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SERBIA'S CHANGING POLITICAL LANDSCAPE

I. OVERVIEW

On 11 July 2004, Boris Tadic was inaugurated as Serbia's first president since December 2002. Voters chose Tadic in the second round of the election, on 27 June, by a vote of 53 per cent over the ultra-nationalist Tomislav Nikolic of the Serbian Radical Party (SRS).[1] Tadic's victory suggests that a slim majority of the electorate wants to see Serbia on a pro-European reform course. However, the Radicals' strong showing demonstrates that Serbia's electorate is deeply divided, and a pro-reform course should not be taken for granted, particularly if economic difficulties continue. Most importantly, the top three vote-getters in the first round of the presidential election came from parties that were not part of the government and did not support it in parliament.

Since the election, Tadic has indicated that he will support the government of Premier Vojislav Kostunica, thereby reducing the influence of the Socialist Party (SPS). However, the office of president holds little authority over day-to-day policy-making, and Tadic's election may not necessarily translate into real change for Serbian politics. The election leaves Serbia's minority government highly vulnerable to pressure from the nationalist right as well as the pro-European centre. Upcoming country-wide municipal elections and provincial elections in Vojvodina -- both scheduled for September -- will be seen by the government as a crucial test for possible early parliamentary elections.

Despite Tadic's election, the Serbian government appears reluctant to restart cooperation with the war crimes tribunal in The Hague (International Criminal Tribunal for the Former Yugoslavia [ICTY]). Rhetoric and ever-increasing international pressure aside, it is uncertain if anyone sought by the ICTY will be arrested or transferred prior to the September elections. Reform legislation has stalled, and relations with minorities in the ethnically mixed Vojvodina province have worsened noticeably and could be subject to further deterioration.

In this presidential election, Serbia's electorate demonstrated increased sophistication and signalled that it is no longer obsessed with the politics of nationalism. The economy dominated the election debate -- neither Kosovo nor the ICTY played a significant part in the campaign rhetoric. Both the first and second rounds of the election signalled broad disenchantment with the transition process and with politics as usual. But the emergence of a new face from the oligarchy -- one-time Milosevic crony Bogoljub Karic -- as an increasingly powerful political force sends a powerful message to Belgrade's self-absorbed political elites of possible populist trends in the future.

II. A HOUSE DIVIDED: SERBIA'S MINORITY COALITION

In the four and a half months since Kostunica assembled his minority government on 3 March 2004, the government has accomplished less than hoped for or promised. In contrast to the previous DOS government, which passed a substantial program of innovative legislation its first four months (March-May 2001), Kostunica's government has managed to have only a few laws adopted that could be considered truly reformist in nature.[2] In some areas -- such as privatisation and cooperation with the ICTY -- it has backtracked. The government coalition's three component groups -- Kostunica's DSS

[1] In the first round, 47.7 per cent of the electorate voted and 48.7 per cent in the second round. Three previous elections (29 September and 13 October 2002, 8 December 2002, and 16 November 2003) were annulled due to insufficient voter turnout. Subsequent changes in the election law removed the requirement for a 50 per cent voter turnout and made it possible for this election to succeed.

[2] These were mainly laws regulating public finances and the economy, as well as a handful of amendments to the judiciary laws.

(Democratic Party of Serbia), the joint rural conservative faction of Vuk Draskovic's SPO (Serbian Renewal Movement) and Velimir Ilic's NS (New Serbia), and the technocratic G17+ party led by Miroljub Labus -- are often at loggerheads over policies, much to the delight of the sensation seeking media. It is these quarrels that could lead to the early demise of the Kostunica government.

A. THE PARLIAMENT AND THE GOVERNMENT

The current Serbian parliament got off to a slow start. Although parliamentary elections were held on 28 December 2003, the parliament did not hold its inaugural session until 27 January 2004. Negotiations over forming a government dragged on for weeks, and it was not until 3 March that the parliament finally approved Kostunica's cabinet.

In the meantime, reforms remained stalled. On 24 February 2004, a group of international donors[3] sent a letter to all Serbian parliamentary parties outlining its view on the legislative priorities needed to restart reforms. In the letter, then World Bank chief of mission Rory O'Sullivan set out a list of 44 pieces of legislation that donors expected to be adopted and implemented if financial assistance were to continue. The letter also underlined the readiness of donors to assist in drafting and implementing those laws.

Of the nine laws designated by the donors as being of such urgency that they needed to be adopted within the government's first 30 days, five were passed by parliament by the end of June 2004 and three others were introduced into parliament. The donors also recommended that another group of 24 laws be passed within the first 100 days of parliament. Only five of these were passed by the end of June, with an additional piece having been introduced into parliament but not passed. A further 12 pieces of draft legislation were approved by the government and sent to the parliament for consideration prior to the summer recess, but no vote on these has yet been scheduled.[4]

The government's inability to ensure a parliamentary quorum, its expenditure of energy on internal quarrels and its distraction by a frivolous ICTY law (discussed below) have consistently derailed debate and passage of legislation.

The government has had some successes. One positive achievement was the amendment of the election law. After three presidential elections failed due to low voter turnout, the election rules were amended -- in accordance with recommendations from the Council of Europe and OSCE -- to remove the requirement of voter turnout of greater than 50 per cent. This, in turn, enabled the June presidential election to succeed.[5] Another positive legislative achievement was the passage of the Law on the Prevention of Conflicts of Interest for Public Office Holders and Employees. This law represents a genuine novelty in the Serbian legal system and could possibly have widespread ramifications for the future of Serbia's body politic, as well as for Serbian jurisprudence.

The most time consuming and controversial piece of legislation has been a Law on the Rights of ICTY Indictees and Their Families, which would guarantee financial support to the families of those who have been indicted for war crimes. The law, proposed by the Radicals, exposed the divisions among the ruling coalition. The DSS was the only government party to support it: the SPO and NS walked out; the G17+ remained in parliament to ensure a working quorum but abstained from voting; and the DS voted against it. The law was passed on the votes of the DSS, the Radicals and the SPS. It has since been temporarily suspended by the Constitutional Court, pending a review of its constitutionality.[6] Among other things, this episode demonstrated that the DSS was capable of forming opportunistic alliances with the ultra-nationalist anti-reform forces.

All told, of the 37 pieces of legislation adopted by the parliament prior to the end of June, 24 were amendments and additions to existing laws; eight of the remaining 13 stand-alone acts were related to the

[3] This was the Law and Transition Group. Established in 2001, it meets once a month and includes major international donors including the World Bank, UNDP, EBRD, USAID and GTZ and other actors such as the OECD and OSCE. The 24 February letter is in ICG's possession.
[4] As of 20 July 2004.

[5] The Serbian president's powers are similar to, but slightly stronger than those of the president of Germany. The president signs and promulgates the acts passed by parliament; if he refuses to sign, the parliament can force adoption by a second vote. The president can only dissolve the parliament on the request of the prime minister. The Supreme Defence Council of Serbia and Montenegro, the body in charge of the military forces, consists of the presidents of Serbia, Montenegro, and the state union of Serbia and Montenegro.
[6] As at 20 July 2004.

economy and the budget. This reflects in part the serious difficulties the government is facing in meeting its project budget revenues. In the meantime, Kostunica's favoured project -- the drafting and adoption of a new Serbian constitution -- has stalled in the parliament, due to the lack of political consensus necessary to pass a constitution.[7]

Embarrassing public feuds between ministers have hurt the government's image and have created the perception of a lack of unity within the cabinet. The three-year feud between Finance Minister Mladjan Dinkic (G17+) and tycoon Bogoljub Karic has been enlivened by Minister of Capital Investments Velimir Ilic (NS) who has openly taken Karic's side and engaged in crude public sparring with Dinkic. Meanwhile Foreign Minister Draskovic (SPO) has been publicly advocating full cooperation with The Hague and has sought the immediate replacement of hardline General Branko Krga, chief of the General Staff -- an approach that has brought him into open conflict with Kostunica.[8] Another conflict erupted between G17+ and SPO, when Deputy Premier Miroljub Labus's chief foreign policy adviser resigned from the Ministry of Foreign Affairs, sharply criticising Draskovic's performance and Kostunica's policy of maintaining the state union of Serbia and Montenegro at all costs[9]

Kostunica does not appear to have intervened in any of these disputes, despite their obvious potential to destabilise the coalition.

