

Balkans Briefing

Belgrade/Brussels, 20 December 2000



SERBIA ON THE EVE OF THE DECEMBER ELECTIONS

Vojislav Kostunica's coalition, the Democratic Opposition of Serbia (DOS), should win an overwhelming victory in the 23 December Serbian elections. The elections themselves will not rid Serbia of the structures, policies and attitudes of the Milosevic regime. The new government will have to confront - as will the FRY government itself - new and complex economic challenges, secessionist pressures from Montenegro and Kosovo, and residual attempts by Milosevic's cronies to hang on to some vestigial power and to protect themselves. And post-election there will be many pressures on DOS itself to break up.

But the expected victory of DOS in the December elections will make a number of important goals achievable. First, it will place Serbia on a solid footing from which it can renegotiate its relationship with Montenegro. Second, it will enable DOS to take full control over both the military and police, thereby reducing the danger of a Milosevic comeback. Third, the elections will set DOS firmly on its feet as the unchallenged political master of Serbia and enable it - if it has the will to stay together - to clean house internally. Fourth, the elections will give DOS a mandate to begin the transition and reform process necessary for Serbia to begin the process of European integration. Finally, the elections will provide the major entity within the FRY with a government with which the international community can deal and on which it can exert real pressure to meet international concerns, including cooperation with the Hague Tribunal.

I. The Present Political Balance

Vojislav Kostunica's victory over Slobodan Milosevic for the Presidency of the Federal Republic of Yugoslavia (FRY) - in the election of 24 September as consolidated in the streets of Belgrade on 5 October 2000 - was only the first of many steps that must occur if the Serbian people are to overturn the Milosevic-era structures, policies and attitudes that so severely crippled the FRY.

The Kostunica-led Democratic Opposition of Serbia (DOS) has taken tentative hold of many of the key levers of power through the legally questionable seizure of public and state-owned institutions and companies via DOS-controlled crisis staffs; the seizure of the National Bank of Yugoslavia (NBJ), the payment bureau (ZOP) and the state-controlled media; and through the creation of an interim coalition government of the Republic of Serbia in partnership with Milosevic's Socialist Party of Serbia (SPS) and Vuk

Draskovic's Serbian Renewal Movement (SPO).¹ In addition, a number of individuals closely connected to Milosevic -- including former director of customs Mihail Kertes and members of the election committee -- have come under criminal investigation.

But the victory of DOS in the Federal Parliamentary elections gave the coalition only tentative control over the Federal Parliament, the Federal government and most of its associated ministries, with somewhat more tenuous control over the Federal Ministries of Defence and Internal Affairs. The elections did not give DOS control over the governments of the breakaway Republic of Montenegro -- or of the Republic of Serbia.

Because of Montenegrin President Milo Djukanovic's boycott of Federal elections, DOS failed to receive a clear parliamentary mandate on the Federal level. The Djukanovic rival and erstwhile pro-Milosevic Socialist People's Party (SNP) carried most of Montenegro's votes at the Federal level, enabling them to demand the Prime Minister's post in the new Federal government. As a result, DOS must govern in coalition with a partner, some of whose members -- such as former Yugoslav Prime Minister Momir Bulatovic -- are Milosevic cronies. To further weaken the coalition, the SNP has no real mandate from within Montenegro, reinforcing the Djukanovic contention that the Federal government has no legitimacy for Montenegro.

In today's FRY the Federal government has little power. The real power lies on the republic level, with the governments of Montenegro and Serbia. In the case of Montenegro, the only Federal institution still functioning in that republic is the military. With the exception of the Army of Yugoslavia (VJ) Djukanovic controls all the levers of power in Montenegro, including the payment bureau, national bank, currency, customs, border control, public and state-owned institutions and companies, and a 20,000 strong well-equipped police force. The extent of this de facto autonomy is seen in Djukanovic's recent statement that Montenegro "practically functions as an independent state."²

In contrast to Montenegro, the Republic of Serbia continues to maintain allegiance to the Yugoslav Federal government. Under the Yugoslav constitution, the Republic of Serbia maintains a high degree of formal autonomy, controlling a strong police force, as well as the primary organs of day to day internal control over almost all aspects of social and economic life. This includes control over tax collection and most economic transactions, as well as the ability of the Republic legislature to pass laws with sweeping powers. The Serbian government maintains the ability -- albeit not the right -- to act almost completely independently of the Federal government, much in the manner of Montenegro.

