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# **SERBIA AFTER DJINDJIC: CAN INVIGORATED REFORMS BE SUSTAINED?**

## **A Field Report**

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## Introduction And Summary

The assassinated prime minister of Serbia, Zoran Djindjic, appears to have won in death much of what he could not achieve in life. His concept of Serbia's way out of the domestic political and economic crisis through reform and membership in a democratic Europe has prevailed over one representing the past; Serbia is finally open to cooperation with the world. But the national consensus he was dreaming about does not yet exist. The prevalence and reach of networks of organized crime and corruption limit prospects for significant further structural change and more serious consolidation of the rule of law. The Serbian people have put aside for the moment their infatuation with radical nationalism rather than exorcising it from their society and intellectual culture. The success of such reform as has been implemented is far from secured. For the time being the joint efforts of the leading pro-democratization parties of Serbia and Montenegro have brought about the beginning of long-postponed changes in the army and initiated far-reaching reforms. This allows continuation of reforms in Serbian services and strengthening of the basic institutions of democracy. If continued, expanded and intensified, this course will take both Serbia and Montenegro irrespective of the final destiny of their Union closer to democracy and to the European Union and the United States.

## The Djindjic Assassination

The assassination of Prime Minister Zoran Djindjic raised serious questions about the extent and durability of the reform and democratization process in Serbia begun with the ouster of Slobodan Milosevic in October 2000. Prior to his killing, the process of moving from autocracy to democracy had made significant progress but nonetheless appeared slow, uneven and painful. It received a strong boost as a result of the political murder, but recent progress may mask deeper, more structural distortions of the Serbian political system that took root during the Milosevic era and have been reinforced by the strong pull of Serbian nationalism.

The current episode of transformation was begun as a reaction to the Djindjic assassination on March 12<sup>th</sup>. Contrary to the expectations of those behind the killing or who hoped to benefit from the chaos they believed would follow, the event provoked a strong public reaction, which energized the government to stand up against organized

crime and some (but by no means all) of the allies of the criminal networks within the government. Many Serbs now say these firm actions should have been undertaken within the first hundred days of the post-Milosevic era.

After a brief moment of confusion a state of emergency was declared and in a sweeping action more than eleven thousand criminal suspects were interrogated and some twenty-seven hundred detained. Close to four thousand people were indicted for various crimes ranging from assassinations and kidnappings to trafficking in drugs and women as well as racketeering. Perpetrators of many crimes which remained unsolved for years are behind bars now and their connections to and participation in the structure of power built by Milosevic have been not only revealed but documented. Organized crime seems to have been set back but not yet fully dismantled. The anti-crime sweep, Operation Sword, was conducted by Serbian police on a wide front yet it has not reached the financial foundation of the criminal organizations which were mostly legitimized and for a long time in a position to launder their proceeds from illegal activities while building legitimate businesses and positions from which they influenced the government and manipulated public opinion.

Though some parts of the conspiracy may never be fully revealed the background of the assassination of Prime Minister Djindjic is transparent. The major issue his government continued to face was whether to remain enmeshed in the Milosevic-era elite that had never been removed from power while moving glacially in some crucial reform areas or act decisively to break the bonds of the past. Djindjic, according to his associates, after consolidating his position early this year, made the decision to start dismantling this primary barrier to democracy in Serbia and was preparing for action. Since political means to stop him failed he had to be eliminated. Most analysts in Belgrade agree that his assassination was part of an attempted coup and that the basis of its support was broad.

After initial success in some areas of reform, especially regarding the economy, the year 2002 was marked by stagnation. Few new laws were enacted and transformation of the society was almost brought to a halt. Political struggles and mutual accusations among former partners in the DOS (Democratic Opposition of Serbia) coalition and within the Serbian government made the front pages and prime time news. Under the surface, however, influence was wielded by an unholy alliance of organized crime and powerful tycoons, state and army officials and radical nationalists who acquired both their wealth and power during the years of the violent break-up of the former Yugoslavia. They used their clout to prevent or slow down meaningful reforms and reorganization of the government institutions which would have inevitably eroded their positions and finally destroyed the network of connections they had created under Milosevic. But public opinion had evolved in the past year further against confronting Serbia's ugly past and dealing energetically with this legacy and this course was supported by the growing power of "moderate" nationalism. Resistance not only from the criminal networks but unreformed institutions as well, especially the army (Vojska Jugoslavije or VJ) and a more activist Orthodox Church, helped to paralyze Premier Djindjic's reform efforts in Serbia and slowed down the building of new and constructive international relationships, such as on cooperation with the Hague Tribunal.

Djindjic's assassination acted like a wake-up call for the nation, the region and the international community. He suddenly gained unmatched respect and a popularity he never enjoyed while alive. The public realized that he was the driving force behind the transformation and that his vision of Serbia as an integral part of Europe reflected their own primary goal. Representatives of neighboring states attending the funeral showed not only that they cared about paying homage to the memory of a fallen leader but that they were fully aware that those who murdered Djindjic were also striking at prospects for the stability and prosperity of the entire region. The international community as a whole was not shy to demonstrate its concern about the situation and its interest in the continuity of Djindjic's reform policy. This kind of support for the government of Serbia played a very important role in maintaining stability in the country and setting the course of the new government.