B. KOSTUNICA'S DSS: PARTY WITHOUT A CAUSE

To understand why the DSS is having difficulty leading the government and articulating clear policies, it is necessary to look at the roots of the party and its efforts to define itself and its policies. Kostunica's Democratic Party of Serbia (DSS) was founded in 1992, when a faction he led split from the Democratic Party, led by late Zoran Djindjic and Dragoljub Micunovic, over differences on how to fight Milosevic. Since then, the party has often defined itself in reaction to assassinated former premier Djindjic and his DS party.

1. Fighting Djindjic's ghost

As Djindjic's DS began to position itself as a modernising centre-left pro-Western political force, Kostunica steered his much smaller, personality-based party toward the right of the political spectrum. In spite of this, Djindjic and Kostunica always seemed on good terms until they actually took power. As a result, up until October 2000, the differences between the two parties were primarily ideological rather than personal.

Most of the DSS's leading figures were "salon politicians", spending their time and energy pondering and discussing issues, while actually not doing much. This actually enabled Kostunica to emerge as an uncompromised, conservative, sceptical-of-the-West presidential candidate against Milosevic in the 2000 elections, with the support of the anti-Milosevic Democratic Opposition of Serbia (DOS) coalition. Even though his party was small in comparison to the DS in terms of membership and organisation, Kostunica had solid patriotic and populist credential and was uncompromised by his actions. On the other hand, the pro-Western reformist Djindjic, the real leader of the DOS coalition, was considered unelectable.

Kostunica replaced Milosevic as president of Yugoslavia after a mass demonstration on 5 October 2000 forced Milosevic to acknowledge his defeat in the 24 September election. DOS sealed its victory in the Serbian parliamentary elections in late 2000, which gave the coalition a majority in the parliament, propelling Djindjic to the Serbian premiership.

To many, Djindjic epitomized the witty, mercurial, modernizing, energetic, quick thinking, hard working and cosmopolitan politician. Kostunica on the other hand, is often painfully slow in his legalistic and philosophical deliberations, shies away from the limelight and media and makes Serbian national identity the focal point of his political discourse. The bitter rivalries and ideological differences between the two former friends and their parties surfaced immediately after 5 October 2000, and they continue to haunt Serbian politics to this day. Nonetheless,

[7] The 1992 constitution requires a two-thirds parliamentary majority (167 out of 250) for amending or changing the constitution. The former DOS government enjoyed such a majority in 2001 until the DSS left the coalition. *Vreme*, 3 June 2004.
[8] "Voja ljut na Vuka", *Balkan*, 4 July 2004.
[9] In an outspoken and bitter public statement, issued on 2 July 2004, Labus's chief foreign policy adviser, former Ambassador Milan Pajevic, said: "Serbian diplomacy is on its knees and the Serbian taxpayers' money is wasted on promotion of Montenegrin independence."

significant elements within both parties continue to maintain close ties.

The DSS initially participated in the Djindjic government but withdrew its members[10] from the cabinet and its members of parliament from the DOS coalition on 17 August 2001, largely as a result of their dissatisfaction over Djindjic's cooperation with the ICTY. In this context it is worth noting that after 5 October 2000 the DSS expanded rapidly, becoming a refuge for many former Milosevic supporters. While this gave the party sufficient numbers to be a major player on the Serbian political scene and provided it with a much-needed infusion of managerial and leadership experience, it also alienated many of the founding members, who had strong anti-communist convictions, and now found themselves a minority within their own party.

After withdrawing from the Djindjic government, the DSS then sought to bring it down. In doing so, it relied on a strategy of discrediting the government through the media.[11] Although it succeeded in temporarily damaging the DS, the DSS was unable to convey to the voters what it stood for. In the end, it was G17+, not the DSS, that was able to make sufficient political capital of the mounting scandals and force early parliamentary elections to be held in December 2003.

Due to its obsession with the DS throughout the parliamentary election campaign in late 2003, the DSS failed to challenge the strongest opposition party and their main rival for power -- the Serbian Radical Party (SRS). Partly because of this, the Radicals captured almost one third of the parliamentary seats (82 out of 250) in the December 2003 parliamentary elections - almost 10 per cent ahead of the second placed DSS, with the third placed DS trailing the DSS by 5 per cent.[12]

2. The politics of spite

Kostunica's DSS has had difficulty adapting to its newly acquired power and shedding its opposition mentality. Although it has proven adept at generating scandals in the media, the DSS has been unable to provide decisive leadership to its junior coalition partners, G17+ and SPO/NS. Despite the DS's strong third place showing in the parliamentary elections and in spite of the need to unite Serbia's democratic forces against the newly ascendant Radicals, old animosities have taken priority: the DSS insisted -- against the wishes of G17+, SPO, NS and indeed the international community -- on leaving the DS out of any ruling coalition. Instead, it opted for a minority government, maintained in power with the tacit support of Milosevic's Socialists (SPS). In contrast to the DSS, other coalition members who had had sharp personal disputes with Djindjic and the DS in the past -- most notably Foreign Minister Draskovic and the members of G17+ -- have managed to leave behind their personal disputes with the late premier and follow pro-European reform policies similar to those espoused by Djindjic.

While in opposition, the DSS was a vocal critic of the previous government's privatization program, accusing the DS of corruption and irregularities. As a part of its parliamentary election campaign, the DSS promised to re-evaluate the work of the Privatisation Agency, and spoke openly of annulling many privatisation contracts and returning the enterprises in question to state ownership.[13] These statements caused dismay among potential investors. Since coming to power, Minister of Economy and Privatisation Dragan Marsicanin (DSS) has not backed these promises with much more than rhetoric.[14] So far, only one privatisation has been annulled.[15]

Upon being chosen as the DSS presidential candidate, Marsicanin devoted all his energies to campaigning - effectively leaving the Economy and Privatisation portfolio vacant. Finance Minister Dinkic complained publicly about a hole in his

[10] These were Serbian government Vice President Aleksandar Pravdic and Minister of Health and Ecology Obren Joksimovic.

[11] For instance, the DSS attacked the DS over the alleged tapping of Kostunica's cabinet by the Serbian Bureau for Communications; the assassination of former State Security agent Momir Gavrilovic shortly after he met Kostunica; and the legally questionable expulsion of DSS parliamentary deputies from the parliament.

[12] The SRS polled 27.7 per cent or 1,067,000 votes, while the DSS received only 18 per cent or 695,000 votes.

[13] Some of the privatisations that attracted public attention were the US Steel buyout of the insolvent SARTID-Smederevo steel mills and the California based tour operator Uniworld's acquisition of the largest Serbian travel agent Putnik.

[14] "Maršićanin: revizija 80 slučajeva privatizacije", *Radio B92 News*, 26 April 2004, www.B92.net.

[15] This was the sale of the Jugoremedija pharmaceutical plant to the Macedonian company Jaka 80.

projected budget revenues due to the lack of progress in privatisation, and the World Bank also expressed its concern.[16] In early July, after two months with nobody at the helm, Minister of Foreign Economic Relations Predrag Bubalo (DSS) was given the task of overseeing the Ministry of Economy and Privatisation until a new minister was designated. He began by sacking the head of the Privatisation Agency, Branko Pavlovic, also a DSS appointee, whose performance had been unimpressive. At the same time, the government-appointed Anti-Corruption Council published a report on one of Serbia's highest profile privatisations, the sale of the Smederevo-based Sartid steel plant to US Steel. The Anti-Corruption Council publicly stated that the government was unwilling to take action on allegations of corruption due to political concerns and fear of angering the U.S., even though evidence existed of suspicious activities.

Marsicanin's statements, the lack of action by the Privatisation Agency and the DSS's seeming lack of concern for this key portfolio all have combined to create an atmosphere of uncertainty and nervousness among current and potential investors. There can be no doubt that this policy drift has deterred foreign investment in Serbia.

3. Kostunica: The invisible man

Although Kostunica appointed his close associate, the journalist and former Milosevic-era Information Minister Aleksandar Tijanic,[17] as director of the Serbian Radio Television, the premier himself remains camera-shy -- local journalists joke that he is harder to find than ICTY indictee Ratko Mladic.[18] Questions about Kostunica's reclusiveness became so persistent that he gave a rare interview to the weekly *Vreme* on 3 June stating that he was busy with "invisible work" -- the overall management of the system, strengthening of institutions and the rule of law, preservation of the state union with Montenegro and finding lasting solutions for the Kosovo problem.[19]

Its obsession with exorcising Djindjic's ghost has hurt the DSS. In the run-up to the June 2004 presidential election, the junior coalition partners warned Kostunica against choosing the unpopular Dragan Marsicanin as the ruling coalition's candidate -- a warning that was ignored. During the campaign, Marsicanin pursued the standard DSS tactics of bashing the DS, while ignoring the Radicals. The DSS tactics[20] proved counterproductive.