Of more concern is the status of the FRY security forces, including the army, police, and intelligence services. Although DOS has formal control over the Federal Ministry of Defence, that control may only be notional. The officer corps appears to have sharply divided loyalties. It is unknown who controls the brigade guarding Milosevic. Kostunica, in the meantime, appears to have made an agreement with the military and police, giving them breathing space prior to the expected purges that could well follow the anticipated DOS victory in December in exchange for their loyalty.

¹ The agreement creating an interim government and calling for special elections was reached on 16 October 2000. It was signed by Serbian President Milan Milutinovic, FRY President Vojislav Kostunica, and representatives from DOS, SPO, and SPS.

² *Beta* news agency, 18 December 2000.

Prior to the October revolution, the Serbian Parliament was comprised of a strong SPS and SPO contingent, as well as representatives from the parties that made up DOS. In order to avoid a second -- and perhaps violent -- revolution the pro-Milosevic Serbian government reached a power-sharing agreement with DOS to form an interim government until the 23 December elections. Under the current agreement each ministry has one minister and two co-ministers, one each from DOS, SPS, and SPO. The result is a government that is largely hamstrung and unable to reach agreement or take any sort of action. By and large this appears to suit all sides. It has permitted DOS to block any Serbian government action that would work in Milosevic's interest. Milosevic supporters have used the agreement to fight a rear-guard action to protect the party faithful from the sudden purges that accompanied the Federal level transition, as well as to destroy much incriminating evidence. For Draskovic's SPO it provides a setting from which it can -- at least formally -- exercise power before what could well be its final political curtain call.

In spite of the DOS victory in the September Federal elections and the subsequent seizure of power via crisis staffs following the October revolution, Milosevic supporters still retain significant control over the Republic institutions, as well as numerous positions in the Federal bureaucracy, VJ and police. This has created a system of dual power, based on varying degrees of authority. The DOS government derives its power primarily from the moral authority conferred on it in the September election and the not too subtle and often hinted-at threat of violence springing from its success in the October revolution. The threat of violence was given prominent play in OTPOR (Resistance) billboards throughout the country, that showed a large front-end loader -- similar to the one used to attack the Radio-Television Serbia (RTS) building on 5 October -- with the slogan "We are watching you." In contrast, the Milosevic-influenced Serbian government is able to rely only on purely legalistic authority, based on the constitutions of Serbia and FRY, having lost nearly all popular support.

The result of this system of dual-power is a curious power vacuum in which everybody seems to co-operate cautiously within the bounds of moderation and common sense. All are hoping to avoid a violent outcome to what will surely be the third stage of the revolution: the transfer of power from the SPS to DOS at the Republic level, and a decisive DOS take-over of the organs of state security and defence. It is with this in mind that all sides are preparing for the 23 December Serbian elections.

II. Serbia Today: Lights Out

During his approximately thirteen years in power (1987-2000) Slobodan Milosevic destroyed the social fabric, economy, governing structures and moral fibre of what had once promised to be one of the first countries to enter the EU in the post-Cold War era. Relying on cronies and criminals, who routinely engaged in illegal activities, Milosevic plundered his country in a manner similar to a third world dictator. Under cover of war, economic sanctions, corruption, shortages and hyperinflation, Milosevic successfully plundered the country's hard currency reserves, the reserves of the private citizens, and much of FRY's mineral, agricultural and industrial wealth. The lack of meaningful economic and political reform kept FRY mired in a decaying relic of the Tito-era socialist quasi-command economy, with all its resulting inefficiencies. Politically, Milosevic's FRY retained many of the worst elements of communism while adding an even more pernicious criminal element of its own. To further worsen the situation, the country suffered an intense NATO bombing in the summer of 1999 that destroyed significant

portions of Serbia's heavy industry and infrastructure, valued at approximately US\$ 4.1 billion.