### Will The Justice System Work?

The police have done a formidable job so far. The rest is up to the prosecutors and the courts and how they will do their job remains to be seen. After an earlier attempt on Djindjic's life by a member of the "Surcin clan" (a powerful gang based in a Belgrade suburb and involved in many criminal activities but also lucrative road construction business), the suspect was apprehended by his security detail and handed over to the police. He was accused of forging documents (the vehicle he drove was stolen) and the next day released by a second judge. During Operation Sword along with mafia several members of Serbia's justice institutions were indicted for their association with major criminal groups. Among them were a judge and a deputy public prosecutor in Belgrade. Also in the past few months about three dozen judges have been replaced. In the changed Serbian atmosphere the government continues to strengthen the judicial system to enable it to handle new tasks. Yet so far there have been no sweeping changes of the still largely corrupt judiciary and many Milosevic appointees retain their positions. A senior government official acknowledged this, commenting privately that, "We have cleaned up the courtyard and now we should turn to cleaning the house." In May Djindjic's successor, Prime Minister Zoran Zivkovic said that "the justice system is still far from being professional and within the police there are still conflicts with so-called old cadres."

At the end of May the Serbian parliament finally adopted the Civic Alliance's draft of the Law on Responsibility for Violation of Human Rights, which is popularly known as the lustration law. Leading reform organization Otpor ("Resistance," a movement of youth opposed to Milosevic's rule and credited with a major contribution to his removal) and civic leaders had strenuously campaigned for that measure which creates a legal procedure to remove from public life all those proven to have violated human rights since March 26, 1976 and bar them from such positions for a period of five years. The parliament has been tasked with appointing a special independent commission of nine persons (three Supreme Court judges, three legal experts, a deputy public prosecutor and two members of parliament from different parties) whose work and decisions will be public.

The importance of this law and of the process of lustration can not be overstated. Hesitation of the new authorities or their inability or unwillingness to do that immediately after the ouster of Milosevic in October 2000 prevented some reforms and slowed down others. It also led to the gradual corruption of the whole system and the creation behind the scenes of a symbiotic relationship between the newly empowered democratic forces and the deeply rooted and strong remnants of the old power structure. The proceedings of the lustration commission will require opening of the police, security and other secret files, which will clear the names of some people while implicating others.

The infamous police special unit known as the Red Berets has been disbanded and their commander and several other members are in prison and indicted for political and other assassinations—including that of Ivan Stambolic in 2000—and of racketeering. Their deputy commander will stand trial for pulling the trigger of the special rifle used to kill Djindjic. Some members of the Serbian state security agency (BIA) are also in prison for their participation in the assassination of the premier. Yet so far no decisions about further reform of the police and BIA have been made.

As a part of the actions to prevent violent crime the government conducted a campaign to collect illegal arms and ammunition in possession of citizens. In Serbia close to 50,000 pieces of small arms (including many automatic rifles, hand grenades and launchers and even antitank weapons and a few cannons) and more than two million pieces of ammunition were handed over to the authorities. Also about 35,000 applications for legalization of possession of small and hunting arms were filed. In Montenegro more than 30,000 weapons were collected including one anti-aircraft cannon.

The investigation of the responsibility of government institutions for the assassination of Serbia's premier was postponed and a commission formed only in mid-May. Its head, Serbian Deputy Prime Minister Zarko Korac, was expected to do a thorough job and to leave no stones unturned covering not only the activities of the late prime minister's special security detail but the entire sector of security services including the military's intelligence and counterintelligence units as well as links between current and former officials and their connections with organized crime, politicians, business and media.

The report of the Commission was submitted to the government in mid-August and a week later adopted and made public. Its fifty-four pages provided a chronology of events and details of omissions and oversights in security arrangements made for the assassinated leader. According to the report, no assessments of his security were ever made; there were many problems in cooperation among sections and branches, where personal animosities were pervasive; some of those directly in charge lacked experience and handled their job in an "informal" way based on the relationship they had established with Djindjic while he was an opposition leader; and some members of state security who had been relieved of their duties and placed on administrative leave (Milosevic's cadres) continued to be active and participated in providing security for the government. Several high ranking officials in the Ministry of Interior deemed responsible for lack of appropriate procedures and measures to protect the prime minister were immediately

relieved of their duties. It was also announced that the trials of forty-four persons indicted for involvement in the assassination would begin this autumn.

Serbian media welcomed publication of the report but noted that there is nothing really new in it and that it does not answer key questions about responsibility on the level of government members.

### Cooperation With The Hague Tribunal

The issue of how far Belgrade should go to cooperate with the Hague tribunal divided the DOS coalition from the very beginning; these strains did not escape public attention. One of the major problems was the semi-official effort to sabotage the transfer of military documents to the tribunal by the special commission established to facilitate the selection of such documents in the army. The commission was staffed with Milosevic cronies and nationalists. Tasked with sifting through documents and assessing which ones should be given to the tribunal, they exploited that position to withhold documents requested by tribunal officials. After this body was finally disbanded and a list of its members made public many in Belgrade concluded that relevant documents were not only withheld from the tribunal but likely even removed or destroyed. Some of these officials may also have been feeding Milosevic with information contained in the military documents they reviewed to help him interrogate and often intimidate witnesses.

