

Serbian Reformers Declare War on Oligarchs

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Pervasive influence of powerful businessmen seen as an obstacle to political progress.

The reformist G17 Plus party appears to have declared war on Serbia's all-powerful business oligarchs, the first time that a serious political force has posed a challenge to the small clique of men who many see as the country's real rulers.

Ksenija Milivojevic, deputy chief of the party in parliament, told IWPR they were ready to start the fight now. "The fight against the oligarchs and against crime will be conducted through a fundamental reform of the Serbian judiciary, the police and through legislation," she said.

The party is pushing for an investigation into where the oligarchs got their money from and whether deals they made when Slobodan Milosevic was president, as well as under the last government, were legal.

The threat seems serious. In the newly-formed government of Vojislav Kostunica, G17 Plus has gained an important hold over finances, taking the posts of minister of finance and deputy prime minister, which is responsible for European integration.

Both analysts and political representatives in Serbia have warned for months that a growing challenge to the state from an oligarchy of financial and media moguls is pushing Serbia into a crisis which is revealing itself in a series of economic, political or media-related scandals.

The oligarchs are not a new force. As in Russia, they grew out of the botched transition from a communist to a capitalist society that took place under the authoritarian regime of Slobodan Milosevic.

In the Milosevic years, from 1988 to 2000, as war, poverty and international sanctions closed in, a group of individuals politically close to the regime gained monopolies over a range of profitable businesses in return for their loyalty to the Serbian leader.

They gained a privileged position, acquiring exclusive state licences for both lucrative import and export activities and the terrestrial networks of their electronic media.

The fall of the Milosevic regime in October 2000 brought hopes that the oligarchs might be humbled. But the new authorities under Zoran Djindjic showed no desire to limit their power. In fact, over the past three years, new oligarchs sprouted alongside the old ones, thanks to their connections with the first post-Milosevic regime.

The Serbian oligarchy is notable for the high profile its members have in the media, unlike in the West, where financial and media moguls usually shy away from public exposure.

The oligarchs have a substantial stake in the media, and they control of a large part of the electronic and printed press.

According to Veran Matic, editor of the leading independent Belgrade radio and television station, B92, the influence of the oligarchs is increasing and is highly damaging to Serbia.

Matic believes they fear popular anger could be focused against them as social tensions rise, which is why they want to take control of the press "and convince the population of their virtue, honesty and success".

Bogoljub Karic, head of the Braca Karic group, runs BK television, and Zeljko Mitrovic, owner of the most popular Serbian commercial TV station, Television Pink, are widely viewed as examples of media moguls, whose success is rooted in the Milosevic era, though other, newer oligarchs have appeared alongside them, mainly controlling the print media.

Mitrovic is among those who insist that the media should be judged for the quality and ratings it achieves, and that it's no longer worth discussing who was, or was not, close to the Milosevic regime.

Mitrovic told IWPR that TV Pink operated from the beginning on market-driven principles. After starting with a small radio station, TV Pink was launched in 1994 as an entertainment channel. Since 1998, it has been the republic's most popular TV station.

"Pink has been relying for the past 10 years on market principles alone," he said, "certainly not on revenues generated through cell telephones; banking and trade; loans granted by the regime that never had to be repaid; financial speculation; or millions of dollars of foreign donations."

A recent controversy surrounding the oligarchs and the media centred on Bogoljub Karic, one of the richest Milosevic-era business moguls. After the December 2003 elections – but before the new government was elected – Karic's BK TV began broadcasting hostile reports on the then candidate for the post of Serbian finance minister, also the G17 Plus deputy leader, Mladjan Dinkic. The reports attacked Dinkic's involvement in restructuring the National Savings Bank.

Milivojevic told IWPR that the reports on BK TV coincided with her party's announcement that it would take on the oligarchs, and probe the origins of Karic's financial assets.

"The campaign began when we said we would demand that the ownership structure of the Mobtel company – the mobile phone service provider which is owned jointly by the BK company and the state – be clearly established," she said.

The oligarchs flatly deny claims that they manipulate the media to support their political and business interests.