The results of Milosevic's criminal activities, mismanagement, hyperinflation and wars are evident throughout Serbia. The average monthly salary is approximately 98 German Marks (DM) per month. Official unemployment statistics of 26.5 per cent mask the large number of hidden unemployed who are on "waiting" status at largely defunct state-owned firms, the large number of excess workers throughout the economy, and the approximately 700,000 refugees, many of whom have no official legal status. Many workers in the state-owned sector do not receive regular salaries, and pensions are months in arrears. In per capita terms, GDP for 1999 was US\$ 1,699, a 19.3 per cent drop over the previous year, and only 57 per cent of the per capita GDP recorded in 1989 (US\$ 2,941). What this means in real terms is that approximately 40 per cent of the population lives on US\$ 15 per month. In the meantime, Serbia's industry is operating at less than 37 per cent of its 1989 levels. Milosevic left the FRY saddled with at least US\$ 14 billion in external debt, nearly equal to FRY's 1999 GDP of US\$ 14.2 billion. To his consternation, the NBJ governor Mladen Dinkic is uncovering new debts -- both foreign and domestic -- every day.³

Ten years of neglect and one summer of bombing took their toll on Serbia's infrastructure. In spite of generous international aid since the October revolution, power cuts still occur, caused in part by the inability of the electrical grid to handle the required load, as well as by the inability of Serbia's poorly maintained power plants to produce sufficient electricity to meet demand. Had Serbia not enjoyed an exceptionally mild and prolonged autumn, which reduced demand for heating and electricity, the power cuts would have been far more widespread. As the weather gets colder, the heating systems are taxed to their limit, caused in part by restricted gas flows from Russia. This causes people to turn on their electric heaters. Currently Serbia imports approximately 40 million Kilowatt hours (kWh) daily, of which 20-25 million are the direct result of foreign donations. In addition, Serbia takes another 7.5 million kWh daily from unauthorised use of its share of the *Derdap I* hydroelectric plant on the Danube, which it shares with Romania, and another 7.5 million kWh from its neighbours (Bosnia, Bulgaria). As the weather gets colder, Serbia will face increased power cuts, caused in large part by the inability of the distribution network to handle the demand. This could mean the elections would be held in the dark.⁴

During the Milosevic era, competence and experience counted for little. Political loyalty became the primary consideration for success and promotion in the state and quasi-state industries and institutions that controlled access to FRY's wealth. Milosevic and his wife Mirjana Markovic's United Yugoslav Left (JUL) dispensed patronage based almost entirely on personal loyalty to the ruling couple. As a result, key positions throughout the economy, government bureaucracy, education system, health care, judiciary and diplomatic corps are occupied by individuals with dubious qualifications.

In an effort to demonstrate to Serbian voters the immediate rewards of choosing the democratic option, the European Union has attempted to support DOS by giving it a 200 million Euro "peace dividend" to help it through to the December elections. This has included a continuation of the EU "Fuel for Democracy" and "Asphalt for Democracy"

³ All economic statistics are taken from *BILTEN G-17*, No 11, November 2000, and the *G-17* web site, <http://www.g17.org.yu/>.

⁴ Source: *Elektroprivreda Srbije*.

programs. The US has also kicked in US\$ 85 million in aid, including direct purchases of imported electricity for the Serbian grid. In addition to Kostunica's presence at a series of high-profile meetings and conferences, as well as acceptance of FRY into a number of international organisations, including the OSCE and UN, the FRY has received concrete help from both the EU and the US. To date this aid has been largely unconditional. Yet, following a DOS victory in the December elections, FRY politicians may well see the international community place conditions on aid and participation in international organisations, in particular co-operation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) in The Hague.