Explaining the fact that there has been no serious confrontation with war crimes since October 2000, Prime Minister Zivkovic said that until recently this was prevented by the Montenegrin coalition (opposed to Montenegro's leader Milo Djukanovic) in the federal government and Vojislav Kostunica's Democratic Party of Serbia. Lack of control over the army by reformers also hindered progress. These obstacles have been removed and the new Serbian government has stressed that it will cooperate with the tribunal and that no one indicted will be protected or spared. They have pledged to apprehend all indictees found on the territory of Serbia including General Ratko Mladic. This pledge has yet to be fulfilled.

A new law has been drafted in Serbia to establish a special prosecutor for war crimes. To be appointed by the government and confirmed by parliament for a period of four years, the special prosecutor will be independent and will appoint his/her the deputies. A special department for war crimes will be established in the ministry of interior which will report directly to the prosecutor. Groups of special judges will be also designated in three regional courts to conduct trials of those indicted for war crimes. The intention of the government is to begin prosecuting people who may have committed war crimes but are not on the tribunal list of indictees. This long overdue step was made possible when the investigation into the Djindjic assassination revealed undisputable ties between those behind the wartime ethnic cleansing policies and other war crimes and a network of state security, police and other government officials and organized crime. Often the same people held positions in state security agencies and mafia clans, most of whom had made their careers in brutal operations in the early 1990's in Croatia and Bosnia and later in Kosovo.

The first of those arrested after the Djindjic assassination and transferred to The Hague was a former commander of the disbanded Special Operations Unit of the Serbian police, Franko Simatovic (better known as Frenki). Next was the former head of the Serbian State Security, Jovica Stanisic. Their prompt extradition aroused some suspicions about the motives of the government since both and especially Stanisic were involved under Milosevic in recruitment of members of the opposition and control of the “independent” businesses based on illegal and criminal activities, and there had been requests to question them first in Belgrade. This of course may happen in The Hague as well since it is closely related to the crimes they are indicted for. So far only one member of the current Serbian government has been implicated by a witness at the tribunal for alleged association with the Serbian state security apparatus, which was vehemently denied.

The last member of the so-called Vukovar Troika was arrested in mid-June. This was a serious test for the Serbian government since Veselin Sljivancanin had not only dodged all offers to surrender and obtain assistance to prove his innocence but enjoyed popularity as well as the support of a well organized group. The demonstrations of his supporters during the arrest resulted in several injured policemen but there were no widespread protests, which may pave the way for eventual apprehension of Ratko Mladic, long suspected of being shielded by the Serbian military. While on a visit to the United States in July Prime Minister Zivkovic said that Mladic and all others indicted will be transferred to the Hague tribunal by the end of the year if they are found on the territory of Serbia. He also offered cooperation with U.S. intelligence services in locating Mladic.

### Political Struggles Threaten Reform

Despite initial confusion the Serbian government was reorganized quickly and resumed its duties promptly. The resulting stability projected by the new government, however, is not based on reconciliation of differences, compromises or resolution of the problems within the ruling DOS coalition. Tensions therefore remain high and visible despite professions of unity and political battles have only been postponed.

Potential threats to the government are more likely to come from within the DOS than from the political opposition which has been seriously weakened by the reaction of the public to Djindjic’s death and the revelations following his assassination. Kostunica’s attempt to bring the government down by proposing formation of a “concentration” government which would have included all political parties never really got off the ground and his popularity has waned since March. The Serbian Radical Party (SRS) lost even more and with its leader Seselj detained in The Hague prospects of a recovery are dim.

Djindjic was a strong leader and many believe that he was the only one capable of keeping together the DOS alliance, which never had a common political platform. So far his successor has demonstrated strength and energy in overcoming disputes within the government and personal conflicts and in presenting to the public a picture of a unified cabinet devoted to further reforms. Reacting to renewed conflicts and mutual accusations

by members of his government, Zivkovic organized a press conference on May 27 together with some of those involved and very forcefully reiterated the position, which the previous day received the support of the whole cabinet, that “public polemics of its members are intolerable” and will stop. Responding to some accusations in the media he provided assurances that “not a single member of the government has ever been part of any criminal activity...nor connected to any criminal group.” He also resolutely rejected allegations that some members of the government protect criminals or their groups or that they influence the work of the police and the judiciary. Zivkovic’s firmness did not, however, put an end to the accusations that his deputy, Cedomir Jovanovic, maintained links with the “Zemun clan” and corrupt businessmen. A public hearing was organized later in the parliament and broadcasted live to give Jovanovic an opportunity to answer the charges using official records and documents including those marked as “secret.”

This kind of public display of solidarity has become a familiar pattern of behavior. Preserving DS party unity and the DOS coalition until elections planned for autumn 2004 is an overriding priority considered to be far more important than becoming tainted by alleged corruption, nepotism, cronyism and even links to organized crime. The prime minister defends small party leaders as vigorously as his DS collaborators. In the same manner the importance of political differences within DOS even on major issues is minimized.

