

Serbia's New Government: Turning from Europe

I. OVERVIEW

Serbia finally has a new government but one that is deeply divided between pro-Western and nationalist forces. Facing two difficult issues – Kosovo status and cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) – its choice is between moving towards European integration or on to a more isolationist path. The government's composition, deep mistrust among many of its members and the parliament's nationalist majority suggest it will follow the second option. Pro-Western forces have suffered a significant setback, the government is vulnerable to manipulation by the security services and oligarchs, and the system of divided responsibility for the security services renders unlikely serious cooperation with the ICTY, especially the arrests of Ratko Mladic and Radovan Karadzic. Although Kosovo independence could destabilise the government, it may surprise and last far longer and prove more stable than expected. The West should prepare for Serbia turning increasingly away from Europe and towards Moscow.

The four-month government formation process and accompanying parliamentary debates demonstrated that categorisation of Serbia's parties as "democratic" and "non-democratic" is outdated. They also clearly revealed the deep, anti-Western and ultra-nationalist nature of Premier Kostunica's Democratic Party of Serbia (DSS), which is ideologically much closer to the Serbian Radical Party (SRS) of war crimes indictee Vojislav Seselj and Milosevic's Socialist Party of Serbia (SPS) than to President Tadic's Democratic Party (DS).

Fearing that new elections might be called that would leave Serbia without a government for another four months and possibly bring the SRS to power, Western governments once again supported Serbia's "democrats" and strongly pressed the DS to form a government with the DSS. But their success may well prove Pyrrhic, harming the pro-Western parties in unanticipated ways. For one, the West can no longer count on the DS and G17+ to press the DSS and the parliament effectively for a different foreign policy. Those parties are now too out of step with the nationalist parliamentary majority and the premier. The European Union's strategy of using the prospect of integration and accession to soften Serbia's stance on Kosovo is also highly problematic

under the current government. The EU and U.S. have given away most of their leverage through repeated concessions and now have even fewer policy tools with which to influence Belgrade than before.

Brussels and Washington should resist the temptation of appeasing Serbia further in a misguided effort to purchase acceptance of Kosovo's independence. Since February 2007, the EU has been saying that it is willing to restart Stabilisation and Association Agreement (SAA) talks and no longer insist on as a precondition the arrest of the most notorious war criminals. The requirement set during the long haggling over a new government – that Tadic and the DS control the power ministries – is not guaranteed under the new coalition. Some in the EU still believe that by re-engaging Serbia via the SAA they can encourage pro-European forces and ease the pain of Kosovo's formal loss, but this is misguided. The new government will choose Kosovo over Europe; appeasement would weaken, not strengthen pro-Western forces; and in the short term at least, security structures are unlikely to arrest war criminals.

The new government does plan to continue gradual economic reforms but social and political change risks bogging down in disputes between the DS and DSS. The real point of contention between the two will be foreign policy, as the latter attempts to continue nationalist and confrontational policies. Kostunica is likely to try to hide his Milosevic-era nationalist policies behind Tadic's pro-Western inclinations, making it difficult for Washington and Brussels to confront Serbia effectively on key issues, though it is uncertain how long Tadic will permit himself to be used to defend the Kostunica line, particularly on the ICTY and Kosovo.

The squabbling over a government deepened the DS-DSS rift. Radical leader Tomislav Nikolic's five days as parliament speaker exposed a serious weakness in the new constitution – the possibility of a parliament-authorized dictatorship – that could become a real threat following a Kosovo status decision. The West may well have to accustom itself to a Serbia that for a number of years is anti-Europe, pro-Russia and unrepentant in its dangerously self-destructive nationalism.

II. THE POLITICAL MATRIX

Following the 21 January 2007 parliamentary elections, it soon became clear that formation of a government would not occur quickly, if at all. It took nearly three months after the December 2003 elections, and there was every reason to believe it would take even longer this time given the pressures building over an impending Kosovo status decision. In fact, nearly four months were needed, and even then Serbia avoided a constitutional deadline that would have required new elections by only 28 minutes on the evening of 15 May.

There are several reasons it took so long. First, no one wanted to be in power when Kosovo was lost. It would be better to go to new elections than take the blame for that. The second reason was also linked to Kosovo: many felt that by delaying formation of a government, they could force the international community to delay on Kosovo's status, provoking an impatient Pristina to act unilaterally and thus strengthen Serbia's negotiating position.

Thirdly, Kostunica insisted on staying on as prime minister, even though his DSS had come in third, with a mere 33 seats compared to 60 for the DS. Fourthly, Kostunica was in no hurry to enter a new government: as long as he was caretaker premier, he had power but limited responsibility and could advance his agenda with little opposition.¹

However, the Radicals offered yet another reason. Nikolic said on election night that he doubted a government would be formed, due to ideological differences between the DS and DSS:² he and his deputy, Aleksandar Vucic, returned to this refrain repeatedly, and it appears their analysis was astute.

A. DEMOCRACY IS NOT THE ISSUE

To understand the ideological differences, one must realise that the old division of Serbian politics into "democratic" and "non-democratic" camps is outdated. It originated in the 1990s, during the

Milosevic era: the "democrats" were then the parties that opposed the strongman; the "non-democrats" were those that supported his regime, namely the SPS, the SRS and the Yugoslav United Left (JUL) of his wife, Mira Markovic. Even during the anti-Milosevic struggle, this paradigm was inadequate: a number of opposition parties considered "democratic" were as nationalist as Milosevic or the SRS. The terminology persisted after Kostunica unseated Milosevic in the September 2000 presidential elections, however, and primarily benefited his DSS, which was put in the "democratic" camp with little appreciation of its strongly nationalist leanings.

