Serbia a few days before the elections and after years of delays and false starts. It included the lure of cheap visas, which will allow young people

unrestricted travel in the EU for the first time.

Various European bureaucrats and businessmen lined up to promise Serbia a bright future in Europe. Chief official for European Enlargement, Olli Rehn, declared, "Serbia can become the engine of the Western Balkans and the EU is ready to accelerate [Serbia's] status." The owner of the Fiat conglomerate, which has recently bought the privatised Zastava auto company, claimed he would create thousands of jobs.

These promises helped "For a European Serbia" increase its lead over the SRS, after early polls suggested they were running neck and neck. Amelia Stankovic, a student at Belgrade University explained, "It's an unexpected victory for the DS. I think a big influence of the number of votes they received was from signing the Stabilisation and Association Agreement (SAA) and the contract with the Fiat company the next day. The owner of Fiat told everyone that they would have the agreement, because Serbia signed the SAA."

However, 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 the SAA will lead to Serbia's entry to the EU. There are now widespread calls from within the EU that the process of enlargement be curtailed.

The SRS formed a coalition with the SPS and its leader, former president Slobodan Milosevic, during the 1990s in the period leading up to the West's dismemberment of Yugoslavia and bombing in 1999. Like all parties in Serbia, it too supports membership of the EU, but blames it for Serbia's "hopelessness and desperation." It puts greater emphasis on relations with Russia, which it sees as "more supportive, a partner that does not put any conditions" and also agrees with Serbia's opposition to Kosovan independence. Nikolic has attempted to refashion the SRS and himself, toning down his ultra-nationalistic outbursts and steering the party in a more populist direction, focused as much on fighting poverty and corruption and calling for "people-friendly economic growth strategies" as on the secession of Kosovo. He said the EU and Serbia "can work together as friends, but hands off our territory. If you think Kosovo must be independent, forget Serbia as the place where you'll make money."

The election result was a disaster for Kostunica, who experienced a meteoric rise from little-known lawyer to the leader of the opposition to Milosevic, who was feted by the West. He won the presidential elections against Milosevic in 2000, then became prime minister of two coalition governments and was seeking a third term.

Kostunica was squeezed in his attempts to balance between Tadic and Nikolic. He has tried to juggle entry into the EU, which demands further free market reforms, with calls for a more managed economic "transition" and attempted to assuage nationalist resentment over the Kosovo question. His room for manoeuvre disappeared when the province declared independence in February. He declared, "The primary measure of power for any state is its integrity. Only a Serbia that is strong in that sense can defend not only Kosovo but also other parts of our territory. If an exception were made for Kosovo, other parts of Serbia would be put in question as well."

The public disagreements between Tadic and Kostunica became

increasingly bitter. The rifts in the government deepened when Kostunica refused to endorse Tadic as presidential candidate against Nikolic earlier this year, accusing him of pursuing membership in the EU despite its support for an independent Kosovo. In March the DS-DSS coalition disintegrated, just eight months after its formation, precipitating the May 11 elections. In the recent election campaign Kostunica threw his lot in with the SRS and SPS.

Reports suggest it is extremely unlikely after all that has happened between Tadic and Kostunica that they will agree to form another coalition. This has given a key role in the political horse-trading to the SPS, which increased its votes based on a campaign demanding more social justice.

Although Tadic can count on the LDP and the ethnic parties, this still leaves him short of the 126 seats he needs to form a majority. As a result, Tadic has turned his eyes towards the SPS and tried to entice it away from its electoral alliance with the SRS and DSS.

The newspaper *Politika* said that if the SPS backed Tadic, "no one in the West would be able to call them 'the forces of the past' anymore, while Tadic would benefit from the Socialist's image as fighters for social justice." According to *Blic* two days of talks have taken place between Tadic and SPS leader Ivica Dacic and an agreement will be announced after the publication of the final result of the election, which could be delayed until May 26 due to a re-vote. In an overture to the SPS, Tadic said he would "work for the good of absolutely all citizens, on the principles of social justice, protection of workers' rights and creation of new jobs." Solana, who was head of NATO when it launched its bombardment of Serbia in 1999, said he would not object to the DS including the SPS in government as long as it became "a stable coalition in Serbia that was in favour of strengthening Serbia's ties with Western Europe."

It seems the SPS is keeping its options open as well and could still come to an arrangement with Nikolic and Kostunica. Top party official Zarko Obradovic denied press reports of a Tadic-Dacic meeting saying, "We have not yet received an invitation for talks from the Democratic Party" and that "Mr. Dacic told me that he is going to have talks with our coalition partners and Mr. Kostunica." Nikolic has confirmed that he and Kostunica have met to see if terms could be agreed that were acceptable to the SPS.

If no coalition is formed by mid-September, there will have to be new elections. In the meantime, Kostunica's outgoing government will be in office but effectively paralysed.



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