Despite continuous rumors about splits at the top of the Democratic Party (DS) and the fight over leadership, party leaders have generally held together with the four vice-presidents sharing power and keeping a delicate balance in their relationships. Zivkovic, while asserting his position as prime minister, was very careful not to display any aspirations to win the DS party leadership position formerly held by Djindjic. The exposure he gets as prime minister, however, works well for him in supporting his ambitions. The current situation is described by some observers as a “triumvirate” of Prime Minister Zoran Zivkovic, Deputy Prime Minister Cedomir Jovanovic (responsible for the harmonization of the economies of Serbia and Montenegro) and Minister of Defense Boris Tadic. The fourth in the leading group of vice-presidents is Gordana Comic who, insiders claim, plays the role of a mediator when necessary and ensures cohesion. The main board of the Democratic Party decided on March 16 to elect a new president only after elections take place in Serbia, thus constraining rivalries from endangering the power and future of the DS.

The crackdown against some elements of organized crime and intensified contacts with the international community have generated a changed perception of the DS-led government in the eyes of the Serbian public, producing stronger support for tough government actions. A poll conducted by the Strategic Marketing Agency in late April indicated that the Democratic Party would obtain 27 percent of the vote, followed by the Democratic Party of Serbia (DSS) with 14 percent and G-17 at eight percent. Lowest rated are the parties associated with the former regime: Seselj’s Radical Party (SRS) at 4.5 percent, the Socialist Party of Serbia (SPS) at 3.4 percent, and the Party of Serbian Unity (SSJ) at 0.5 percent. The order of the first three parties changes if the question is not “who would you vote for” but “who do you trust.” Most trusted is G-17 followed by

DS and DSS. Also individually leaders of G-17 get the highest positive rating (Djelic, Dinkic, Labus), followed by foreign minister and leader of the Civic Alliance Goran Svilanovic and then five DS leaders (Tadic, Covic, Zivkovic, Micic, Jovanovic). Significantly, former president of the FRY and DSS leader Vojislav Kostunica is eleventh on this list.

As the DOS government's action began losing steam over the summer and as it failed to translate its initial success in curbing organized crime into a broader and far-reaching anticorruption campaign, adequate reforms and purging of government institutions, the support it had gained in the spring began to erode. A poll conducted by the same agency July 19-22 showed the three leading parties tied neck-and-neck within a one percentage point margin, with DSS leading followed by G-17 and DS. Approval of the course the country is pursuing under the DOS government had shrunk from 66 percent in April to 39 percent in July. Also, 45 percent of respondents regarded developments and general direction negatively, compared to only 16 percent last April. Of all DS leaders only Defense Minister Tadic's rating showed a continuing favorable rise, reaching a 40 percent positive rating, putting him in third place overall following Labus and Dinkic from G-17.

Early elections before the end of this year would marginalize the radical segment of the right-left coalition (SRS, SPS & SSJ), weaken DSS and probably eliminate from the parliament most of the small members of the DOS coalition. But they could not resolve the relationship among the three largest and most relevant political groupings—DS, G-17 and DSS. The Serbian DOS government is strongly opposed to an early election because they believe that the campaign would hinder reforms and inflame the political scene. In fact, while G-17 advocates early elections no one, including G-17 leaders, seriously pushes for that.

The government commands a narrow majority in the parliament (128:122), but in reality their situation is better since they usually receive the support of seven MPs of a socialist splinter party (People's Socialist Party) so the actual governing balance is 135:115, which in the past few months has presented DOS with no legislative problems.

Many analysts in Serbia believe that the future of the government depends mostly on its ability to sustain actions launched against organized crime and broaden them to include reform of government institutions and the judiciary and alleviation of widespread corruption and illegal activities in the economy. Other important challenges remain constitutional reform and overcoming stagnation of the economy. The draft of the new Constitution is late and will purportedly be finished by the end of October so that the Constitution can be adopted on the 200<sup>th</sup> anniversary of the First Serbian Uprising in 1804. This would allow for elections to be held in the autumn as the DS prefers. Among major unresolved issues are local self-government and regional organization and autonomy as well as the election of the president (by direct vote or by parliament). These issues reflect points of disagreement between DS and the majority within DOS on one side and DSS on the other supported often by SPS and SRS.

While G-17 is no longer part of the DOS following its transformation last year into a political party, some of its members hold important positions in the government and after an election it could be a natural partner of the DS in a new coalition. Disputes and serious programmatic differences between DS and G-17, however, may threaten further reforms, in particular in the economic sector and the relationship of Serbia with Montenegro.

In their recently adopted program G-17 advocates that Serbia immediately end the union with Montenegro because it is economically not viable and will hinder Serbia's accession to the European Union. They have started a public campaign for an independent Serbia. On the other side Prime Minister Zivkovic does not see any problem in maintaining close relations between Belgrade and Podgorica. On the contrary, he talks about the desire of both sides to accelerate their integration. DS came up with an initiative to formulate a consensus of democratic parties about the road to Europe as Serbia's priority. G-17 president Miroljub Labus supports the idea but it is hard to imagine how their opposing views about it could be reconciled.

