

SERBIA: CONTINUITY AND CHANGE AFTER 2012 ELECTIONS

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Parliamentary and presidential elections held in Serbia in May 2012 brought about a change of government and terminated a long period in Serbian politics which lasted from fall 2000, when the opposition block called the Democratic Opposition of Serbia (DOS) won against Slobodan Milošević and his Socialist Party of Serbia (SPS). From late 2000 till mid 2012, Serbia was governed by coalitions gathered around the two leading parties of the DOS, namely the Democratic Party led by Zoran Đinđić (after 2003 Boris Tadić) and the Democratic Party of Serbia led by Vojislav Koštunica. Although the political programs of these two parties differ,¹ what they have in common is the fact that they were both formed in the early 1990s,² as parties in opposition to the regime of Slobodan Milošević and the remnants of the Communist apparatus which made Serbia one of the few countries that remained unaffected by the changes occurring at that time throughout Eastern Europe. However, the differences between these two parties, as well as among other parties of the DOS coalition, after they came to power, significantly deepened, mostly due to different views on issues such as Kosovo, the membership in the EU and NATO and other major issues of Serbian politics.

The fall of Milošević has not, however, brought about a complete breakup with the past and the two leading parties of his regime, namely the Socialist Party of Serbia (SPS) and the Serbian Radical Party (SRS), although significantly weakened, continued to be actors at the Serbian political scene. Under the influence of younger leaders and the new party president Ivica Dačić, the SPS began to adjust itself to new circumstances and in 2004 provided parliamentary support to the minority government of Vojislav Koštunica and his Democratic Party of Serbia (DSS), while in 2008 it formed a coalition government together with the Democratic Party (DS). The SRS kept its political orientation from the 1990s, but in 2008 its Deputy President Tomislav Nikolić broke away from the SRS and founded the Serbian Progress Party (SNS) to which many of former senior SRS officials, members and voters defected. Once the Socialists and the former Radicals accepted the politics of reforms and European integration and obtained the support for their politics from the USA and the EU, the main differences which have been dividing the government and the opposition in Serbia during the late 1990s, have vanished.

In short, the political U-turn in Serbia which happened at the elections in May 2012 brought back to power political forces which were ruling during the 1990s, before Milošević's overthrow in 2000; however, now they have continued policies of reforms and European integration inherited from previous post-2000 governments. What has brought about this U-turn in Serbian politics and why have the voters turned their back to parties which had led the opposition to the regime of Slobodan Milošević during the 1990s? We should try to find an answer to this question in political events in Serbia during the previous decade.

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¹ The Democratic Party is a party of social-democratic orientation, while the Democratic Party of Serbia is a party of conservative-national orientation. The programmatic differences, however, have become visible only after 2000 when the DS acceded the Socialist International and the DSS to the European People's Party, which in February 2012 it abandoned due to the political differences regarding Kosovo. It is interesting that the youth branch of the Democratic Party had been a member of the youth branch of the European People's Party until the party submitted an application to join the Socialist International in 2001.

² The Democratic Party of Serbia was founded in 1992 by Vojislav Koštunica and a group of intellectuals who politically defected from the Democratic Party.

The Rise and Fall of the Democratic Opposition of Serbia (DOS)

The political parties which came on power in late 2000 were created at the time of crisis, disintegration and civil war in former Yugoslavia. Their political programs at that time mostly contained only basic ideas about reforms and directions of the country's development after stepping down of the Milošević regime. During the 1990s the opinion prevailed among the civic opposition that this regime was an anomaly in relation to other European post-communist countries and that as such, it cannot stay in power for long, so that, once Milošević steps down from power, the country would follow the same path trodden by other socialist countries after 1989. Briefly, it was expected that Serbia would also broach market-orientated economic reforms, democratic reforms based on the rule of law, while primary foreign-policy goals would be to obtain membership in the Council of Europe, in the NATO Program 'Partnership for Peace' and finally, to become a member of the EU. Milošević's fall from power was expected to bring an end to 'Serbian exceptionalism' in the post-Cold War Europe and make Serbia a normal European country sharing European values and goals, the interior and foreign policy of which would pursue the EU policy.