A more accurate classification is one that distinguishes between pro-Western parties and those in favour of Milosevic's "Greater Serbia" project. The former favour membership in the EU and NATO, are willing to cooperate with the ICTY and seem less inclined to take a hard line on Kosovo independence,³ all while pursuing a liberal, democratic reform agenda. The parties in this bloc are the DS, the G17+ and the Liberal Democratic Party (LDP) of Cedomir Jovanovic.

The nationalist bloc is made up of parties – the DSS, SPS and SRS – which all refuse any consideration of Kosovo independence, are dissatisfied with Serbia's current borders and cast a covetous eye on Bosnia and Herzegovina's Republika Srpska; oppose cooperation with the ICTY; perceive Serbia as the victim in the 1990s wars of Yugoslav secession; oppose NATO membership;⁴ are deeply sceptical of the EU and view it as a neo-colonial power responsible for the loss of Montenegro; and look to Russia for political guidance and protection. They favour a paternalistic, quasi-authoritarian democracy that is more anti-Western. The differences between the parties in this bloc are primarily of sophistication: the DSS and SPS are more diplomatic in their public rhetoric than the SRS.

Based on the 21 January elections, 95.6 per cent of all parliament seats are distributed between six major parties/coalitions, which fall into the two blocs defined above.⁵ The first – the DS coalition, the

¹ Kostunica repeatedly insisted that his responsibility as premier was limited particularly where Kosovo was concerned. He used this excuse to refuse to meet with the UN special representative, Martti Ahtisaari, when the former President of Finland visited Belgrade to present his plan for Kosovo. An example of Kostunica's behaviour may be seen in "Tehnička vlada? i pregovaranje", B92, 7 February 2007.

² Crisis Group interview, 21 January 2007; "Nikolic: mozemo sa DSS!", *Press*, 23 January 2007.

³ Although Cedomir Jovanovic's Liberal Democratic Party (LDP) is the only party that openly favours Kosovo independence.

⁴ The DSS is not opposed to Serbian participation in Partnership for Peace but is less keen on NATO membership.

⁵ The 250 parliamentary seats were allocated as follows: Serbian Radical Party (SRS), 81; Democratic Party (DS), 60; Democratic Party of Serbia (DSS), 33; G17+, nineteen; Socialist Party of Serbia, fourteen; New Serbia, ten; Liberal Democratic Party, six; League of Social Democrats of Vojvodina, four; Alliance of Vojvodina Hungarians, Civic Alliance and Sandzak

LDP/GSS/LSV coalition and G17+ – together took 37.6 per cent of the parliamentary seats. The second – the SRS, DSS/NS coalition and the SPS – took 58 per cent. The remaining seats went to minority parties, most of which – if past practice is an indicator – will vote with whichever bloc controls the parliament.⁶

This parliament is an improvement over the previous one, in which the pro-Western bloc held only 29 per cent of the seats. But it is more polarised: divisions have sharpened since the DSS has moved more firmly and openly into the nationalist camp.

Many in the EU and U.S. have long considered the DSS part of the “democratic” bloc and have made a series of poor policy choices over the years in consequence. They failed to see that rather than sharing Western values, many party members hold to the Milosevic regime’s values and are in fact refugees from the SPS. They expected Kostunica to support cooperation with the ICTY, security sector reform and a “soft no” on Kosovo but he has disappointed on all three counts because of his ideological inclinations.

B. PRO-WESTERN VS. NATIONALIST PARTIES

Many in the international community have cast Kostunica as a moderate nationalist and a “democrat”. The latter characterisation is accurate but his record over seven years and his attitude during the government formation talks, as well as his party’s rhetoric, call the former into question. The DSS made its ideology clear to the electorate in a campaign letter sent to households throughout Serbia in December 2006, in which its vice-president, Vladeta Jankovic, stated that for the party, the removal of Milosevic “did not represent a revolution or an overthrow, but rather a continuation”.⁷ That became painfully apparent during the all-night parliamentary debate on 7-8 May discussed below.

Since Kostunica became premier in 2003, the DSS has relied on the SRS to support its parliamentary agenda on key occasions, most noticeably when the

DSS, SRS and SPS voted to override Tadic’s veto of amendments to the Radio Diffusion Law that curtailed media freedom.⁸ Kostunica has often spoken contemptuously about the EU and painted it in a negative light, most recently in December 2006, when he illogically blamed it for Serbia’s lack of cooperation with the ICTY: “The Hague question would have been resolved if talks with the EU had not been suspended”.⁹ DSS insiders tell Crisis Group Kostunica has predicted to party faithful that the EU will soon collapse under its own weight.¹⁰

Since replacing Milosevic as Yugoslavia’s president in October 2000, Kostunica has taken a number of actions to rehabilitate the old regime. At the outset, this meant protecting Milosevic’s top security officers, Chief of the General Staff Nebojsa Pavkovic (now under ICTY indictment for war crimes) and the head of State Security, Rade Markovic, against the protests of his Democratic Opposition of Serbia (DOS) coalition colleagues. Kostunica broke with that coalition in June 2001, rejecting cooperation with The Hague Tribunal.¹¹ After the December 2003 parliamentary elections, he rejected alliance with Tadic’s DS in favour of an arrangement under which Milosevic’s SPS supported his minority government.¹² He has benefited from an influx of SPS loyalists to his party and from former SPS voters; on 15 May, SPS head Ivica Dacic said in parliament that three former SPS deputies were now DSS deputies.