Whoever wins the Serbian elections will face the task of righting ten years of deliberate neglect and outright malfeasance. The demands of transition to a free market will force the new government to deal simultaneously with a daunting range of economic reforms, all of them complex, and all of them likely to be resisted strongly by the various vested interests which profited from the Milosevic system: managing privatisation and reducing corruption may be the most urgent of those issues. Not only will a set of economic and social reforms be required, but also a re-education of the Serbian population as to what was done in their name and to them during the Milosevic era. The re-education process will of necessity require trials of Milosevic's cronies, as well as Milosevic himself. Given the ambiguous security situation and the tenuous system of dual-power, calls for such trials have to date -- with the exception of Mihail Kertes and members of the election commission -- met largely with a consensus that such issues should be postponed until after the December elections. DOS officials are now discussing openly the prospect of arresting and trying Milosevic domestically following the December elections. The task of reforming and re-educating Serbia is bound to be fraught with difficulties and failures, and may cost the winners politically over the long term, as they take the myriad tough and unpopular decisions necessary to undo Milosevic's legacy.

Whoever wins the Serbian election will also of course have to deal -- as will Kostunica and the FRY government -- with the burning issue of the future of Kosovo as a province within Serbia, together with such testing specific issues as fighting in Presevo, protection of minority rights, control of Mitrovica and the Trepca industrial complex, and dealings with UNMIK.

III. The Election Campaign

In the period leading up to the elections, the battle lines have been drawn quite clearly. On the one hand there is the DOS coalition, comprised of eighteen political parties and headed by FRY President Vojislav Kostunica.⁵ On the other hand, there are Milosevic's SPS and Vojislav Seselj's Serbian Radical Party (SRS).

Fortunately for those Serbian citizens tired of cleaning political graffiti and posters off of their walls and windows, the run-up to the December election has witnessed a much smaller media campaign than in the period prior to the September elections. The DOS slogan "Of Course" used the Serbian word *Normalno*, which also carries the connotation

⁵ These are: Demokratska stranka, Demokratska stranka Srbije, Socijaldemokratija, Gradanski savez Srbije, Nova Srbija, Demokratska alternativa, Pokret za demokratsku Srbiju, Demokratski centar, Socijaldemokratska unija, Liga socijaldemokrata Vojvodine, Reformska demokratska stranka Vojvodine, Koalicija Vojvodina, Savez vojvodanski Madara, Sandzacka demokratska partija, Liga za Sumadiju, Srpski pokret otpora-demokratski pokret.

of a return to normal life. Other DOS billboards featured a picture of a brain with the slogan *Upotrebi ga* ("Use it!"). These were backed up with the OTPOR slogan *Overi* ("Affirm!") which urged voters to send the same message in the Serbian elections as in the Federal elections.

Prior to the overthrow of the Milosevic regime, the Serbian opposition -- hampered by a lack of access to free media -- often resorted to mass campaign rallies and demonstrations. In sharp contrast, this election campaign has seen none of these activities. Rather, DOS has organised three different campaign caravans, which are currently touring Serbia and meeting with the electorate on at a local level, hoping to make contact with the more rank and file campaign workers, party loyalists, and average voters.

In contrast to DOS, the SPS has kept a relatively low profile, with the exception of its extraordinary congress, at which it elected Milosevic as party head. Lacking a specific campaign platform, the SPS has returned to Milosevic's original tactics of attempting to create a crisis. In this regard, the SPS is seen as having inflamed and manipulated the situation in southern Serbia and Kosovo, with G-17+ Director Predrag Markovic openly accusing the SPS of engaging in political terrorism.

The SPS also attacked with what may well have been its most effective and only weapon to date: Slobodan Milosevic. In a rare two-hour television interview on TV *Palma*, Milosevic recently ranged over a series of questions from his conduct in office to the behaviour of his son Marko, in a way that demonstrated that although down, he is definitely not out. The force of his personality led some observers to comment that had he been interviewed on television more frequently, he might have won the September election. But Milosevic is a two-edged sword, and as seen below his appearance may have also reminded some voters why they voted against him in September.