Separately, the unexpected surrender and court appearance of the prime suspect in the Djindjic murder case, former Red Beret commander Milorad "Legija" Ulemek, was seen by many as a possible trump card in the DSS campaign strategy. While supporters of the DSS hoped Ulemek would give testimony damaging to the DS, his sudden surrender backfired against the DSS, as it raised questions about a possible deal between the DSS and Ulemek. In any event, whether or not any deal existed, Ulemek deliberately delayed giving testimony in court until after the first round of the election -- by which time Marsicanin's bid had ended in failure.

The government's lacklustre performance to date has cost the DSS dearly. In the December 2003 parliamentary elections, the DSS won 700,000 votes. However, in the first round of the presidential election on 13 June 2004, only 400,000 people voted for Marsicanin, who finished in fourth place. In sharp contrast, Boris Tadic, the candidate of the rival DS -- whose party captured 480,000 votes in December 2003 and was forced into opposition -- won 850,000 votes in the first round and 1.7 million in the second.

From the beginning, Kostunica's coalition partners -- G17+ and Vuk Draskovic in particular -- have argued that the government needs DS's support and participation if it hopes to become stable and push a reform agenda. Instead, the government has been forced to rely on the often unreliable and politically costly support of Milosevic's SPS. After the 13 June first round election debacle, DSS's coalition partners are increasingly questioning the cabinet's legitimacy, and pressure is growing inside the governing coalition for the DSS to make a deal with the DS.

[16] For Dinkic: Kritike u vezi sa privatizacijom, *Radio B92 News*, 7 July 2004, www.B92.net; for World Bank: "Tri meseca bez novih tendera", *Danas*, 10 July 2004.
[17] Tijanic has also worked for Bogoljub Karic.
[18] Vojislav Kostunica interview, *Vreme*, 3 June 2004.
[19] Vojislav Kostunica interview, *Vreme*, 3 June 2004.

[20] During the election campaign, the DSS-controlled Interior Ministry arrested the organizers of the popular international music festival EXIT. The sugar king Miodrag Kostic, known as a former director of the DS and a close friend of Zoran Djindjic, also was arrested. Former DS Vice President and Deputy Prime Minister Cedomir Jovanovic was called in with much media attention to give a deposition in the re-opened Gavrilovic murder investigation. Djindjic's chief spin doctor Vladimir "Beba" Popovic was vilified by the media.

As a result of the government's lacklustre performance, support for the DSS continues to drop. If there are an early parliamentary elections, it is unlikely that the DSS would poll substantially higher than the 13.3 per cent Marsicanin received in the first round of the presidential election, as DSS support is being continued to be squeezed by Karic, the SRS, the SPO/NS and the DS.

C. PLUGGING AWAY: G17+ AND ECONOMIC REFORMS

The one consistent bright spot in the new government has been the work of the G17+ economic team, headed by the Serbian Deputy Prime Minister Miroljub Labus, Minister of Finance Mladjan Dinkic and National Bank Governor Radovan Jelasic. Many G17+ experts worked for the previous DOS coalition government, and their activities and economic programs formed the backbone of Djindjic's reform efforts. Their involvement in the current government provides an important element of continuity.[21]

The most high profile achievement of this economic team has been to negotiate the write-off of 63 per cent ($1.62 billion) of Serbia's London Club debt. In June, they also successfully negotiated a cancellation of mutual debts between Serbia and Russia, worth approximately $900 million. They also negotiated an agreement with the World Bank that enabled several international donors to continue assistance programs, although, because the aid will not cover pensions or salaries, Serbia's budget will continue to be strained. And G17+ pressure contributed to the mid-July sacking of the ineffective Privatisation Agency head Pavlovic.

Despite these achievements, Labus and his team have been under constant pressure from trade unions, farmers and other groups who have been hard-hit by the government's rigid economic policy and the refusal to raise salaries in the public sector. The government has also been criticised by the World Bank and IMF for over-optimistic public spending projections in the original 2004 budget. And with the DSS apparently blocking the process of privatization, the state budget is bereft of an important source of income.

One notable area of discord within the government is G17+'s position on the state union of Serbia and Montenegro. DSS, SPO and NS all oppose Montenegrin independence and favour strengthening the state union's joint structures. G17+ however supports Serbian independence from Montenegro on the basis that the state union is harmful to Serbia's economic interests. G17+ foreign policy advisor Milan Pajevic has demanded a separate Serbian Ministry of Foreign Affairs, noting that the current state union ministry is financed exclusively by Serbian taxpayers yet serves Montenegrin pro-independence interests.[22] Both Labus and Dinkic appear to support these views.

G17+ appeals to the same group of voters as the DS. Many of voters were disappointed that G17+ broke its promise not to enter the govrenment without the DS and that it remained in the government even when it became evident that the government would need to rely on Milosevic's SPS. As a result, G17+'s popularity has decreased, and if there are early parliamentary elections the party -- already hovering close to the 5 per cent parliamentary threshold -- will probably lose votes to the DS.

D. THE POPULISTS: VUK AND VELJA

Vuk Draskovic, leader of the Serbian Renewal Movement (SPO), and his colleague, New Serbia (NS) boss Velimir Ilic, appeal mainly to a rural anti-communist electorate in central Serbia. They are populist, patriotic and embody values of pride and entrepreneurism, traditionally associated with Serbian village life. Together with Draskovic, Ilic, or Velja, as he is popularly known, was one of SPO's founders but was later removed from the party at the insistence of Draskovic's influential wife Danica.[23]

[21] G17+, a well-known think tank focused on economic issues that had provided much of the intellectual weight to DOS, registered as a separate political party in 2003 after relations with Djindjic and the Democratic Party had deteriorated.

[22] It is noticeable that in Brussels, Montenegro's dealings with the European institutions are generally handled by the Ambassador of Serbia and Montenegro to Belgium (who is a Montenegrin) rather than by the ambassador heading Serbia and Montenegro's mission to the EU (who is a Serb) .

[23] Velja Ilic comes from Cacak, a prosperous central Serbian town, where he served two terms as the mayor. His first cousin Bane Ilic, a wealthy pig merchant, was a substantial contributor to the Serbian Renewal Movement until Danica Draskovic removed Ilic from the party presidency in the late

Both men have a similar ideology to that of Kostunica and the DSS, but whereas the DSS appeals primarily to urban conservatives, the SPO and NS are stronger in rural areas. In theory this makes the DSS-SPO/NS coalition a comfortable ideological fit. The average SPO/NS voter accepts democracy and its values -- and differs from supporters of Seselj's Radicals in this respect -- but shares similar roots with the Radicals' supporters.

Both Draskovic and Ilic have participated actively in the cabinet's work. Although they opposed many of Djindjic's policies under the DOS government, both have subsequently backed G17+ and its efforts to push the original DOS reform program. During the formation of the coalition government, both backed efforts of G17+ to push the DSS toward a reconciliation with the DS aimed at bringing the DS into government.

In the event of early parliamentary elections, Draskovic and Ilic will probably maintain their coalition. They could consolidate their support by picking up voters from the DSS, and perhaps the SRS, and it is probable that they will be in any new parliament.

1. The comeback kid: Vuk Draskovic

Prior to the 1999 NATO bombing of Yugoslavia, Draskovic lost patience with the opposition and briefly joined Milosevic's coalition, hoping to effect change from within. Milosevic quickly dismissed him, but the involvement nonetheless compromised Draskovic in the eyes of many. Largely due to his refusal to participate in the anti-Milosevic DOS coalition in the 24 September 2000 presidential election campaign and the 25 December 2000 parliamentary elections, the SPO fared poorly in both votes, and it seemed that Draskovic and his party were finished.

Former Draskovic ally Ilic understood the importance of the DOS coalition and was one of the key figures in Milosevic's removal on 5 October 2000. However, he felt he never got the credit he deserved from Djindjic and eventually left the DOS coalition. In the failed 16 November 2003 presidential election, Ilic polled a respectable 8.8 per cent. Because he understood the need for a broad voter base in order to surmount the 5 per cent electoral threshold, he overcame his differences with Draskovic and formed a joint list for the December 2003 parliamentary elections.

