

Serbia: Doubts Cast Over New Reform Pledge

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New government promises to press ahead with reforms, though there are question marks over its ability to deliver.

Serbia's new government is finally in place but may struggle to implement much-needed reforms.

Few Serbs believe Prime Minister Vojislav Kostunica's cabinet, containing a medley of unlikely political allies, has much chance of surviving for long, or of tackling the deepening economic recession.

The new government, sworn in this week, comprises three political groups from the former anti-Milosevic bloc - the conservative Democratic Party of Serbia, DSS, the liberal G17 Plus and the monarchist coalition of the Serbian Renewal Movement, SPO, and New Serbia, NS.

As they lack a working parliamentary majority, Slobodan Milosevic's Socialist Party of Serbia, SPS, will support though not join the minority government.

The government has pledged to continue the wave of economic and political reforms that started so successfully in 2001 after Milosevic's overthrow, but which ground to a halt late in 2002.

Kostunica, who is also the DSS leader, listed his priorities as resolving the final status of Kosovo, writing a new Serbian constitution and reforming the judiciary, all of which he described as prerequisites for economic revival and eventual EU membership.

At the same time, he promised a clean break with the alleged malpractices of the former government.

But neither the public nor the majority of political observers believe this agenda is likely to yield anything very substantial. Kostunica's cabinet faces serious obstacles at the start of its mandate, which are likely to hinder, if not derail, its efforts to press ahead with reforms.

The lack of public enthusiasm for the new government, compared to the atmosphere when the previous administration took over after the ousting of the Milosevic, is marked.

The reason for this indifference is not hard to locate. The last government left a sorry legacy behind it. The state of the economy is dire, government institutions are in a ruinous condition and relations with the West are deteriorating.

Constant bickering between the partners of the new ruling coalition has already deflated public hopes of a sudden turnaround.

Despite a substantial inflow of US 3 billion US dollars of foreign capital over the last three years in the form of donations, credit arrangements and direct investments, the economic situation remains the biggest headache.

Few analysts believe the new government stands much chance of digging its way out of what looks like an ever deeper recession.

According to businessman Dragan Kopcalic, a former senior Democratic Party, DS, official, "Current economic indicators suggest the government, even if it takes all the measures it should, cannot expect a better economic situation later this year compared to the last quarter of 2003."

Economists say the economy lurched deeper into recession last year after the government poured money into social security in a move to head off defeat in early parliamentary elections held last December. At the same time, the government tipped funds into indebted state companies, burdening the budget even more.

Political analyst Vladimir Gligorov, speaking at a meeting of economists in Belgrade last week, said the economy needed a radical change of direction if the country was ever to escape the downward spiral.

"At a time when foreign donations are drying up, the government has to stop resorting to economic populist measures," he warned.

This will not be an easy task, for other black clouds are hovering on the economic horizon.

In 2004, Serbia is expected to register a fall in foreign investment, which is linked to the ongoing political crisis.

At the same time, the need to repay interest on the mounting foreign debt is pressing. Serbia will have to pay back more than 700 million dollars to foreign creditors this year alone.

Even if public spending is cut savagely, Kostunica's government will find itself more dependent than ever on foreign aid to avert a crisis.

But foreign aid may not flow on the required scale. If relations continue to deteriorate between Belgrade and the US and EU over the vexed question of war crime indictees, outside contributions could slow to a trickle.

Both Brussels and Washington have already expressed concern over Kostunica's decision to rely on the support of Milosevic's old party in parliament.

They are also demanding concrete progress on the extradition to the Hague of the former Bosnian Serb army commander Ratko Mladic, who is reportedly hiding in Serbia.

This is unlikely to materialise. Even before his confirmation as prime minister, Kostunica, already known for his sceptical stance towards the tribunal, made several ambiguous statements in public on the Mladic issue that left the international community doubting his willingness to cooperate.

If he is seen to be dragging his feet, foreign aid may slow even further, deepening the economic crisis.

Quarrels over the tribunal are likely to expose cracks in the government coalition, as the SPO-NS alliance favours handing over indicted war criminals while Milosevic's Socialists staunchly oppose any cooperation with the Hague.

The rivalry and bickering between the various coalition partners are expected to come to a head immediately following presidential and local elections later this year.

These polls are likely to see big gains registered by the ultra-nationalist Serbian Radical Party, SRS, led by Tomislav Nikolic.

The only chance of defeating him in the presidential election lies in all the former members of the anti-Milosevic political bloc, including the DS, fielding a joint candidate.

But political analysts doubt a single candidate will emerge who does not antagonise at least one key member of the pro-democracy bloc.

Local elections may also trigger new confrontations between the pro-democracy parties, as they fight shy of alliances and run on their own, and against one another.

In the meantime, the new government coalition will try to forge a consensus over reforms, in spite of their differences on other crucial issues.

Kostunica's main goal is to replace Milosevic's old constitution with an entirely new one, as he insists this is the key to solve the country's ongoing political crisis.

Political analyst Vladimir Goati said consensus would be hard to find on this, or any other, issue, however. The new government was an odd combination of parties that would need a miracle to function together, he said.

"This heterogeneity will result in immobility and inaction at a moment when Serbia needs to continue the reform process with much more dynamism," Goati told IWPR.

On the plus side, some analysts hopefully predict that fear of new elections and a SRS landslide may weld the coalition together and help it overcome differences.

Political analyst Djordje Vukadinovic predicted that the fear factor would give the government a lease of life, even if only for a short period.

"The new government may last longer than many now predict," he told IWPR, "but it will certainly not live to see the end of its term of office."

What Kostunica's team will achieve before they run out of steam is uncertain. After squandering what remains of public confidence, Serbia's politicians may well resort once more to disastrous populist measures in an attempt to gain time and secure their survival at any cost.

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