IV. The Likely Outcome

Public opinion polls indicate that the upcoming elections will give a landslide victory to DOS. Polls conducted in mid-November indicated that DOS would win 74.5 per cent of the vote for the Serbian Parliament, the SPS approximately 19.5 per cent, and the SRS 5.9 per cent. All other parties, including Draskovic's SPO were expected to poll below the 5 per cent minimum required to take a seat in parliament.

Newer opinion polls taken in early December, following Milosevic's television interview, showed DOS support reaching 79 per cent, with the SPS share falling to 7 per cent. The SRS remained at approximately 6 per cent, while the SPO may have picked up the necessary 5 per cent to qualify for parliamentary representation. Significantly, this election means the death knell for the much-hated JUL.

At the end of November the DOS coalition agreed to divide up the parliamentary seats according to a strict formula allowing each party a certain degree of participation. Should DOS indeed poll 79 per cent, it will receive 187 of the parliament's 250 seats. According to the DOS coalition agreement, Kostunica's Democratic Party of Serbia (DSS) and Zoran Djindjic's Democratic Party (DS) will each have an equal number of seats, agreed upon as 28 per party, among the first 125 deputies. After this threshold is reached, the agreement then work's in favour of Djindjic. Again, should DOS win 79 per cent of the vote (187 seats), Djindjic's DS would garner an additional 21 seats, as

opposed to only 18 for Kostunica's DSS. Djindjic would then control the largest single number of deputies in the parliament with 49, as opposed to Kostunica's 46. This expected electoral outcome will confirm the agreement already made for Djindjic to become the new Serbian Prime Minister.

In the highly likely event that the SPS polls the 5 per cent necessary for representation in the parliament, it is probable that the President of the party, Slobodan Milosevic, will take a seat in the Parliament, thereby giving him parliamentary immunity from prosecution. This could pose difficulties for international community efforts to encourage co-operation with the ICTY. It could also pose difficulties for domestic prosecution, as he would first have to be stripped of parliamentary immunity.

The one office not at stake in these elections is that of Serbian President and ICTY indictee Milan Milutinovic, whose term does not expire until late 2001. Under the current constitutional arrangement, the President of Serbia wields greater power than the Prime Minister. This could make it difficult for a new Serbian government to co-operate with the ICTY. Milutinovic's continued presence could also act as a cover for Milosevic loyalists to try to thwart attempts to reform the Milosevic system, particularly in the event that DOS were to begin to splinter.

V. Can DOS, and the FRY, Stay Together?

In spite of the relatively simple and low-key nature of the DOS campaign and its united front, serious squabbling is emerging, sometimes in public. The squabbles -- some private and others public -- began literally the day after the revolution, with Djindjic urging a go-fast approach that would have immediately carried the revolution on to the republic level. Viewed by many as the brain behind the September election victory and the October revolution, Djindjic is also highly distrusted by the Serbian populace, in part due to his alleged involvement in suspect business dealings during his short tenure as mayor of Belgrade. Notwithstanding, he appears to enjoy significant support within DOS itself.

Kostunica himself enjoys an unprecedented popularity rating of 86 per cent, which far outstrips Milosevic at the height of his popularity in 1989 during the Kosovo 500th anniversary celebrations at Gazimestan. Only Tito polled higher numbers, and that was in 1978 when the aged Marshall scored 90 per cent.⁶ The polling organisation claimed that Tito's popularity was based in part on his personal charisma. In contrast to Tito, Kostunica's popularity appears to come from "an agreed relationship with the citizen's based on respect and trust,"⁷ and the belief that he will fulfil his promises. Unfortunately for Kostunica, his popularity will not translate into an increased number of seats in the Serbian parliament.