G-17 is formally neither part of the government nor a member of DOS yet since its members hold the most important economic and financial positions in the government it still exercises major influence in the economy despite the removal of Mladjan Dinkic from the position of the governor of the National Bank. The Serbian government wanted to take control of that sector for a long time and under Zivkovic the conflicts with Dinkic continued and developed into an ugly public confrontation which further burdened relations between DS and G-17. The government also tried to replace Labus as the chairman of the council which controls the process of consolidation and bankruptcy of banks but later reinstated him along with a couple of other G-17 members. However they resigned in August in protest over Zivkovic's handling of the affair of money laundering in which Nemanja Kolesar, Executive Director of the same Agency and former office director of the Serbian prime minister, was implicated (Kolesar resigned a few days later; the other government official involved, Zoran Janjusevic, security advisor to the prime minister, announced his resignation; yet the government did not act or disassociate itself in any manner from their alleged criminal activities).

The major problem for DOS in this situation is probably their concern about a public backlash due to the popularity of G-17 leaders who are still perceived as experts and credited for curbing inflation, strengthening the national currency and making the dinar convertible, and reforming the banking system.

### Can Serbia's Economy Recover?

One of the paradoxes in Serbia is that there is no area in which more progress in reforms has been achieved than in the economy yet it is difficult to find anyone who will tell you that life has improved. On the contrary, a great majority of people beginning with the middle class all the way down to the large army of unemployed (at the beginning of summer there were 904,454 unemployed) say with resignation in their voices that they lived better under Milosevic. They add immediately that it is a fact that there are more freedoms but the standard of living is worse and nobody expects it to get better any time

soon. The average monthly income in Serbia is 11,000 dinars (\$188) and in Montenegro 118 euros (\$130), place the Union at 149 in the global ranking of average monthly income.

Many graduates and students are still leaving the country or thinking about doing so and very few of those who left in the 1990's have come back. Last year's census details the changes since 1991, including that the average age of the population is accelerating fast. For instance the population older than sixty years is larger than the population younger than twenty. The number of those between fifty and sixty is almost equal to those between twenty and thirty years.

A Strategic Marketing Agency poll conducted in July shows that 40 percent of Serbs consider unemployment the major problem and 31 percent rank the low standard of living as their number one concern. Yet with the exception of G-17, programs and platforms of parties in Serbia contain few economic issues and are still focused more on "national" and other values. Definition of patriotism remains a dividing line as well as the nature of relationships with neighbors and with the West. The system of values promoted by DS and G-17 is close though they differ on some major issues including the Union of Serbia and Montenegro and the final status of Kosovo. The Civic Alliance remains associated with DOS despite occasional difficulties. Kostunica's DSS has parted with DOS not only in politics. It is now closer to SPS and SRS than to DS when it comes to interpretation of core values. Most local analysts agree that the political situation, burdened with numerous affairs and scandals which stay unresolved as a rule, remains the major obstacle to an economic recovery and foreign private investments.

Next year may be worse. There is an ongoing drought and major crops may be affected severely. Also in 2004 repayment of foreign loans will reach one billion dollars and keep growing till 2006 when it will be 1.5 billion dollars. Some loans, assistance and donations have been secured and a new donors conference is expected to be organized in the autumn. That cannot compensate, however, for a failed economy which has yet to be restarted.

In addition to 12 billion dollars of foreign loans, the foreign trade deficit in the first three months of this year reached almost one billion dollars. Industrial production keeps falling. In the first seven months it was 3 percent lower than in the same period of last year. On an international risk rating list Serbia ranks 122 (out of 151 countries) and on the list which ranks countries based on economic freedoms it is in 149<sup>th</sup> place (out of 161).

Privatization continues but is tainted by nepotism and corruption. To make things worse the law on denationalization has not been adopted yet and ownership of some privatized enterprises may be challenged later.

It is a fact that the current authorities inherited an economy in a disastrous state. Large companies were laden with debt, outdated technology and an enormous excess of workers. The country was de-industrialized to a great extent and large-scale rural

underdevelopment made the problem worse. No foreign direct investments can change this situation. Such structural problems can be overcome only with a solid long term plan and massive assistance organized by the European Union. Greece and Italy were leading an initiative to establish such a program but the EU summit in June refrained from adopting anything even close to such a commitment. The European Commission had already adopted the document “West Balkans and European Integration” in order to accelerate the process of stabilization and association of the countries in the region which it declares one of its priorities.

Banking reform has been conducted successfully so far and the system works. Hard currency reserves are 3.3 billion dollars of which 2.5 billion are reserves of the National Bank. The confidence of the population in banks has been largely restored and there is more than a billion dollars in individual savings accounts.

Inflation is under control. The rate measured from April 2002 to April 2003 was 13 percent and the plan for this year of nine percent seems quite realistic.

#### Kosovo Moving Back Toward Center Stage

Kosovo seemed to have been left on the backburner, first between October 2000 and the Albanian rebellion in southern Serbia in spring 2001 followed by the Macedonia crisis; and again in 2002 when the focus of public attention shifted to other issues and most politicians avoided it except for general and *pro forma* references. Developments in Kosovo and changing perceptions of this problem in Serbia have brought it back to the front pages in 2003.