Karic, in a statement to IWPR, said he had never waged a campaign against G17 Plus. "I am surprised by such claims," he said. "Karic has never attacked G17 Plus. I consider them to be the champions of healthy, fresh and European-oriented ideas."

He admitted there had been misunderstandings between the BK group and Dinkic, but said they dated back to the times when the latter was governor of the Yugoslav National Bank, and had nothing to do with any desire to destabilise the new government.

"Claims that chaos suits 'big capital' I consider very dangerous and perfidious imputations made for the sake of someone else's interest," he said.

Karic said the owners of private capital in Serbia wanted only to ensure that the state guaranteed their legal security and enabled business people to play an active role in national economic policy. "Each party that is fighting for a democratic, modern and European Serbia enjoys the support of Bogoljub Karic," he said.

Many analysts still believe the influence of the oligarchs on the economy is even more problematic than it is in the media, and threatens to inflict damage on several sectors of society.

A public example of this involved a recent sugar export scandal, which has cost Serbian farmers millions of euro and seriously undermined the government's international credibility.

After the fall of the Milosevic regime in 2000, the European Union, EU, decided to help Serbia's ailing agricultural sector and introduce favourable conditions for the export of Serbian sugar to EU markets. Brussels later discovered that Serbian traders used the benign trading regime to sell low-quality sugar imported from third countries on the EU market, after falsely labelling it as a domestic product.

The EU responded in May 2003 by slapping a ban on imports of sugar from Serbia, dealing a heavy blow to almost 100,000 beet farmers and the refining industry.

In spite of the scandal, the Belgrade authorities have yet to punish any of the key players in the.

The sugar affair was "part of the story of the oligarchs in Serbia", according to Milovojevic.

Many fear that the oligarchs' activities are a threat to democratisation, Serbia's slow rapprochement with Europe, and economic stabilisation.

"Their vision of capitalism and democracy is extremely primitive," said Matic. "They often flirt with the Church and nationalism. They have their people in political parties, the judiciary, police, the Church...

"If they do not flaunt themselves, and are not quite as ruthless as Russia's nouveau riche, their appetites - and stupidity - are still growing from day to day."

Matic says it is no secret that the last government did nothing to trim the power of Serbia's moguls after Milosevic was toppled.

"There wasn't just a lack of political will and power within the disunited political parties that formed the new authorities," he said. "There was also a desire to turn the oligarchs into allies to reinforce their own power."

Political analyst Srbobran Brankovic told IWPR that Serbia underwent a change from "autocracy" under the Milosevic regime to "oligarchy" under its successor.

The influence of oligarchs on political events in Serbia, he said, became increasingly dangerous, "Big capital will do everything to maintain a state of chaos. They actually prefer lawlessness and a lack of institutions."

G17 Plus agrees. According to Milivojevic, who is also president of the parliamentary committee for European integration, her colleagues believe Serbia's oligarchs obstructed the drawn-out negotiations to form the new Serbian government so as to maintain the state of "lawlessness " that Brankovic referred to.

"There are indications that some Serbian politicians are under the influence of those powerful financial circles," Milivojevic added.

Many leading analysts agree that the oligarchs are heavily involved in affairs of state and politics. Where they differ is whether this involvement is benign or damaging.

Stojan Stamenkovic insists it does not bode well. Big business, he says, is trying to influence politics and the new Serbian government and the outcome is unlikely to be beneficial.

"The people who want to put businessmen in power are wrong, because the interests of the government – which has to conduct macro-economic policy – and that of the entrepreneurs are in conflict," he said. "Big entrepreneurs always have an interest in establishing a monopoly."

The battle looks set to continue, with oligarchs insisting they simply want a role in guiding economic policy, and parties such as G17 Plus claiming foul play.

The balance may now be shifting against the oligarchs. Most of the parties within the new Serbian government fought their election campaigns on fighting corruption and the legacy of Milosevic regime.

According to Milivojevic, the party would insist on what she called "an uncompromising battle against the oligarchs, wherever we uncover criminal elements, financial machinations and illegally earned capital".

Daniel Sunter is an IWPR contributor in Belgrade

See transcripts of IWPR interviews with [Bogoljub Karic](#) and [Zeljko Mitrovic](#).

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