Although he had been promised the Foreign Ministry in the coalition negotiations, it was almost two months before Draskovic was appointed. This was due to Kostunica's general indecisiveness, exacerbated by pressure from the SPS and anti-Hague elements within the DSS, who were angered by Draskovic's open opposition to the Law on the Rights of ICTY Indictees and Their Families. During the voting on this law, the SPO deputies absented themselves from the parliament. The SPS continued to oppose Draskovic's appointment, fearing correctly that he would press for compliance with the ICTY, which would inevitably mean a house-cleaning of Milosevic holdovers in the army, police and government bureaucracy. As a result they successfully blocked his appointment for two months, creating further strains within the ruling coalition.

Since becoming foreign minister on 15 April 2004, Draskovic has fulfilled the SPS's worst fears. He has advocated European integration, full and unconditional cooperation with the ICTY and reform of the military and police required to join NATO's Partnership for Peace programme. This approach caused friction between Draskovic and Kostunica. Draskovic further deepened the rift with the DSS by forwarding four ICTY indictments against top army and police generals to the Belgrade District Court for immediate processing without consulting Kostunica first. Although the previous government of Zoran Zivkovic had received the indictments from the ICTY Chief Prosecutor Carla Del Ponte in October 2003, it had decided not to act upon them for fear of creating controversy in the upcoming parliamentary elections.[24] When the SPS threatened to withdraw its support from the government over the indictments in June, the head of the SPO parliamentary caucus, Veroljub Stevanovic, responded that "extradition of the four generals would produce a minor government crisis, but should not jeopardize its survival".[25] Stevanovic added that if the stability of the cabinet depended on support of the Socialists (SPS), such a government deserved to fall.

1990s. Velja Ilic then formed his own party, New Serbia, with support from Bane.

[24] "Kostunica ljut na Ljajica", *Blic*, 6 July 2004.
[25] Short news item, *Blic* 6 July 2004.

2. Serbia's Falstaff: Velimir Ilic

Since becoming minister of capital investments and telecommunications, Ilic has made grandiose promises of investment. On several occasions -- both before and after becoming minister -- the media has caught him exaggerating or prevaricating. His propensity to exaggerate -- as well as his on-the-air use of profanity -- has often made him the butt of media ridicule. On April Fool's Day 2004 Ilic was set-up as the target of a joke by a local radio station in Novi Sad. The interviewer engaged Ilic in a discussion of multi-million dollar investments in Novi Sad's hospitals by a wealthy expatriate American Serb named Steve Bogdanovic. Not wishing to appear out of the loop, Ilic claimed to have met Bogdanovic, who in fact had been invented by the radio station.[26]

Ilic has distanced himself from Kostunica and the DSS presidential candidate Dragan Marsicanin by hosting the launch of tycoon Bogoljub Karic's presidential campaign in Ilic's home town of Cacak. Ilic's links with Karic -- who is involved in a long-running dispute with former central bank governor, now Minister of Finance Mladjan Dinkic of G17+[27] -- has produced additional tensions in an already shaky cabinet. In the most recent installment, in an interview with the tabloid *Balkan*, Ilic stated that he would personally "cut off the fingers of Dinkic's mafia" and prevent G17+ from interfering in his portfolio.[28] In response Dinkic called for Kostunica to sack Ilic, commenting that such a "vulgar" man as Ilic should not be in the cabinet.[29] Ilic's often intemperate statements and behaviour have damaged Kostunica's credibility and made him appear unable to control his own government. How this will translate at the polls remains to be seen.

E. SPS -- MILOSEVIC'S REMNANT

The only real concession the SPS managed to extract in exchange for its support of the government, other than a few directorships of state-controlled enterprises, was the passage of the highly controversial Law on the Rights of ICTY Indictees and Their Families. The law remains suspended pending a review of its constitutionality by Serbia's Constitutional Court. However, the DSS's credibility has suffered by its support for the law.

Despite winning 22 seats in the December 2003 parliamentary elections, the SPS has been unable to exploit politically its swing role in the parliament, and it did not fare well in the June presidential election. Its candidate and *de facto* leader Ivica Dacic received a very poor 3.5 per cent of the vote, less than half the party's showing in December. The weak showing was partly a result of Dacic's strategy of not mentioning party president Slobodan Milosevic during the campaign. Die-hard Milosevic supporters are now saying that this decision not only proved Dacic's strategy wrong but also brought the party to the verge of political extinction.[30] In spite of the poor results in the elections, Dacic's leadership of the party is not likely to be challenged.

In the event of early elections, the SPS would find it difficult to clear the 5 per cent parliamentary threshold. On 28 June, the party held a rally in Belgrade's Republic Square to mark the third anniversary of Milosevic's transfer to The Hague. Fewer than 1,000 people showed up. The SPS may well be a spent political force, whose voters have defected to Karic, the SRS or the DSS. Although the SPS did threaten that it would withdraw its support from the government in the event that the four indicted generals were transferred to The Hague, it would risk its own extinction by doing so.

III. THE OPPOSITION CONSOLIDATES

In the two rounds of the presidential election, the voters sent clear signals to the government and opposition politicians regarding their satisfaction, or lack of it, with past and present policies. In the first round on 13 June, turnout was 47.7 per cent, higher than the two preceding elections in November 2003 (38.6 per cent) and December 2002 (45.1 per cent), both of which failed because turnout was lower that the required 50 per cent. This may be because voters knew that -- due to changes in the election law -- a president would be elected, regardless of whether or not there was a turnout of 50 per cent.

[26] "Namagarcili ministra", *Blic*, 3 April 2004.
[27] As governor of the Central Bank under Djindjic, Dinkic issued a decree to close down Karic's Astra Bank. He also pursued him relentlessly for payment of the extra profit tax.
[28] "Isecicu prste Dinkicevoj mafiji i mesetarima", *Balkan*, 12 July 2004.
[29] "Ilicu nije mesto u vladi", *BETA*, 12 July 2004

[30] "Vecina uz Ivicu", *Novosti*, 5 July 2004. Milosevic remains formally the party's president; Dacic's formal role is as president of SPS's main board.

The first round showed broad dissatisfaction with Kostunica's government, whose candidate, Dragan Marsicanin, received only 13.3 per cent of the vote, despite support from the DSS and G17+. Nikolic, the Radicals' candidate, received 30.1 per cent, and Tadic received a better than expected 27.3 per cent. Wealthy businessman Bogoljub Karic placed third with 19.3 per cent. The first round also demonstrated the weakness of Milosevic's SPS, as its candidate, Ivica Dacic, won only 3.6 per cent of the vote. In the second round, 48.7 per cent of the electorate voted, an increase of one per cent, again probably because voters were conscious that their vote would count.

The numbers aside, the election results sent mixed signals about the direction that Serbia's voters want the government and the country to take. None of the three highest vote-getters belonged to parties participating in or supporting the Kostunica government. This suggests not only that the government is out of step with the electorate but also that any new parliament could look very different from the current line-up.

When and if new parliamentary elections are held, they will result in the continued consolidation of Serbian politics. The main groups entering a new parliament will probably be, in order of popularity, SRS, DS, Karic's Snaga Srbije, DSS, and SPO/NS. Both G17+ and the SPS will be hard-pressed to pass the 5 per cent threshold.

A. THE KARIC FACTOR: READY OR NOT…

The first round of the presidential election marked the emergence of what could well prove a new political force in Serbian politics: wealthy businessman Bogoljub Karic, who came in a convincing third place, well ahead of the government's candidate, Marsicanin. Karic, a one time close associate and next door neighbour of Slobodan Milosevic, appears to have earned the bulk of his wealth during the 1990s. In the mid-1990s, he was minister without portfolio in the Serbian government. His close association with the ruling couple and his high profile business deals (including Serbia's first internet and mobile telephone providers) at a time when doing business without the consent of the ruling couple was extremely difficult made him a frequent target of the anti-Milosevic opposition and a symbol of the Milosevic era.[31]

Since Milosevic's fall, Karic has been the target of public scorn, and both the Djindjic and Kostunica governments instituted legal actions against some of Karic's companies (Astra Bank and Mobtel). They also targeted Karic under the law on extra profit, forcing him to pay taxes on the wealth he had accumulated under Milosevic.[32]

To overcome this legacy, Karic has reinvented himself as a progressive, pro-reform pro-European businessman, along the lines of Italian premier Silvio Berlusconi. Karic first openly entered the political scene on 28 January 2004 when he hosted a gala inaugural celebration for the Association of Industrialists and Entrepreneurs of Serbia and Montenegro (UIP), of which he is a founding and leading member. Under Karic's guidance, over the next three months, the UIP began taking an increasingly high profile stance on economic issues, while Karic openly pushed the government to take a pro-reform, pro-European stance on issues. On 29 April, Karic officially announced his candidacy for the presidency and launched a very professional, expensive and well-organised campaign.[33] He subsequently founded a political party, Snaga Srbije (Force of Serbia), based on the concept of Berlusconi's Forza Italia.