Kostunica's practised legalism and go-slow approach in the heady days after the October revolution irritated many in DOS, who felt that they were unable to consolidate the gains of the revolution. In addition to personality conflicts, quarrels broke out over allocation of ministries, and the political unpalatability of having to co-operate closely in coalition with a former foe, the SNP. These barely concealed quarrels between the Djindjic and Kostunica camps become the object of a satirical cartoon by the popular political

⁶ Centar za proucavanje alternativa.

⁷ Centar za proucavanje alternativa.

cartoonist Corax, which depicted a bandaged and bruised Djindjic and Kostunica standing before the cameras with their arms around each other in an outward sign of support.⁸

Because of these conflicts, it appears that there may be a serious potential for DOS to split apart after the elections. It is not certain that this would cause the government to fall, as Djindjic might be able to maintain a parliamentary majority to stay as Serbian Prime Minister. The likelihood of such conflict appears moderately high, recent statements by DOS officials notwithstanding. Whether such a split would cripple reform efforts in the new Serbian government depends almost entirely on post-split political alliances, which at this point are purely speculative.

Perhaps of more importance to long-term regional stability is the future of FRY. Given Montenegro's de facto autonomy, as well as Djukanovic's public pronouncements, an independence referendum in the first six months of 2001 would come as no surprise to either the international community or the citizens of FRY. Recent polling data shows that approximately 71 per cent of Serbs feel that the relationship between Serbia and Montenegro should be redefined. Although Serbian public opinion is firmly in favour of Serbia and Montenegro remaining together as a united country, many Serbs are becoming tired of Montenegrin demands and fully two thirds dislike "being the hostages of a smaller unit."⁹ Few, if any, Serbs appear willing to fight to maintain the Federation.

Montenegro's secession would not be in Serbia's interest, as it could well accelerate demands for Kosovo's independence, creating new concerns about the region's peace and stability. Djindjic signalled recently that he might be able to reach a compromise with Djukanovic on the independence issue that would meet Montenegro's demands, while permitting FRY to stay intact as a state, and the way this issue is likely to be resolved is presently highly uncertain.¹⁰

Montenegrin independence would leave Kostunica as a president without a country. In this event, Kostunica -- Serbia's most popular politician -- would be scrambling to retain his hold on power. Perhaps in anticipation of such a step, campaign buttons have begun to appear on the streets of Belgrade, touting Kostunica as a potential candidate for President of Serbia in 2001.

VI. Conclusion

Whoever wins the Serbian elections will face the task of righting ten years of deliberate neglect and outright malfeasance. The task is bound to be fraught with difficulties and failures, and may cost the winners politically over the long term, as they take the myriad tough and unpopular decisions necessary to undo Milosevic's legacy.

Yet, given the current system of dual power in Serbia, the elections are the only way to resolve a peaceful transfer of power, and enable DOS to seize control of those governing structures that truly matter in FRY and begin to implement the sweeping reforms needed

⁸ <http://www.corax.co.yu/>

⁹ Centar za proucavanje alternativa.

¹⁰ VIP Daily News Report no. 1925, 19 December 2000. For background on Montenegro's relationship with Serbia, see ICG Balkans Briefing, *Montenegro: Which Way Next?*, 30 November 2000.

to make Serbia a modern European country. Without the elections, the revolution is incomplete, and democratic forces in Serbia will be unable to consolidate power.

The expected victory of DOS in the December elections will make a number of important goals achievable. First, it will place Serbia on a solid footing from which it can renegotiate its relationship with Montenegro. Second, it will enable DOS to take full control over both the military and police, thereby reducing the danger of a Milosevic comeback.

Third, the elections will set DOS firmly on its feet as the unchallenged political master of Serbia and enable it – if it has the will to stay together - to clean house internally. Fourth, the elections will give DOS a mandate to begin the transition and reform process necessary for Serbia to begin the process of European integration. Finally, the elections will provide the major entity within the FRY with a government with which the international community can deal and on which it can exert real pressure to meet international concerns, including cooperation with the Hague Tribunal.

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