In February shortly prior to his assassination, Djindjic took the international community by surprise, asking first NATO to facilitate the return of up to a thousand Yugoslav security troops to Kosovo then writing to U.S., Russian and British leaders to request their intervention in “the crisis in Kosovo.” He went on to propose first a division of Kosovo into two ethnic communities, each with equal rights, and a status for the province greater than autonomy but less than federal units of Serbia and Montenegro, then an international conference on the final status to be held no later than June this year. He reiterated publicly that the time had come to negotiate a political settlement since Kosovo is “sliding towards independence” in the absence of it. He also hinted at a wider framework for discussions tying the destiny of Kosovo to the status of Bosnia’s Republika Srpska.

The international community made it clear that they are not ready for such a conference and that any attempt to reach a final solution has to start with a Belgrade-Pristina dialogue. There were attempts to minimize or even ignore the initiative as Serbian internal political maneuvering. While this may have been partly true two facts remain. First, Serbs have not seen much of an improvement of their position in Kosovo and attitudes in Serbia keep hardening. Second, after assuming for over two years that delay benefited them and that time was on their side, they have come to realize that time may not be working in their favor.

By mid-May Serbian Deputy Prime Minister and Kosovo coordinator Nebojsa Covic announced that cooperation with UNMIK had been broken off because of the refusal of its then-chief Michael Steiner to extradite Shefchet Musliu, the detained leader of the Liberation Army of Presevo, Bujanovac and Medvedja in southern Serbia. The decision marked the culmination of disputes and conflicts between Covic and Steiner and of Serbian frustration with developments in Kosovo and their inability to influence them in any meaningful way.

The decision was received with little surprise and rather calmly in Belgrade because the prevailing perception was that the Serbian side did not benefit from this cooperation and could wait for Steiner to leave in July and seek a better deal with his successor before making further steps.

The position of the Serbian government on Kosovo was elaborated by Prime Minister Zivkovic in several public statements. He rejected the possibility of independence for Kosovo, put the blame for the deteriorating security situation on both Albanians and the international community but also admitted that the moment is not ideal for negotiations on final status. He said that bilateral talks would not lead to a solution and that participation of the UN, EU and United States was necessary, but expressed readiness to talk immediately with Albanian leaders in Pristina about the return of refugees, security of Serbs and freedom of movement and decentralization.

In August the Serbian government adopted a declaration on Kosovo which then was sent to the parliament, where it was endorsed in late August. This document, long in the making, presents for the first time since the removal of Milosevic a comprehensive position and strategy by Serbia. It claims that UNMIK efforts to establish a democratic and multiethnic society in Kosovo have failed and that the security situation remains “exceptionally bad, marked by frequent terrorist acts and murders ...[and] a drastic expansion of organized crime.” It reasserted that the “sovereignty and territorial inviolability of the state” applied to Kosovo and approved of the UNMIK-sponsored policy of “standards before status” as the basis for resolving final status. The declaration claimed there would be no negotiation of that issue until full implementation of Security Council Resolution 1244, following which a platform for “essential autonomy” would be drafted.

The murder of Serbian children in Gorazdevac on August 14 on a beach on a small river further inflamed passions in Serbia. It coincided with the arrival of the new UNMIK representative Harri Holkeri who immediately reacted to the killings and arranged for Serbian Prime Minister Zivkovic and Deputy Prime Minister Covic to attend the funerals in this village near Pec in southern Kosovo. This was the first time since 1999 that such senior Serbian government officials had visited Kosovo.

There is a basic consensus in Serbia that divisions about final status boil down to whether to try to keep some form of sovereignty over all of Kosovo or divide it. Within Serbia the government and most media focus on the position of Serbs in Kosovo while ignoring or

distorting other realities, and public opinion reflects that. Many Serbs may not consider Kosovo a priority issue but vehemently support Serbian sovereignty there. The only exception is the new program of G-17, which treats Kosovo as a potentially very dangerous issue that could disrupt the established balance of power in Serbia and the course of reforms. The unanimous adoption of the declaration on Kosovo in the Serbian parliament on August 27 undoubtedly marks a victory for the DS. The party is credited with forging a national consensus on Kosovo; but while it may strengthen the negotiating position of the government it reduces further the room it has for handling the most flammable issue in Serbian politics. Support which the DS managed to obtain on this occasion from Milosevic's backers and radical nationalist parties—the same group of people who for years stood behind the policy which led to ethnic cleansing and ultimately to the 1999 NATO campaign—may haunt DS in the future.

### Can The State Union of Serbia and Montenegro Work?

The Union is a state with two flags and no anthem, with two currencies and two visa regimes as well as check points for people and goods on the border the two republics share. Other than a strong desire to become part of Europe there is very little that politicians in Serbia and Montenegro share at the moment. Yet the ruling parties in Serbia (the DS) and Montenegro (the Democratic Party of Socialist or DPS) are trying to make the best of this situation.

After months of mediation by the European Union, sometimes rather forceful, a Constitutional Charter was signed in January and adopted by the Serbian and Montenegrin parliaments and on February 4 by the Yugoslav parliament. On that day Yugoslavia ceased to exist and the new State Union of Serbia and Montenegro was born. The new parliament of the Union was constituted and the Council of Ministers appointed. What remained to be done was to harmonize the two economic and financial systems after five years of separate life and development. At the end of May an agreement was reached between the Serbian and Montenegrin governments to adopt laws on the implementation of the action plan on the harmonization of economic relations. Different customs tariffs were a major hurdle since they reflect the different economic structures and needs of two republics. The European Union commended both governments for their efforts and results.