Since 2004 Kostunica has appointed a number of Milosevic-era figures to senior positions. These include: Aleksandar Tijanic, minister of information under Milosevic, now director of State Television (RTS);¹³ Aleksandar Vucic of the SRS, also minister of information under Milosevic, now on the board that oversees RTS programming; Vida Petrovic-Skero, noted for her vocal opposition to the late Premier Djindjic’s lustration of Milosevic-era judges, now president of the Supreme Court; Milovan Bozovic, subject of two criminal proceedings and suspended as a municipal prosecutor for a year, now Belgrade district prosecutor; Ratko Zecevic, SPS party functionary and former municipal

Democratic Party, three each; Serbian Democratic Party of Renewal and United Serbia, two each; and Social Democratic Union 1, Union of Roma of Serbia, Roma Party, Demo-Christian Party of Serbia, Democratic Alliance of Croats in Vojvodina, Bosnjak Democratic Party of Sandzak, Party for Democratic Action, Movement of Veterans of Serbia, Social Liberal Party of Serbia and “no party”, one each.

⁶ Whereas most parties must receive at least 5 per cent of the votes to enter parliament, minority parties have a lower threshold to cross: approximately 16,000 votes per deputy.

⁷ Letter in Crisis Group possession.

⁸ Crisis Group Europe Briefing N°44, *Serbia's New Constitution: Democracy Going Backwards*, 8 November 2006.

⁹ “Hiljadu dana vlade Vojislava Kostunice; Tajkuni nisu imali uticaja na vladu”, *Politika*, 23 January 2006.

¹⁰ Crisis Group interview, March 2007.

¹¹ Nebojsa Popovic and Kosta Nikolic, *Vojislav Kostunica: jedna karijera* (YUCOM, Belgrade, 2006).

¹² Crisis Group Europe Report N°154, *Serbia's U-Turn*, 26 March 2004.

¹³ Tijanic’s appointment caused the RTS governing board to resign collectively.

prosecutor, now on the High Judicial Council.¹⁴ The EU visa-ban list from the 1990s includes many others important under Milosevic who are again in positions of public responsibility or are prominent in economic life.

Kostunica has also strengthened state control of the media, as seen during the referendum campaign. His government attempted three times to rush amendments to the Radio Diffusion Law through parliament without consulting media associations and experts or public debate.¹⁵ Continuing support for Milosevic-era ideology was most evident when the government supported the SPS in 2006 in giving the former dictator a state funeral in all but name.¹⁶ Shortly afterwards, the parliament paid homage in two separate minutes of silence.

Kostunica is not rehabilitating the Milosevic era wholesale. His government permits a far wider range of political activities and human rights. Nonetheless, he appears to have set Serbia on a course defined largely by a nationalist vision that emerged from the ideological matrix of the Milosevic era. Protection of the wartime legacy – Mladic and Kosovo included – is a higher priority than European integration, and if forced to choose between the EU and Kosovo, he would turn his back on the EU. The international community needs to be attentive to these priorities as it develops its Western Balkans policy and decides on next Kosovo steps.

III. NEGOTIATIONS WITHOUT END

Serbia faced a ticking clock in its efforts to form a government. Under the constitution parliament must meet no later than 30 days after the Republic Election Commission certifies an election. Certification occurred on 25 January 2007, and the parliament convened on 14 February to verify deputies' mandates and confirm the commission's report. During this first session, Borka Vucic, former banker to Milosevic and supporter of the old regime, was appointed acting speaker. While this followed a practice of honouring the oldest deputy, it lent a stark tone to the following negotiations, suggesting Serbia

faced a possible return to the era she symbolised. A 90-day clock began ticking on 14 February. If a government was not formed by midnight on 15 May, new elections would have to be called.

As the negotiations played out, it became evident there were substantial obstacles. The talks took many Byzantine turns as the parties manoeuvred. However, they brought to light the large differences between Tadic and Kostunica on Serbia's future and foreshadowed the pressures Kosovo independence will bring to bear on its government.

A. WHO WANTED WHAT?

The EU and U.S. watched the election results closely. They believed much depended on them and hoped for a "democratic" government, including the DS, DSS, G17+ and possibly LDP, that would be willing to negotiate seriously on Kosovo, or at least give only a "soft no" to independence, and keep nationalist forces in check during the political and social tumult certain to follow. It seemed that the international community wanted Serbia to form a government quickly so it could move on Kosovo status, while the parties wanted the international community to move quickly on Kosovo so they could get on with forming a government.

The EU and U.S. twice delayed closure of UN Special Envoy Martti Ahtisaari's negotiations on Kosovo in the hope delay would help the "democrats". The first delay was for the 28-29 October 2006 constitutional referendum, the second for January 2007 elections, which were called only after strong signals that Washington and Brussels would move on Kosovo if they were not held quickly. Hoping to boost Tadic's chances, NATO granted Serbia membership in Partnership for Peace at the Riga summit in November 2006, even though it continued to insist publicly on full post-accession cooperation with the ICTY.¹⁷ Serbian media quoted Western diplomats in Riga as saying a Tadic letter appealing to NATO was a deciding factor.¹⁸ The U.S. also voiced support for Tadic and his government¹⁹ but such outside aid failed to give him any measurable edge in opinion polls.²⁰

¹⁴ Popovic and Nikolic, op. cit., pp. 306-307.