To combat the negative public attitudes surrounding his association with the Milosevic regime, Karic's media campaign portrayed him as a hard-headed no-nonsense businessman, fighting against wrong-headed government economic policies, and who wanted the best for Serbia -- responsible governance, good management and European integration. Karic capitalised on the ever-growing popular dissatisfaction with the government, and his message appealed to many disillusioned voters who might otherwise not have voted.

In the first round, Karic attracted voters away from the DSS, Radical and SPS candidates. This support means that in future parliamentary elections, Karic could act as a catalyst to transform otherwise

[31] For more on Karic, see the ICG Balkans Report N°145 *Serbian Reform Stalls Again*, 17 July 2003.
[32] Ibid.
[33] According to a recently released report by the Serbian Electoral Commission, Karic spent more on his campaign than any other single candidate.

reactionary nationalist and conservative voters into a more moderate superficially pro-European electorate. To this segment of the electorate -- those who feel that Milosevic's main mistake was losing the wars -- Karic is seen as a person who has made the successful transition from a pro-Milosevic ally to a pro-European reformist. Given his close association with the old regime, many feel comfortable that he will be able to protect their nationalist and conservative values and interests while shepherding Serbia cautiously toward the unknown future of European integration.

In the meantime, Karic has been patiently collecting political IOUs from leading Serbian politicians. Following the first round of the presidential election, Karic publicly threw his support behind Tadic. He is known to have close relations with Ilic, who has backed him in his battle against Finance Minister Dinkic. Karic was also quite close to Kostunica in the run-up to the December presidential election, so much so that after the election, Karic met with Kostunica in a well-publicised "confidential" meeting that ended only minutes prior to Kostunica's first meeting with his potential coalition partners.

As a businessman and politician, Karic has one characteristic that is rare in Serbian politics: he goes out of his way to make alliances and tries to avoid burning bridges. He is able to avoid much of the pettiness that pervades Serbian politics and has been known to extend a hand to former foes. If parliamentary elections put him in a position to bid for a role in government, Karic will seek a number of the key ministries associated with the economy. It is, however, unlikely that he will look for an early reconciliation with Dinkic, who, as former National Bank governor and current finance minister, led the fight against Karic's bank and mobile telephone company.

B. THE DEMOCRATIC PARTY REJUVENATED

Boris Tadic took over as leader of the DS in February 2004. Soft-spoken and unassuming, he is widely perceived as a pragmatic and cool-headed politician. Born in Sarajevo in 1958, he is the son of a dissident philosophy professor at Belgrade University who was sacked from his post by Yugoslav leader Josip Broz Tito. Tadic lost no time in following in his father's footsteps. During his early days as a psychology student at Belgrade University, he was convicted for opposition activities against the Communist Party and soon gained a reputation as a political activist.

A member of the DS since 1990, Tadic's first major post was as telecommunications minister in the DOS coalition government following Milosevic's fall. This was followed by an impressive stint as defence minister of Serbia and Montenegro from March 2003 to April 2004 . His move to make the General Staff directly accountable to the Defence Ministry for the first time since the Second World War earned him the reputation of a reformer. He can also take some credit for launching a modernisation plan designed to prepare the armed forces for membership in NATO's Partnership for Peace programme.

Tadic's inaugural address on 11 July concentrated on setting Serbia on a course that emphasises European integration, re-conciliation with its neighbours and with itself. It also placed emphasis on economic and social reform and civil and minority rights. Apart from a comparison between Srebrenica and the notorious Croat Fascist World War II concentration camp at Jasenovac that made diplomats from some neighbouring countries wince, Tadic sent all the right signals to the international community.[34]

Tadic's victory and the high second round voter turnout demonstrated that a slim majority of Serbian citizens favours democracy and is willing to heed a wake-up call. Strong international messages of encouragement, particularly from the EU, contributed to the outcome. Yet a warning note should also be added: should the democratic forces in the government fail to improve the standard of living for average Serbs, turnout in future elections will slip further and the Radicals and other retrograde forces could attract more voters.

The result of the presidential election paves the way for a period of possibly uneasy cohabitation between the new president and his rejuvenated Democratic Party on the one hand, and the embattled ruling coalition of Kostunica on the other. This arrangement can only last if Kostunica institutes a real reform

[34] For neighbouring Croats and Bosnians, the analogy seemed an effort to relativise crimes of all ethnic groups, as well as justify those of the 1990s on the basis of actions during WWII. For the Serbs, however, this was the first time a Serbian politician of such a high profile had made such a blunt statement. For Tadic to openly equate Srebrenica with Jasenovac meant that Serbs could no longer minimise Srebrenica and claim that it was simply a Western or Muslim plot.

policy, using the opportunity provided by the political truce that Tadic has offered him. The cohabitation arrangement presents a win-win situation for Tadic and the DS. They will be able to avoid the responsibility for unpopular decisions, a failing economy, and any government scandals that occur on Kostunica's watch, while simultaneously using the bully pulpit of the presidency to improve the party's image and popularity. Tadic and the DS will be able to dictate terms of support to the DSS without having to take responsibility for the costs of implementing reforms or taking unpopular actions.

In a sense, the tables have been turned on Kostunica. From January 2001 until December 2002 Djindjic and Kostunica were involved in a similar cohabitation. At that time Djindjic was in the hot seat as Serbian premier, while Kostunica held the position of president from which he could preach without ever having to take responsibility. The DS will be tempted to return the favour.

Although Tadic has been subject to intense internal party pressures, particularly from a powerful wing that controls access to significant financing, Tadic's internal position is secure; his election as president has sealed his victory in the party's internal battles from late 2003. For the time being, it is unlikely that anyone will wish or be able to challenge his hold on the party.

It is highly probable that the DS will reassert itself as a dominant political force in the next parliamentary election. At present it has positioned itself as the leader of the progressive pro-European reform forces in Serbia. Already they are beginning to incorporate some of the smaller democratic political parties into their ranks or enter into alliances with them,[35] while turning a cold shoulder to some of their former less desirable political partners.[36] In the meantime, Tadic will be able to use his post as president to improve the party's popularity. While it is unlikely that an early parliamentary election would see the DS equal the 1.7 million votes won by Tadic in the presidential election, they should certainly be within striking distance of Serbia's single largest political party, the Radicals, and become at least the second largest party in parliament.

[35] Particularly political parties of the national minorities, such as the Vojvodina Hungarians and Sandzak Muslims.

[36] This may include such former DOS allies as the Serbian Liberals of former Police Minister Dusan Mihajlovic, and the Demo-Christian Party of former Justice Minister Dusan Batic.

C. THE SERBIAN RADICAL PARTY: WILL IT GROW OR SHRINK?

At Tadic's inauguration all 82 SRS deputies in the Serbian parliament wore white t-shirts with the photograph of imprisoned leader Vojislav Seselj and the caption "Seselj -- Serbian Hero".[37] After Tadic had been sworn in they refused to applaud. This was an open show of defiance, which reminded observers that the Radical candidate Tomislav Nikolic received 1.4 million votes -- 45 per cent of the vote -- an increase in absolute terms over his showing in the previous failed presidential election in November 2003, when the Radicals received just under 1.2 million votes. The presidential election results indicate that in absolute terms the Radicals' popularity may be rising, spurred in large part by social and economic discontent. Should economic difficulties increase, as is most likely, it could well lead to an increase in support for the Radicals in the upcoming municipal elections in September, as well as in any new parliamentary elections. On the other hand, their vote is also vulnerable to Karic, Vuk and Velja.

The average SRS voter can be caricatured without too much injustice as coming from the urban and rural masses, a beer-drinker who scrapes by in life, has only one rumpled old suit, no larger ambitions, and has become alienated, disoriented, betrayed, angry and resentful because of the changes since 1989. Many correspond in age to the so-called "Baby-Boom" generation in the U.S., and were born before 1960. Others are from the younger generation, under the age of 23, who received most of their education and indoctrination under Milosevic. They see little reward from democracy, and feel that the only beneficiaries of the post-Milosevic transition are corrupt politicians. The Radicals blame Milosevic for the loss of Serbian dignity and territory. Whether or not they sympathize with the SRS, many Serbs do share their feelings of hurt national pride. The Radicals want to resurrect Serbia's national pride, clearly define its borders and halt further loss of territory. However, they also feel very strongly about law and order. The SRS has particularly strong support among refugee populations from Croatia, Bosnia and Kosovo, as well as among Serbs in ethnically mixed areas, such as in the Kosovo Serb enclaves, southern Serbia's Presevo valley, parts of Vojvodina, and Sandzak.