The new Council of Ministers is headed by the President of Serbia and Montenegro Svetozar Marovic and has five ministers with the term of office of four years. Three are from Serbia (since the president is a Montenegrin) and two from Montenegro. The ministries include foreign affairs, defense, foreign economic relations, internal economic relations and protection of human and minority rights. The ministers for foreign affairs and defense have deputies, who are actually co-ministers and are “from the other republic.” After two years the minister and his deputy switch positions. The Council of Ministers meets weekly and functions within the limits set by the Charter which preserved most responsibilities for the republics.

The republics are responsible for economic, financial and political issues as well as stability and security and in all these areas are connected only on the top through common representation in relations with the rest of the world. Many problems remain. Montenegro kept its Ministry for Foreign Affairs and there are complaints that foreign policy is being conducted on two tracks which are not parallel all the time. Montenegro is requesting parity on the level of government appointed officials in the ministries of the Union as well as in representation abroad in major centers.

Financing the joint functions remains a problem. There is an agreement that Montenegro will cover the expenses of the offices in Podgorica and Serbia of those in Belgrade. The arrangements for the missions abroad have not been worked out yet. While the Serbian side complains that it is still covering all expenses the Montenegrins assert that they will meet their financial responsibilities.

With former president of Yugoslavia Vojislav Kostunica gone as well as his Montenegrin coalition partners from the hard-line Socialist People's Party (SNP) there are fewer frictions and more willingness to resolve remaining problems and make the union function even if it is for a limited time. It is no more a zero-sum game nor is it about the balance of power in either Serbia or Montenegro and conflicting political concepts. The issue of the independence of Montenegro has been defused for the moment, replaced by pragmatism on both sides. There is more confidence between the two governments and the two parties (DS and DPS). This creates an atmosphere for resolving gradually the current problems and for a negotiated mutually acceptable settlement on independence when the time comes. DPS has not abandoned its goal of independence for Montenegro and holding a referendum on this matter at the expiration of three years. In Serbia there is an ongoing campaign by the G-17 for the independence of Serbia which seems to be directed as much against the DS as it is against the new Union. The Demo-Christian Party of Serbia, which is a member of DOS and the government (Justice Minister Vladan Batic), also maintains its support of Serbian independence but does not presently campaign for it. In the meantime Xavier Solana, the EU mediator remains a frequent visitor to Serbia and Montenegro and the EU keeps sending the message that only together can they join it soon.

### Radical Reform Of The Military

The adoption in February of the Constitutional Charter removed both formal and informal obstacles for the transformation of the VJ. The alleged reason for postponing the reform was uncertainty about the final outcome of the negotiations on the union between Serbia and Montenegro but the real one was obstruction by FRY President Kostunica and people close to him who used the VJ as an instrument of power.

Following the Djindjic assassination the chief of the army's security (the counterintelligence department known as KOS) Aca Tomic was arrested and replaced by Colonel Momir Stankovic (this appointment remains however controversial since he was close to former Chief of Staff General Pavkovic and served as Director of the Security Department of Kosovo Corps). Tomic is a suspect in the Djindjic assassination

conspiracy. He also allegedly supplied SRS leader Vojislav Seselj with information from his department's files which were used for defamation of SRS opponents.

The service was simultaneously transferred from the army and put under direct control of the Ministry of Defense, led by the new minister (from Serbia) Boris Tadic and his deputy (co-minister from Montenegro) Vukasin Maras. What remains to be accomplished is to reform both this security service and the intelligence service.

Without waiting for the new law to be adopted the Supreme Defense Council on May 6 decided to put the entire Joint Staff immediately under the control of the ministry. Also a new organization of the ministry was approved in principle putting the entire military structure under civilian control. The ministry is preparing two documents, a new defense strategy and a new military doctrine.

The army itself will undergo a radical reorganization which will modernize it and harmonize the structure with NATO. The number of troops will be reduced from about 78,000 to 50,000. Under consideration is abolition of the current system of conscription and transformation of the military into a professional army. In the meantime the duration of the mandatory service for conscripts was reduced from nine to eight months. The size mentioned as a goal is about 25,000. This was made public by Blagoje Grahovac, Advisor for Defense to the President of the State Union, and caused an adverse reaction in the military. They claimed that it was overly optimistic and amounted to a hasty projection of ideas that require careful study. The old cadres predictably warn that such a drastic reduction in size would diminish the defense capability of the country and even destabilize the region.

A poll conducted at the universities in Belgrade, Nis, Novi Sad and Kragujevac revealed that 75 percent of the students could not identify a good reason to serve in the army and would forgo conscription if able and that about 50 percent were searching for ways to do just that. Among those who already had served, 70 percent said they would not have done so if they had the opportunity to turn back time. Results of polls in Montenegro are similar. Only 10 percent would like it and about two thirds said the only reason they would serve would be to obtain a passport and to go abroad.

Major problems faced on the road of transformation and modernization of the military of Serbia and Montenegro are lack of funds, the poor state of armament and equipment and above all human resources. The new President Marovic said in March that the army should consist of people "who believe their prospects lie in the future, not in the past." Old cadres from the communist era still burdened by ideology were joined in the 1990's by officers recruited, as one official puts it, "from the bottom of the barrel." So a mixture of conservatism, communism, radical nationalism and xenophobia is the prevailing mindset which has to be changed since "we have to work with what we have," a reform minded official said.