¹⁵ Crisis Group Briefing, *Serbia's New Constitution*, op. cit.

¹⁶ Kostunica avoided making any public comments supporting Milosevic and his legacy, other than expressing his sympathy to the family of the deceased and to the SPS. He did, however, clear Tito's museum in Belgrade's elite Dedinje neighbourhood (next to Tito's mausoleum) and permit the SPS to hold the viewing of the body there. He also allowed the public send-off to be held in front of the Federal Parliament and had the court dismiss the warrant for the arrest of Milosevic's wife so she could attend the ceremonies.

¹⁷ Summit declaration, issued by the heads of state and government participating in the meeting of the North Atlantic Council in Riga on 29 November 2006. See also www.nato.int/docu/pr/2006/p06-150e.htm.

¹⁸ "U partnerstvu za mir i Srbija", *Glas Javnosti*, 30 November 2006.

¹⁹ "[M]y government was deeply impressed by the commitment of President Tadic and Foreign Minister Draskovic to a European future. They have made their case with conviction

EU foreign ministers took an extraordinary step to help Tadic when they agreed on 12 February to restart Stabilisation and Association Agreement (SAA) negotiations,²¹ which had been suspended since April 2006 due to Serbia's lack of cooperation with the ICTY. The new government had to be "democratic" and promise to cooperate with The Hague, but it was not obliged to arrest Ratko Mladic or others indicted for war crimes prior to the talks.²² Brussels told Tadic privately the DS needed to control the internal affairs (MUP), defence (MOD) and justice ministries (MP), as well as the security-intelligence agency (BIA), for talks to restart. Clearly the EU no longer trusted Kostunica to deliver,²³ as became evident after Nikolic's election as speaker.²⁴

As president it was Tadic's constitutional duty to ask whomever he thought capable of forming a

and persuasively, and we have decided to put confidence in their stated intentions. I very much hope that the forces in Serbia that want a European future for that country succeed". Daniel Fried, Assistant Secretary of State for European and Eurasian Affairs, OSCE Ministerial Meeting, Brussels, 5 December 2006, at www.usembassy.hr/issues/061215.htm.

²⁰ Crisis Group discussions with an international polling organisation and a pollster for a major Serbian political party, December 2006 and January 2007. Throughout the campaign, Serbia's opinion polls were unreliable and biased. Some observers suggested they were deliberately skewed by the parties to influence public opinion.

²¹ According to the GAERC conclusions of 12 February 2007, "the Council welcomed the Commission's readiness to resume negotiations on a Stabilisation and Association Agreement with a new government in Belgrade provided it shows clear commitment and takes concrete and effective action for full cooperation with the ICTY". Council of the European Union, 2780th Council Meeting, Brussels, 12 February 2007. The exact nature of a "clear commitment" and "concrete and effective action" was left undefined.

²² Crisis Group personnel wrote several articles critical of this decision. See "The EU's Inexcusable Pardon for Serbia", Sabine Freizer and Andrew Stroehlein, *European Voice*, 29 March 2007; "Le statut final du Kosovo est une affaire européenne et Moscou doit le comprendre", Alain Délétoz, *Le Temps*, 27 March 2007; "No Mladic, no Talks", Gareth Evans and James Lyon, *International Herald Tribune*, 21 March 2007.

²³ Crisis Group interviews, Western diplomats and DS party members, Belgrade and Brussels, February-May 2007.

²⁴ "The Serbian [P]resident [Tadic] is determined to co-operate with The Hague Tribunal, which is why he should be in charge of the security sector, including the ministry of interior", EU High Representative for Common Foreign and Security Policy Javier Solana told the European Parliament Foreign Affairs Committee. He added: "There is no progress in cabinet talks since Tadic and Prime Minister Kostunica cannot reach out to each other and...share the power due to their deteriorated personal relationship". "Rehn: Serbia at crossroads", B92, Agence France-Presse, 8 May 2007; "Solana: U Srbiji nije dobro", B92, 7 May 2007.

government to do so. Even though the Radicals were the single largest party, he did not ask Nikolic, fearing that if he did, Serbia would enter a period of international isolation, renewed confrontation and internal chaos. He must also have felt that doing so would seriously undercut his support in the West. At the same time, he felt he could form a coalition himself from the "democratic bloc", with the DSS and G17+ and began consultations with them on 26 January, the day after the Republic Election Commission certified the results.

The DS had presented former Finance Minister Bozidar Djelic as its candidate for premier during the campaign but even before 21 January high party officials had decided he was disposable, a bargaining chip for a coalition with the DSS.²⁵ Under EU and U.S. pressure to control the power ministries, Tadic planned to sacrifice him for DSS concessions.²⁶

G17+, led by Mladan Dinkic, pushed for the main economic ministries, while pretending to be an honest broker between the DS and DSS, although it most often took the side of Kostunica, who appeared willing to offer more ministries. Dinkic's performance seems to have earned him the enmity of the two larger parties.

It soon became evident that a majority of ministerial posts had been quickly decided between the DS and DSS and that the key outstanding jobs throughout the length of the negotiations were premier, the power ministries and the BIA.