[37] The Serbian parliament has 250 members.

The SRS as a party has little experience in state affairs. It has held power in a few municipalities since 1997, and participated as a junior partner in Milosevic's Socialist dominated ruling coalition in the government of Serbia from 1996 to 2000. Few of its members belong to the elite social networks that form the informal backbone of Serbia's social and political life, such as the Rotary Club, Lion's Club, Masonic lodges, any of Serbia's exclusive private tennis clubs, the private wine and cigar aficionado clubs, or the literary and intellectual clubs and societies. The Radicals have little contact with non-Serbs, other than the ethnic minorities in Serbia or neighbouring countries, with whom they are often in conflict. Few have travelled abroad and most of them have only experienced other countries via satellite television -- unlike the many Serbs who today holiday in Egypt, Turkey, Morocco, Tunisia, Thailand, Cuba, Croatia and anywhere else they can travel without a visa. Even fewer speak a foreign language.

The Radicals, if ever in government, would have great difficulties operating within the context of Serbia's political system and bureaucratic structures. They do not understand these structures, they lack the social connections necessary to make them function, and they view themselves as outsiders. The one area of the bureaucracy where they find strong support is in the security services, perhaps because the party was initially formed as a paramilitary organisation working closely with state security in Croatia. Their inability to pull the levers of power effectively from within the bureaucracy may cause them to return to the mechanisms they know best: violence, intimidation and humiliation.

During the election campaign many inside the SRS became aware of the issues they might someday face, and began to question what they would do should they actually take power. The party has begun to split internally over questions of how best to approach the rest of world, and members are uncertain as to what awaits them. This split also has been caused -- to a certain extent -- by the ICTY's prohibition on Seselj communicating with outsiders in the months prior to the parliamentary and presidential elections. As a result of this prohibition, the party lacked a strong guiding hand, and differences emerged between die-hard Seselj loyalists and supporters of Tomislav Nikolic, with both groups trying in vain to interpret the will of their muzzled master. If they are to ever exercise power, the Radicals will have to come to grips with the conflict between their ideology and reality they will face.

This effort to come to terms with reality was seen in their presidential campaign, which lacked the usual bluster. Nikolic began his campaign by meeting with the Mufti of Belgrade at his burned-out mosque,[38] and donating computer equipment to the Islamic community. Throughout the campaign the SRS moderated its tone to a surprising degree, attempting to lure more moderate voters. Nikolic appeared intimidated by the possibility of winning, and his appearance in a live televised debate against Tadic, only a few days before the second round election, lacked the vitriol that would have been displayed by his predecessor and mentor, Seselj. He directed his pitch almost entirely at the working poor, farmers, unemployed, and disenfranchised. He took a firm stance on law and order and emphasized that the SRS's chief criterion for cooperation with other parties and ethnic groups was honesty. He also called for protectionist policies for Serbia's agriculture and industry.

This slightly more moderate approach could signal the beginning of a new maturity within the SRS. However, old behaviour continues: following his electoral defeat, Nikolic immediately returned to the traditional Seseljian rhetoric, saying that Tadic only won thanks to the votes of minorities, and that Tadic was NATO's candidate.

The new moderation, such as it is, does not go all that far. During the campaign Nikolic reiterated Seselj's call for a Serbia within boundaries that include substantial portions of neighbouring Croatia and Bosnia, and he took a very hard line on Kosovo and cooperation with the ICTY. On these issues the SRS still preaches a virulent form of anti-western populism. Although the outward form is beginning to change slightly, the content remains essentially the same.

In the event of early parliamentary elections the Radicals will probably remain the single largest party in the parliament.

IV. THE WAITING GAME: SERBIA AND THE HAGUE

The question of cooperation with the International Criminal Tribunal for the Former Yugoslavia in The

[38] The Belgrade mosque was burned by a mob on 17 March 2004 in response to Albanian riots in Kosovo. ICG Europe Report N°155, *Collapse in Kosovo*, 22 April 2004.

Hague continues to vex Serbia's politicians and its international relations. Both the president of the ICTY, Theodore Meron, and the chief prosecutor, Carla Del Ponte, have reported to the UN Security Council that Serbia and Montenegro has stopped all cooperation with the tribunal. The US government cut off all direct economic assistance to Serbia following its failure to comply with the congressionally mandated 31 March deadline for ICTY cooperation, though assistance for civil society programs continues. The EU has indicated that the lack of cooperation negatively affects Serbia in its efforts to integrate with Europe. The failure to cooperate has also cost Serbia and Montenegro membership in NATO's Partnership for Peace (PFP). The halt in cooperation dates back to about November 2003, and it has been highlighted by the new willingness of neighbouring Croatia to openly cooperate with the ICTY.

Currently Kostunica's government is under strong international pressure to arrest and transfer Ratko Mladic, as well as four other police and military generals. Kostunica is well known for his anti-Hague views, and he has shown little eagerness to restart cooperation anytime soon. Rather, he and others in the DSS continue to repeat the tired mantra that Serbs should be able to try war criminals in their own courts, while ignoring the reality that Serbia's court system is years away from being able to hold such trials. In actual fact, they are simply hoping to buy time, in the mistaken belief that the ICTY will close in 2008 and that if they wait long enough the issue of cooperation will simply go away.

In one recent attempt to avoid responsibility and cooperation the government sought to hide behind the National Council For Cooperation With The Hague, an advisory body without legal jurisdiction. The body was founded under Djindjic in an attempt to spread political responsibility and make it appear that transfers of indictees to the ICTY were not the work of one man or party, but rather enjoyed a broad political consensus, were in line with existing Serbian and Montenegrin laws, and would not threaten national security. Members of the Council include the defence minister, foreign minister, interior minister, and minister for minority affairs. Under DOS the Council was headed by either Minister for Minority Relations Rasim Ljajic or Foreign Minister Goran Svilanovic. Recently, the Council lacked a president for months after the DSS came to power, as all members of the Council initially refused to take the role of president in an attempt to avoid the negative political fallout associated with the Council presidency. It was only after much pressure that Rasim Ljajic accepted the post in mid-July.

Prior to the appointment of Ljajic, the government used the lack of a Council president as a justification for not proceeding with transfers. But this was misleading, as under Serbian law, once the courts begin transfer proceedings against an ICTY indictee, the Council does not have the authority to veto or halt the proceedings in any way; nor does the government.[39] Rather, the matter is to be handled entirely by the judiciary in line with its rules of procedure.

The latest demonstration of Serbia's continued lack of cooperation with the ICTY is the case of Goran Hadzic, former president of the separatist Republika Srpska Krajina (RSK) in Croatia, who has lived in Novi Sad since the fall of the RSK in 1995. On 13 July the ICTY delivered at 9:30 an unsealed indictment against Hadzic to Serbia and Montenegro's ministry of foreign affairs, demanding action within 72 hours. Later that day the ministry asked the Belgrade District Court to issue an arrest warrant, but it was too late; Hadzic left his house by car at 18:50 and has not been seen since. An official arrest warrant was issued the next morning, but by then the police could only inform the court that the wanted person could not be found at his address.[40] ICTY Chief Prosecutor Carla Del Ponte accused the Serbian authorities of aiding Hadzic's flight and published video and photographic evidence of him leaving his house.

For Serbia to hold credible war crimes trials, it will first have to change its laws to recognise the legal concept of command responsibility. It will also have to thoroughly transform its judicial system and make the judiciary independent of the executive branch. And it will have to provide credible protection for witnesses. None of the post-Milosevic governments has taken any serious steps in this direction. Given the results of the domestic war crimes trials held to date, as well as the failure of Serbia's politicians to embark on serious judicial reform, the call for ICTY indictees to be tried before domestic courts is largely an attempt to buy time.

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[39] See the interview with former Justice minister Vladan Batic. "Vreme je da Kostunica donese neku odluku", *Kaziprst*, 9 July 2004, www.B92.net.

[40] "Del Ponte: Beograd pustio Gorana Hadzica da pobegne", *Danas*, 20 July 2004.