Despite several new appointments in the past two-and-a-half years the personnel structure of the military remained virtually unchanged since Milosevic times until this August

when 218 officers were retired at once. The decision as well as the selection was made by Minister Tadic without the participation of Chief of Staff General Branko Krga in the process. Some disgruntled insiders complained that this was done to remove allegedly anti-reform and anti-Western professionals. In his farewell address to this group General Krga said “departure of officers with war experience is a loss not only for the army of Serbia and Montenegro but NATO as well.”

Public opinion strongly favors joining the Partnership for Peace (83 percent for and 9 percent against) and even NATO later (53 percent) though the majority doesn't believe that the referendum on NATO accession would be successful. In the NIN poll taken in mid-May, 55 percent answered that joining NATO would be useful and 25 percent that it wouldn't, while 59 percent believe that it would get Serbia and Montenegro closer to the United States and 23 percent to the EU.

### Cooperation With Europe And The United States: End Of Conditionality?

The leadership position undertaken by the United States in supporting the survival and reform initiatives of the post-Djindjic government and continuation of the course Djindjic had pursued have had a major impact in Serbia. Expectations of further progress are rising. While everyone talks about the “road to Europe” as a priority (76 percent support joining the EU) they want and see emergence of a strategic partnership with the U.S. which will result in a strong and permanent American presence. They want and expect to be part of the “new Europe.” There is a virtual consensus on all levels of government and the public that this is the right course and one that leads to stability and prosperity. Exceptions are found mostly among hardcore nationalists.

Interpretations of these developments are different and included rumors that the new government has secretly negotiated the building of two U.S. military bases near Nis and Pancevo. This was denied by the U.S. embassy in Belgrade on more than one occasion but did not stop the rumors. It is perhaps extraordinary that there was no adverse reaction among the public and even those who not only say they will never forget or forgive the bombing during the Kosovo war but basically take an overall anti-American position would support such a step as final acceptance of the realities in today's world in order to end the long suffering of the Serbian people.

The State Department certification of Serbia's progress on June 16 and the promotion of Prime Minister Zivkovic's U.S. visit in late July as an unqualified success have helped foster the impression among the Serbian public that Serbia is out of the woods internationally. In an interview with radio B-92 Zivkovic said “we can say now that when we are speaking with an [American] official, we can be certain that he believes what we are saying, that he shares our visions and that he is ready to help resolve our problems.”

The admission of the Union of Serbia and Montenegro to the Council of Europe and the removal of the remaining sanctions by the U.S. were met with delight officially and by the public. What may not be fully understood still is that strong support of the international community is partly based on their expectation of further steps equally

radical as Operation Sword was against organized crime and an accelerated transformation of all government institutions and of the judicial system, putting an end to corruption and consolidating other reforms leading to an irreversible establishment of the rule of law. Dismissing speculation that he had come under pressure in Washington Zivkovic said that the list of issues not addressed includes “corruption, the situation in the governing coalition, the Democratic Party and relations between the government and media.”

Heading in some positive directions and making some progress but still facing slowdowns, setbacks and major unresolved issues regarding the continuing strong influence of criminality on government policies and personnel, Serbia remains stuck at a political and economic crossroads. Serbs appear to be looking not only for full international acceptance but also searching for their soul as a nation and a country, making them vulnerable to the tugs and pulls of nationalism articulated by a divided and corrupted elite. It is unclear to what extent the United States intends to make the tough decisions necessary to push Serbia in constructive directions or rely on European allies—whose track record in this regard does not inspire confidence—to advance the next crucial phase in the predictably erratic and tormenting process toward securing Serbia’s democratic future and stabilizing the region.

## **About Vladimir Matic**

Vladimir Matic is a Lecturer and Visiting Professor at Clemson University where he teaches international relations and foreign policy as well as comparative European politics. From 2000 to 2001 he was a Special Envoy of the Yugoslav President to the United States government. In 1993 he resigned the post of Assistant Federal Minister for Foreign Affairs of Yugoslavia in disagreement on policy and moral issues. He was Head of Sector for Bilateral Affairs and before that Ambassador in the Ministry responsible for neighboring countries and multilateral regional organizations, a Deputy Chief of Mission and Charge d'Affaires in Washington, D.C. 1985-90, and Foreign Policy Advisor to the Presidency of Yugoslavia 1981-85. During his service he received the Distinguished Service Medal, Superior Service Award and other performance awards. He is a graduate of the University of Belgrade with degrees in Legal Institutions & Government and in Law, with postgraduate studies in International Economic Relations.

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The Public International Law & Policy Group was founded in 1996. The Group provides *pro bono* international legal services to states in transition, newly independent states and developing states as well as non-governmental organizations, international tribunals, and international organizations in need of specialized public international legal counsel. The Group has advised over a dozen states and sub-state entities in peace negotiations and over fifteen governments on matters of public international law. The Group occasionally publishes in depth reports on matters of contemporary interest. The work of the Group is divided among its five program areas: Peace-Building, Justice, Human Rights, the Balkans, and Environmental Issues.

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