B. PRINCIPLES AS WEAPONS

During the campaign, the DS repeatedly attempted to smoke Kostunica out by asking him to declare that he would not go into coalition with the SRS after the elections. He never responded. The DS was fearful throughout the process that the DSS might cut a deal with the Radicals: in the wake of Djindjic's 2003 assassination Kostunica had called for a "concentration" government of national unity that would include the SRS and SPS.²⁷ Locally the DSS had already gone into coalition with the SRS and SPS in 52 municipalities. A number of prominent party

²⁵ Crisis Group interviews, DS insiders, January-May 2007.

²⁶ Djelic was seen as having strong credibility with Western governments and part of the electorate. However, he lacked a strong party base, and it would have been easier to sacrifice him than a candidate with stronger support inside the DS.

²⁷ "Kostunica za koncentraciju vladu," *Blic*, 15 March 2003.

officials favoured such a coalition nationally though this was never official policy.²⁸

Kostunica made a hard line on Kosovo a precondition for coalition when on 1 January he stated that “the future government will be based on the stance on Kosovo”.²⁹ On 30 January he unveiled three principles – all related to Kosovo – that he insisted be upheld if the DSS were to participate in talks on forming a government. The first was that any country that recognised an independent Kosovo “must take into account that it will produce serious consequences in mutual relations”. The second held that Kosovo was an inalienable part of Serbia. The third stated that “if any country which is a member state of NATO recognises the independence of Kosovo, that would produce a serious threat to relations of Serbia and NATO, because it would mean that NATO bombed Serbia to take away Kosovo”.³⁰ This was interpreted as a threat to break diplomatic relations with the West over Kosovo. It was also clearly intended to make Croatia, Bosnia and Herzegovina, Bulgaria, Hungary, Macedonia and Montenegro reflect carefully on the consequences of recognising Kosovo.

The DS attempted to distance itself from these principles, questioning whether they would lead towards self-imposed isolation.³¹ Kostunica appeared to back down, taking a lower media profile over the next two weeks, but won a victory on 15 February, when a parliament resolution authorised the Kosovo negotiating team to continue at the Vienna talks, while labelling Ahtisaari’s plan unacceptable.³² The real struggle continued over the premiership, the interior ministry and the BIA, all of which Kostunica refused to give up. The negotiations became acrimonious, forcing both Kostunica and Tadic at one point to turn to alternate negotiators.

In the next weeks the two parties agreed on five principles for a new government: keeping Kosovo, pursuing European integration, cooperating with the ICTY, pursuing a vigorous social and economic

policy and fighting corruption.³³ In early March, however, Kostunica upped the ante with a “sixth principle”: that no party should hold both the premiership and the presidency.³⁴ The DS responded with the “zero principle”, calling on the DSS to dissolve its municipal coalitions with the Radicals before entering a governing coalition at the national level.³⁵ Kostunica seemed in no hurry, and March and April passed without any developments. Rumours circulated daily on ministerial combinations but the sticking points remained the premiership, the MUP and the BIA. It soon became publicly clear that the DS was willing to sacrifice Djelic in return for the power ministries.

IV. THE NATIONALISTS’ VICTORY

Matters came to a head during the first weekend in May, when Nikolic returned from The Hague, where he had visited party leader Seselj. Cognoscenti from DSS and DS knew Nikolic would seek Seselj’s permission to become speaker of parliament with DSS/NS and SPS support. DS and LDP members were angry and nervous.

On 7 May, eight days before the end of the constitutionally mandated period, the parliament began a fiery, often vulgar marathon debate over whether to elect Nikolic as speaker. The EU’s Javier Solana added fuel to the nationalist fire by going public with the insistence that for Brussels to resume SAA talks, Tadic would need to control the power ministries and the BIA.³⁶ The DSS openly sided with the Radicals, using nationalist language that hearkened back to the Milosevic era. Its caucus head, Milos Aligrudic, accused DS of taking orders “from abroad” and being too eager to please Brussels and Washington.³⁷ The DSS, SRS and SPS labelled the DS traitors and EU and U.S. stooges. This destroyed all remaining pretence of a “democratic” bloc. At 04:25 the next morning, following an all-night session, Nikolic received unanimous support from his own party, the DSS/NS and SPS. These three constituted a new parliamentary majority, with 145 of the 250 seats. The DSS had chosen its camp; the DS walked out before Nikolic could be sworn in.

²⁸ Crisis Group interviews, DSS insiders, November 2006–May 2007.

²⁹ “Kosovo kroji buducu vladu”, *Vecernje Novosti*, 1 January 2007.

³⁰ “Platforma DSS-a za pregovore”, B92, 31 January 2007.

³¹ Dragoljub Micunovic, the DS founder, questioned the DSS position, saying he hoped it was only a starting point for negotiations. “Sta znaci platforma DSS-a”, B92, 1 February 2007.

³² For the resolution, see www.parlament.sr.gov.yu/content/lat/akta/akta_detalji.asp?Id=300&t=O#.

³³ Kostunica outlined these in detail to the parliament on 15 May 2007, at www.srbija.sr.gov.yu/vlada/.

³⁴ “Pali na sestici”, *Vecernje Novosti*, 10 March 2007.

³⁵ “Nulti princip kao odgovor na sestii”, *Glas Javnosti*, 14 March 2007.

³⁶ “Rehn: Serbia at crossroads”, B92, Agence France-Presse, 8 May 2007; “Solana: U Srbiji nije dobro”, B92, 7 May 2007.

³⁷ Crisis Group observed the entire parliamentary session.