To date Serbia has concluded three domestic war crimes trials, one for the abduction and execution of Muslim civilians from a public transit bus in 1992 in Severin, the second for the abduction and execution of Muslim civilians from a train in Strpce, also in 1992, and the third for the execution of civilians in Podujevo in 1999. In all trials the accused were the soldiers or paramilitaries who had carried out the executions. And in the course of all three trials it became obvious that although the courts were willing to sentence low-level soldiers, they were unwilling to investigate or indict the officers who had ordered the soldiers to carry out the executions. A further war crimes trial is currently under way for the 1991 executions at the Ovcara farm, following the fall of Vukovar.

The international community has sent mixed messages regarding cooperation with the ICTY. For example, official U.S. government policy has been guided by congressional legislation conditioning U.S. assistance on cooperation with the ICTY. In official pronouncements both the State Department and embassy spoke of the need for cooperation with the ICTY. Yet this conditionality has often been undermined in the past by individuals in the U.S. embassy in Belgrade. Embassy representatives frequently advocated off the record -- both locally and to Congress -- that conditionality be removed from U.S. assistance to Serbia.[41] On one occasion in March 2002, the U.S. embassy placed pressure on USAID to shut down a public relations campaign run by Serbian NGOs that was designed to raise public awareness about the issue of war crimes and promote cooperation with The Hague.[42]

With the arrival of the new U.S. Ambassador to Belgrade, Michael Polt, a much more unambiguous position has been taken, with him stating unequivocally that the U.S. will consider domestic war crimes trials only when Serbia has transferred Ratko Mladic and all other indictees to The Hague, and when the domestic court system has been sufficiently reformed to handle such trials.[43]

For its part, the EU has also sent mixed messages. Some member states take the ICTY far more seriously than others; the internal debates in Brussels about whether or not to include references to the ICTY in EU statements are anxiously tracked in Belgrade. The 14 July statement of the European Commission's representative, Geoffrey Barrett, that "the European Union is continuing its support of Serbia and Montenegro despite poor cooperation with The Hague Tribunal, because it wants SCG [Serbia and Montenegro] reforms to continue", was parsed by headline writers as meaning that "the European Union will not punish Serbia and Montenegro's poor cooperation with The Hague Tribunal", even though the full text of Barrett's speech made clear that the Commission itself is robustly behind ICTY cooperation.[44]

There are still those in the international community who feel that pressuring the Serbian government too hard on war crimes will weaken the government and bring about the fall of democratic pro-reform forces. This is a fallacy. The current government will not fall because of the war crimes issue unless Kostunica himself chooses to call new elections. Although the SPS has threatened to withdraw its support from the government should it resume cooperation with the ICTY, this would be a self-destructive act; and in any case, Boris Tadic and the DS have openly offered to support the minority government for the next twelve months over precisely this issue.[45] As a result neither Kostunica nor the international community need fear that the government will fall if he arrests and transfers indictees to the ICTY.

In the meantime, war crimes indictees continue to obstruct reforms in the armed forces, while supporting political parties that wish to obstruct civilian sector reforms. Two of the indictees in particular, Generals Nebojsa Pavkovic and Vladimir Lazarevic, continue to make public appearances and give media interviews. On the night of Tadic's inauguration Lazarevic defended his and the army's record in Kosovo in an interview on Karic's BK Television. Several days prior to that, Pavkovic gave a controversial interview in which he threatened that "revenge" would come to those who sent him to The Hague.[46]

[41] ICG interviews with State Department officials, U.S. embassy personnel, NGO representatives, and Serbian government officials in Belgrade.
[42] ICG interviews with former and current USAID and NGO personnel in Belgrade, 2002, 2003, 2004.
[43] ICG interview with U.S. Ambassador Michael Polt.
[44] See "Barrett Presents European Partnership with SCG Document", VIP News service, 15 July 2004.
[45] "Dogovor Kostunice i Tadica", *Radio B92 News*, 18 June 2004, www.B92.net.
[46] "Nije srpski cutati", interview with General Vladimir Lazarevic, *BK TV*, 11 June 2004.

During his inaugural speech, Boris Tadic stated that cooperation with ICTY was a priority for Serbia. Whether Tadic is willing to go beyond his offer to support Kostunica's government for the next year and actively influence the government to take action remains to be seen. In spite of Kostunica's reluctance to act on ICTY cooperation and the DSS' track record of obstruction, Tadic has expressed the opinion that Kostunica is working "intensively" on the matter.[47]

However, given the impending municipal elections in September, which the DSS views as a dry run for a possible parliamentary election, as well as Kostunica's well-documented distaste for the ICTY, it is doubtful that cooperation will restart anytime soon without further significant international pressure.

V. A TOUGH ROAD AHEAD

Two other major challenges face Serbia's government: Kosovo; and the deterioration in ethnic relations in the province of Vojvodina -- both largely a function of the unwillingness of Serbia's politicians to make a clean break with the Milosevic past.

A. THE OPEN WOUND: KOSOVO

In his inauguration speech Tadic rightly referred to Kosovo as an "open wound". Although the election campaign largely managed to avoid the question of Kosovo, it nonetheless looms large in the background of Belgrade politics. Kosovo continues to hold Serbian politics hostage and push it toward nationalism. Any politician who attempts to sign any form of political settlement with the Albanians places both his life and his political future at risk. This attitude underlines an unwillingness to come to grips publicly with the realities of the Kosovo problem. It also illustrates the difficulties Serbian politicians and the Serbian public have in realising the extent to which they have lost ground in Kosovo and in admitting that Serbian forces committed war crimes and atrocities.

Since the 17-18 March violence in Kosovo, the government of Serbia has appeared increasingly certain that it can keep, at the very least, legal sovereignty over Kosovo. It also feels that the March violence turned the tide of international opinion against the Kosovo Albanians, and that Serbia will now stand a better chance of pressing its case in the court of international public opinion. Many Serbs are convinced that it is just a matter of time before the Albanians start a new wave of violence in Kosovo, directed at them and the international community, and are waiting to exploit the new political advantage that such an event would give them.

This new assurance is reflected in the Serbian government's plan for Kosovo, adopted by the Serbian parliament on 29 April with broad support from across the political spectrum. This plan is essentially a blueprint outlining possible boundaries for a hoped-for partition. Because it is short on specifics and heavy on map-drawing, it has left the government significant room for manoeuvre within the confines of the international community's call for decentralisation of Kosovo, in the wake of the March events. While members of the Contact Group were heartened that the Serbian government was finally putting together a proposal for Kosovo, they were sceptical about the plan and its contents, seeing it as simply a continuation of old policies. The plan was denounced by Kosovo Albanians, and met with unease among the leadership of the Kosovo Serb Povratak coalition.

It is uncertain whether Tadic's election will help the international community in Kosovo. Since his inauguration he has publicly ruled out independence for the province, claiming it would destabilise Serbia for the next 20 years. In one respect Tadic's election may have already begun to affect Kosovo politics. On 14 July, Serb and Albanian representatives met at the U.S. mission in Pristina under the auspices of the EU and U.S. At the meeting both sides signed a declaration calling for UNMIK to form a new PISG ministry that would be responsible for ethnic communities, human rights and refugee returns.[48] After the signing, one of the Serb representatives -- Milorad Todorovic -- withdrew his signature, and Kostunica's government criticised those Serbs who signed up to the new ministry.[49] And one Kosovo Serb representative went so far as to use the term "treason" to describe the deal.[50]

The fact that some Kosovo Serb representatives risked Belgrade's wrath by signing the document is

[47] "Wir brauchen Stabilitat", *Der Spiegel*, 5 July 2004.

[48] "Povratak, rekonstrukcija, reforma lokalne administracije", "Ministarstvo za prava zajednica", *Danas,* 19 July 2004.
[49] "Moj potpis je nistav", Beta news agency, 16 July 2004.
[50] "Nojkic: Srbi podrzali nezavisnost", 15 July 2004

partially a reflection of power struggles within Belgrade. Nebojsa Covic, head of the Coordination Centre for Kosovo and Metohija has been engaged in a struggle for his political life, and is out of favour with Kostunica, who has been trying to force him out of his post. Under Kostunica, financing for the Coordination Centre has been reduced substantially, while oversight had increased.[51] As a result, Covic had all but disappeared from the news, and the parallel structures in Kosovo have begun to weaken, due to a lack of adequate financing. However, since Tadic's victory Covic appears revitalised. He has gone on a media offensive against Kostunica proxies, and the media has begun speculating that his party -- Democratic Alternative -- may join the DS.[52] This indicates that Tadic supports Covic. The result may be that a hoped-for change in Belgrade's policies toward closer cooperation with UNMIK and PISG may not materialise. It may also signal that the cohabitation between Kostunica and Tadic will be anything but peaceful.