On the news, the Belgrade stock market fell dramatically, and the National Bank had to intervene to halt the dinar's sudden slide against major foreign currencies.³⁸ The Council of Europe cancelled a flag-raising ceremony in Belgrade intended to celebrate handover of its presidency to Serbia, and the EU said it would delay signing a visa facilitation agreement.³⁹

The same day a visibly weary Tadic wrote the parties that had selected Nikolic, asking them to propose a candidate for premier by 11 May so a government could be formed before the deadline.⁴⁰ Crisis Group communications with the DS indicated the party felt the DSS had crossed a Rubicon and had come to terms with the fact that new elections would be necessary.⁴¹ Tadic was confident the SRS would not enter a coalition with the DSS at this stage and was content to let the deadline expire and call new elections. He believed voters would punish the DSS, and it would lose ground to both the DS and SRS. Dinkic removed the remaining G17+ officials from government.

On 9 May, Nikolic said that if Kosovo became independent, the parliament could declare a state of emergency at the government's request.⁴² The new constitution, passed in October 2006 with little scrutiny, in fact leaves open the possibility of a parliament-authorized dictatorship.⁴³ The responses were immediate and strong. The next day a visibly chastened Nikolic retracted this statement, claiming he had only raised a "theory".⁴⁴ Diplomatic sources told Crisis Group he had come under pressure from Russia, which informed him Serbia would otherwise

lose its support on Kosovo. Nonetheless, the episode offered clues on the possible direction of domestic politics in response to a Kosovo status decision.

In a surprising turn, the DS, DSS/NS and G17+ announced on 11 May that they would form a governing coalition with Kostunica as premier. Sources within the DS told Crisis Group the turnaround came after strong pressure was put on Tadic and the DS presidency by Western diplomats and persons closely associated with Serbia's leading oligarchs, who felt the lack of a government was damaging business as well as the country's image.⁴⁵ Tadic faced a revolt during a seven-hour DS presidency meeting. He left it with instructions to restart talks with Kostunica, during which he essentially capitulated and accepted a proposal he had rejected a week earlier. Thus, he entered into government with a party that actively opposes many of his foreign and domestic policy goals and retains the premiership and the key power ministry.

In a game of brinksmanship, a parliament debate began on Sunday, 13 May that led to Nikolic's carefully orchestrated resignation. Following two days of debate, including last-minute theatre by the Radicals over an unsuccessful raid to arrest Mladic,⁴⁶ the parliament voted in a new government at 23:32, less than a half-hour before the deadline. Kostunica then delivered a long speech, which seemed largely designed to please foreign ears but made clear that maintaining Serbian sovereignty over Kosovo was the government's highest priority.⁴⁷

As the new government was sworn in, the EU heaved a sigh of relief, signed the visa facilitation agreement and promised imminent resumption of SAA talks as soon as the Serbian government showed signs of good will towards the ICTY.⁴⁸ As of this writing it seems that the EU will not insist on the arrest of Mladic and Karadzic as a precondition for resumption of talks,

³⁸ The National Bank had to sell €37 million on 8 May to stabilise the dinar, which fell against the euro by 2.5 per cent. In the period 5-9 May, the Belgrade stock market fell 14.4 per cent. "Akcije u padu, Evro 83 Dinara", *Blic*, 10 May 2007.

³⁹ For background to the visa issue, see Crisis Group Europe Report N°168, *EU Visas and the Western Balkans*, 29 November 2005.

⁴⁰ Parliamentary procedure requires statutory time limits for debate; if a government was not agreed by 11 May, it was extremely unlikely the parliament would be able to vote by the 15 May deadline.

⁴¹ In the two days before Nikolic's election, Crisis Group asked more than 50 members of Belgrade's political elite if they thought a government would be formed. The overwhelming majority said "yes". Following Nikolic's election, most of these persons changed their minds. Those who still answered "yes" qualified their answer by saying it depended on international pressure on the DS.

⁴² "Nikolić ponders state of emergency", B92, Beta, 10 May 2007.

⁴³ Crisis Group Briefing, *Serbia's New Constitution*, op. cit., Section V.B, pp. 13-14.

⁴⁴ "Vanredno stanje samo teorija", *Blic*, 10 May 2007.

⁴⁵ Crisis Group interviews, DS members, Belgrade, May 2007

⁴⁶ On 15 May 2007, Serbian security forces raided a military facility in Belgrade on a tip by the ICTY Office of the Prosecutor but found no one. The Radicals threatened to use this event to extend parliamentary debate beyond the constitutionally mandated deadline for forming a government. The timing of the raid, as the EU was focusing on cooperation with the ICTY as a condition for restarting SAA negotiations, was reminiscent of unsuccessful government efforts to persuade the EU of its good faith before negotiations were suspended in early 2006.

⁴⁷ The full text of Kostunica's speech may be found at www.srbija.sr.gov.yu/vlada/.

⁴⁸ See "EU, Serbia initial visa agreements", B92, 16 May 2007; "Olli Rehn brings good news to Belgrade", B92, Beta, 16 May 2007.

but may still require Tadic's control of all power ministries. On 29 May, Commissioner Rehn stated "the new government in Serbia has done and is doing the right things to enable us to resume SAA negotiations very soon".⁴⁹

A. GOVERNMENT COMPOSITION AND POLICIES

The new government will be divided and possibly short-lived. While Kostunica is premier and Djelic deputy premier, the DS has a slight majority of the 22 ministries, including defence and justice. G17+ retains some key economic ministries, while Velemir Ilic's NS continues to hold a ministry that has overseen significant government expenditures and been less than transparent.⁵⁰ The DSS retains the MUP, while DS and DSS are to control the BIA jointly, though until and if they agree on specifics, Rade Bulatovic, a Kostunica loyalist, remains in charge.

The new government is formed largely along the lines of medieval fiefdoms, with each ministry loyal to its political party, not the government.⁵¹ As premier, Kostunica has little ability to involve himself in the activities of any ministry his party does not control. Domestic reforms may be instituted but coordination will be difficult; many officials will be concentrating on maximising their party's gains in as short a period as possible before the expected fall of the government. Transparency in some ministries will

therefore probably be minimal. Although not conducive to good governance, this feudal structure gives the government a surprising degree of stability, as each party is left to govern its own ministries as it sees fit, leaving little incentive to bring down the government, even in the event of a major crisis.

Kostunica's ability to control the MUP and delay DS control of the BIA means control of the security services is again divided. When Djindjic and Kostunica were in a similar position, it led to a stand-off, with each party using the services under its authority to thwart the other's policies. History is likely to repeat itself, which will make cooperation with the ICTY very difficult.

Serbia faces a host of problems. There is no 2007 budget; because of differences between Kostunica and Tadic over appointments, the Constitutional Court lacks a quorum, and there are no ambassadors in a number of UN Security Council capitals; restitution of private property that was nationalised by communist authorities has yet to take place; there is little civilian control of the security services, particularly the BIA and army intelligence; corruption is rampant; institutions are weak; and relations with neighbours are fragile. Significant progress is unlikely on any of these as long as Kosovo pressures distort domestic politics and threaten to bring down the government at any time.

B. WINNERS AND LOSERS

Kostunica's conditions for joining a coalition were clear from the start. He would not support a minority government, wanted to control the interior ministry and BIA and insisted on remaining premier. In addition he had two policy goals: ensuring a hard line on Kosovo and that he would be in a position to obstruct cooperation with the ICTY. He used the Radicals to help him frighten the international community and DS into accepting all this. However, his open coalition with the Radicals may have alienated key segments of his electorate, some of which may vote for the DS or SRS at the next elections.

The Radicals played a cat and mouse game throughout the negotiations, as though trying to scare the DS into a coalition with the DSS. Throughout the many months, they modified their position on willingness to ally with DSS repeatedly.⁵² They took on their old role of

⁴⁹ EU hopeful of breakthrough with Serbia, *Financial Times*, 29 May 2007.

⁵⁰ Earlier Ilic had been minister of capital investment, which under the new government was split into several portfolios, leaving him with the ministry of infrastructure.

⁵¹ The ministries are as follows: Internal Affairs, Dragan Jovic (DSS); Finance, Mirko Cvetkovic, (DS); Defence, Dragan Sutanovac (DS); Foreign Affairs, Vuk Jeremic (DS); Justice, Dusan Petrovic (DS); Agriculture, Slobodan Milosavljevic (DS); Telecommunications, Aleksandra Smiljanic (DS); Labour and Social Policy, Rasim Ljajic (DS/SDP); State Administration and Local Self-Administration, Milan Markovic (DS); Religion, Radomir Naumov (DSS); Ecology, Sasa Dragin, (DS); Culture, Vojislav Brajovic, (DS); Diaspora, Milica Cubrilo (DS); Energy, Aleksandar Popovic (DSS); Trade, Predrag Bubalo (DSS); Education, Zoran Loncar (DSS); Kosovo and Metohija, Slobodan Samardzic (DSS); Infrastructure, Velemir Ilic (NS); Economy and Regional Development, Mladjan Dinkic (G17+); Health, Tomica Milosavljevic (G17+); Sports, Snezana Markovic-Samardzic (G17+); Science, Ana Pesikan (G17+); and without portfolio, for coordinating the National Investment Plan, Dragan Djilas, (DS).

⁵² Prior to the elections, Nikolic had said the SRS would not go into coalition with DSS. Although the SRS, and Seselj in particular, seem to despise Kostunica, Nikolic changed his position after the elections and said a government with the DSS

designated bogeyman, used to frighten the West both into forcing the “democrats” to make concessions to the nationalists and to offer concessions to the “democrats” in the hope this would strengthen them. Playing the Radical card this way is a time-honoured tradition dating back to Milosevic, who regularly reminded the West of a worse option to his regime. Asked by a reporter about his relations with other parties, Nikolic replied that “Kostunica uses us the most”, to scare the DS, and “sometimes I help both of them [DS and DSS] with my statements...and send the international community the message that there are those who are worse than those two”.⁵³

The Radicals came away winners from the government formation process. They ensured that their ideology dominates the parliament and will be promoted by the DSS. Because Kostunica has kept control of the MUP and, for the time being, the BIA, they can expect the police to be sympathetic to their anti-ICTY stance. They are likely to take votes from the DSS at the next election, whether or not Kosovo becomes independent. If Kosovo does gain independence, they could conceivably do well enough to form a government with the SPS and without Kostunica. Most importantly, they remain in opposition, preserving their ability to criticise the government as they please, ducking responsibility for the economy and instability and avoiding having to take tough decisions on the ICTY and Kosovo. At the same time Kostunica seems inclined to avoid an open clash with them in the parliament.