Meanwhile, the security situation in southern Serbia's predominantly Albanian Presevo valley seems to be heating up again.[53] In an incident on 18 July, two masked gunmen opened fire on a vehicle carrying an Albanian family near Bujanovac, injuring four people, including a baby. The mayor of Bujanovac and the leader of the Party for Democratic Action (PDD), Nagip Arifi, blames the police for failing to prevent such incidents, and accused the government of dragging its feet on police reform. The interior minister, Dragan Jocic, blames a dissident faction of the "Liberation Army of Presevo, Bujanovac and Medvedja". Although all sides seem to agree that this is an internal ethnic Albanian dispute, the rhetoric from both the Serbian and Albanian sides has done little to calm the situation, and has rather consisted of finger-pointing at each other.

B. DETERIORATING MINORITY RELATIONS: RADICALISING VOJVODINA

Since the December parliamentary elections, inter-ethnic relations inside Serbia's northern ethnically-mixed province of Vojvodina have deteriorated noticeably.[54] Much of this seems to be in response to an SRS policy of creating a climate of fear and intolerance via manufactured incidents. Serbian state television appears to have done little to calm rising tensions and anxieties.

Since the beginning of 2004 there have been more ethnically motivated attacks in Vojvodina than in the entire three-year period following the overthrow of Milosevic.[55] The speaker of the Serbian parliament, Predrag Markovic, has stated that from 1 January until 31 May 2004, 294 incidents were recorded.[56] These include beatings, threats, the destruction of graveyards and national monuments, and anti-minority graffiti.

The speaker of the Vojvodina parliament has called on Interior Minister Jocic to resign over the attacks, and Jozsef Kasza, the leader of the Alliance of Vojvodina Hungarians (SVM), recently stated that the Hungarian population was now being subjected to greater persecution than under the Milosevic regime.[57] In short, some Serbs in Vojvodina are demonstrating behaviour reminiscent of that for which they so frequently and vociferously condemn the Kosovo Albanians.

There appears to be a pattern behind the violence. NGO activists, minority representatives and government officials in Vojvodina tell ICG that they see a clear pattern of cooperation behind the attacks, in which members of the police and SRS are involved. And ICG interviews with interior ministry (MUP) interlocutors hinted rather menacingly that there would be more violence to come, and that the

[51] Covic remained the head of the Coordination Centre after the 28 December 2003 elections, despite having been appointed by the previous government. Kostunica, however, kept the ambitious Covic at bay through constant threat of removal from the post and much stricter control of the Centre's finances.

[52] "Covic: Novi politicki pocetak u Srbiji", Beta news agency, 18 July 2004.

[53] "Jocic: Situacija u Bujanovcu sve gora", *Radio B92 News*, 20 July 2004, www.B92.net.

[54] The 2002 census shows that Vojvodina is 66 per cent Serb. The next largest ethnic group are the Hungarians with 14.28 per cent.

[55] ICG interviews with non-governmental activists in the province, with representatives of the Hungarian and Croatian minorities, representatives of the province's government, and with employees of the Serbian interior ministry.

[56] "Vlada da spreci napade na manjine", *Radio B92 News*, 10 July 2004, www.B92.net.

[57] See the open letter of Jozsef Kasza to Premier Kostunica, 9 July 2004.

minorities had it coming for trying to assert their national rights.

To date the police have solved only 61 cases.[58] In many instances the police have attempted to downplay the incidents or ignore them altogether. For its part, the DSS -- while not taking part in these attacks -- has wasted no time in trying to exploit them for political purposes. Indeed, in the only incident in which a Serb was attacked by Hungarians, the DSS quickly denounced it as an assault on Vojvodina's Serbs, while declaring that Serbs in the province were under threat.[59] The Radical leader Tomislav Nikolic went so far as to declare that the victim had died from the beating.[60] Only later, following a short-lived but intense outburst of nationalist hysteria in Belgrade's tabloid press, did the still very much alive victim declare to reporters that the assault had stemmed from a drunken argument over a woman, and had nothing to do with ethnicity.[61]

In mid-July Kostunica finally did meet with Kasza, but it remains uncertain whether and how the government plans to resolve the mounting problem.

The events in Vojvodina bear all the hallmarks of being part of an orchestrated campaign, designed to radicalise the province in the run-up to the September provincial assembly elections, which will be concurrent with the country-wide municipal elections. Should nationalist elements successfully radicalise the province's Serbs, they will be able to take control of the provincial assembly and pave the way for increased centralisation and removal of the province's autonomy, a publicly-stated aim of both the DSS and SRS.

The attacks in the province have already attracted the attention of neighbouring states. On 18 June Hungarian Interior Minister Monika Lamperth said that, if the attacks continue, Hungary will seek the intervention of the Council of Europe.[62] The Croatian foreign ministry in Zagreb summoned the ambassador of Serbia and Montenegro three times in two weeks to protest against the attacks on the Croatian national minority. Continued attacks will further jeopardise Serbia's relations with the international community, and the Council of Europe and EU in particular.

VI. CONCLUSION

Tadic's victory represents a step forward for Serbia's pro-reform democratic forces. It does not, however, mark the end of the sharp divisions that have split the electorate so neatly in two. These divisions will continue, and Serbia's future political course could well depend on voter turnout. Nor does the victory by the reformist Tadic mean that reforms will automatically restart.

If the Kostunica government falls, the consequent parliamentary elections will significantly reconfigure Serbia's political scene. The presidential elections demonstrated clearly that Serbia's political parties are undergoing a process of consolidation and rationalisation. The eventual outcome of this process could be a parliament with only four or five parties. This would render decision-making and reform much easier for the government in power, provided of course that it is democratic and reform oriented.

Serbia will probably continue to muddle along. Reforms will either remain at a standstill or move ahead at a far slower pace than was seen under the Djindjic government. There are not yet any indications that Serbia will restart cooperation with the ICTY any time prior to the September municipal elections. Even then cooperation could be put off if the municipal election results make new parliamentary elections more likely.

In the meantime, Kosovo and the war crimes issue will continue to haunt Serbian politics. The path to long-term stability -- which is in the interests of the wider international community as well as Serbia and its immediate neighbours -- lies in addressing both issues, rather than hoping that they will go away. Continued international pressure will remain necessary until Serbia finally faces up to its past.

Belgrade/Brussels, 22 July 2004

[58] "Vlada da spreci napade na manjine", *Radio B92 News,* 10 July 2004, www.B92.net.
[59] "Politizacija incidenta u Temerinu", *Radio B92 News*, 30 June 2004, www.B92.net.
[60] "Politizacija incidenta u Temerinu", *Radio B92 News*, 30 June 2004, www.B92.net.
[61] News bulletin, *BK TV*, 1 July 2004.
[62] Ministry of Foreign Affairs of Serbia and Montenegro, http://www.mfa.gov.yu/Bilteni/Engleski/b210604_e.html#N3a.

APPENDIX A

MAP OF SERBIA

Map No. 3815 Rev. 7 UNITED NATIONS
June 2004

Department of Peacekeeping Operation
Cartographic Section

APPENDIX B

GLOSSARY

DOS	Democratic Opposition of Serbia, coalition of political parties
DS	Democratic Party, political party
DSS	Democratic Party of Serbia, political party
G17+	political party
ICTY	International Criminal Tribunal for the Former Yugoslavia
IMF	International Monetary Fund
MUP	Interior Ministry
NATO	Northern Atlantic Treaty Organization
NS	New Serbia, political party
OSCE	Organization for Security and Cooperation in Europe
PDD	Party for Democratic Action, a political party
PFP	Partnership for Peace, NATO program
PISG	Provisional Institutions of Self-Government in Kosovo
RSK	Republika Srpska Krajina
SCG	Srbija i Crna Gora, or Serbia and Montenegro
SPS	Socialist Party of Serbia, political party
SRS	Serbian Radical Party, political party
SPO	Serbian Renewal Movement, political party
SVM	Alliance of Vojvodina Hungarians
UIP	Association of Industrialists and Entrepreneurs of Serbia and Montenegro
UNMIK	UN Mission in Kosovo
USAID	United States Agency for International Development

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