Tadic is a clear loser. Although he formed a government, and his party received the lion's share of ministries, he came across as weak and being forced to back down again to both Kostunica and the international community. Former DS premier Zoran Zivkovic stated that the “DSS lost the elections and won the negotiations”,⁵⁴ while noting that Tadic had made a grave mistake “because he accepted responsibility for arresting Mladic, yet has no mechanism to do it”.⁵⁵ Should Tadic fail to achieve closer EU ties or stand up publicly to Kostunica, he may find himself facing more serious challenges within his party.

was possible, something that clearly worried the DS. “Nikolic: mozemo sa DSS!”, *Press*, 23 January 2007. After it became clear he would become speaker, Nikolic went to the other extreme and claimed the SRS would not form a government with the DSS. “Nikolic: nema vlade sa DSS-om”, *Press*, 6 May 2007.

⁵³ “Ako mi ponovimo 5. oktobar policija je uz nas”, *Nedeljni Telegraf*, 14 March 2007.

⁵⁴ “Tadic je pogresio preuzevsi Savet za nacionalnu Bezbednost”, *Gradjanski list*, 18 May 2007.

⁵⁵ “Nova greska Borisa Tadic”, *Press*, 19 May 2007.

V. CONCLUSION

Serbia's government must now deal with EU and U.S. expectations. Both hope Tadic can deliver on two issues: ICTY cooperation and a “soft no” on Kosovo. Both are willing to continue to offer sweeteners to ease the blow of losing Kosovo and to strengthen pro-Western forces.

Tadic, however, is not in a strong position. Although the ministries his party controls may put a pro-Western facade on the government, he lacks a parliamentary majority. With control over the security forces divided, and the police under the control of Kostunica, he cannot arrest ICTY indictees. Although Kostunica may agree in public to ICTY cooperation, it is highly probable he will continue to obstruct subtly through the police, the BIA and the bureaucracy. This means the EU is not likely to get the cooperation it says it wants, even should SAA talks resume.

On Kosovo Kostunica has left Tadic little room for manoeuvre and is certain to push for a “hard no” with support from the new parliamentary majority. Tadic has tried to finesse the issue, stating that “Serbia can not and will not give up Kosovo, just as it can not and will not give up on its European future”.⁵⁶ But he will be under strong pressure to follow the government's position which Kostunica has already clearly enunciated: “the government is completely united and categorical in its stance that Serbia will never accept the taking away of Kosovo and Metohija for the sake of European integration”.⁵⁷ Nikolic has also said this frequently, as have SPS members.⁵⁸ If Tadic tries to take an independent line he risks making the government fall. Instead the nationalist stance within the government will prevail, and if Kosovo becomes independent, Serbia will turn its back on the EU, enter a period of self-imposed isolation and edge closer to Russia. Even such new concessions as the EU may offer to sweeten the Kosovo pill risk weakening Tadic if they make him look more beholden to the West and undercut earlier tough decisions he and other pro-Western politicians took.

Kosovo and cooperation with the ICTY will cause rifts within the government. Kostunica calculates that he will be able to shape those policies, and Tadic will

⁵⁶ “Srbija nece odustati ni od Kosova ni od Evrope”, *Danas*, 26-27 May 2007.

⁵⁷ “Kostunica: Brisel – da, ali bez teritorijalnih ustupaka”, *Politika*, 20 May 2007.

⁵⁸ For an example of Nikolic's rhetoric on this matter, see “EU otima i ponizava, Rusija pomaze”, *Politika*, 11 May 2007.

have to defend them abroad. An important question is how long Tadic, who controls the foreign affairs ministry through his young former adviser, Vuk Jeremic, will be willing to front for Kostunica's policies, especially when doing so will damage his reputation abroad. In the meantime, Belgrade is openly playing on Western fears that Kosovo independence might bring down the government and bring nationalists to power in an effort to get the West to back down over Kosovo.⁵⁹

The EU and U.S. have contributed to the current situation by continuing to use outdated paradigms that divide parties into "democratic" and "non-democratic". In an effort to help "democrats", the EU in particular has ignored political realities and often caved in to the nationalists, as the ICTY issue shows: Tadic has been a firm supporter of cooperation, while Kostunica has sought to wait the tribunal out, until its expected close in 2008. Although Tadic courageously defended EU demands for full cooperation, Kostunica reaped the populist vote by opposing. Whenever the

EU softens its conditionality stance, it looks to voters as though Kostunica's refusal was justified, and Tadic was too eager to please.⁶⁰ Moving the goal posts that Tadic and his allies have openly accepted weakens rather than strengthens pro-Western forces. It has created a backlash against the pro-Western politicians, who are depicted as playing to foreign interests while ignoring the Serb nation's interests.

As Serbia prepares to turn its back on the West, the EU and U.S. should re-examine their policies. Euro-Atlantic integration is not the magnet once thought; nor are waivers of the conditionality that was applied to other Balkan states. The West may have to recognise Serbia has chosen a different path, and there is little to do in the short term to shift it back. It may also have to accept the Radicals will come to power some day. The West needs to realign policy accordingly and prepare for the possibility of living with a rejectionist, isolationist, pro-Russian and anti-EU Serbia.

Belgrade/Brussels, 31 May 2007

⁵⁹ Foreign Minister Vuk Jeremic stated that "whoever gives up Kosovo – implicitly or explicitly – will instantaneously and forever lose the capacity to govern this country with a democratic mandate", and that the loss of Kosovo would bring down the government. "Serbian Minister warns on Kosovo", *Financial Times*, 20 May 2007.

⁶⁰ Former Deputy Premier Miroslav Labus, who resigned from government and lost the leadership of G17+, is another pro-Western reformer who has been hurt by EU policies.