The state of affairs regarding both internal affairs and the country's international position after the Democratic Opposition of Serbia came to power was, however, much more complicated. Even though during the election campaign in 2000 this political block put forward a political program which managed to define politics to be pursued after the fall of Milošević in much more precise terms than before, it failed to offer quite precise answers to many issues which faced Serbia at the time. Roughly, these issues could be divided into three groups. The first group of problems ensued from disintegration and ten-year war in former Yugoslavia. They crucial ones at the time included, firstly, the relationship between the two members of the then Federal Republic of Yugoslavia, namely Serbia and Montenegro, which were irretrievably damaged in the last years of the Milošević regime; secondly, the problem of the Serbian province of Kosovo which after NATO military intervention in 1999 was placed, in accordance with the UN Security Council Resolution no. 1244, under the protectorate of the United Nations; thirdly, the question of war crimes committed during the wars in the 1990s, that is, the arrest of persons suspected of war crimes and crimes against the humanity by the International Criminal Tribunal for War Crimes in The Hague (ICTY); and fourthly, the relations with neighboring countries, primarily the so-called new neighbors (that is, former Yugoslav Republics, namely Croatia, Bosnia and Herzegovina and Macedonia).

The second group of problems concerned transition and reforms which were supposed to be broached without delay in conditions which, after ten years of civil war, were much more complicated than in most other post-communist countries. Already at the outset, the new authorities were faced with extremely difficult economic and social situation in which it was necessary to ensure a bare subsistence, energy, basic operation of utility and other services and other needs of the almost completely devastated economy. Although humanitarian assistance which Western countries, primarily EU member states, provided to FR Yugoslavia has enabled partial solving of these problems in 2001-2002, it was not enough in order to ensure the beginning of transition in normal circumstances. The capital that began flowing into the country at that time mostly originated from three types of sources. The first were FDI which culminated in 2006 (around 5 billion Euros were invested in the country that year), consisting mostly of brownfield investments and only very few greenfield investments. The second source of capital were domestic investors whose capital originated from murky business operations during the sanctions and wars or the capital which the Milošević regime had kept hidden in 'tax havens' abroad during the 1990s and which was now returning to the country. The third source of capital was foreign loans which at that time were somewhat more favorable than after the outbreak of the world financial crisis in 2008. The economic policy of the country in that period mostly pursued the ruling neoliberal principles which, in addition to positive, have also produced some negative consequences.

Thirdly, the new authorities also faced the task of securing a more favorable international standing, primarily rapprochement to European and Euro-Atlantic integration processes, as well as normalization of relations with the neighboring countries. Preoccupied with inherited social, economic and political situation, mutual differences and political in-fighting among those who were in power at the time, the new authorities have made the first insecure steps in that direction. The problem of the country's readmission to the United Nations was solved most expediently; already in October 2000 the new president of FR Yugoslavia, Vojislav Koštunica, abandoned the position of Slobodan Milošević that FRY, the legal successor to SFRY (one of the founders of the UN) had never been excluded from this organization³ and submitted an application to

³ This was favored by an ambiguous formulation in the UNSC Resolution no. 757 of May 1992, according to which FRY, like other successor states of former Yugoslavia, was expected to re-apply for membership in the UN. Even

become a member of the UN, which was promptly accepted the same month. The relations with the Organization for Security and Cooperation in Europe (OSCE) were also soon normalized, despite reservations expressed by the government of Montenegro. France, which in the second half of 2000 held the Presidency of the Council of the European Union, put an end to initial dilemmas by the West concerning the nature of political changes in Serbia, by inviting the new president of Federal Republic of Yugoslavia, Vojislav Koštunica, to attend the EU summit in Biarritz, whereby the new authorities obtained the Union's recognition. Although admission to the Council of Europe and the European Union was high on the list of foreign-policy priorities of the Democratic Opposition of Serbia, the common working group of the Union and FR Yugoslavia was set up only in June 2001 at the insistence of the then German Chancellor Gerhard Schröder.⁴ Political divisions were much more pronounced regarding the country's progress in Euro-Atlantic integration processes, due to the still fresh memories of the NATO military campaign against Yugoslavia and its role in Kosovo. It was only in 2006 that the country joined the NATO 'Partnership for Peace' Program.⁵

The greatest threat for post-Milošević Serbia at that time were remnants of the old regime, primarily paramilitary and criminal organizations which were created during the civil war and international isolation. By the end of the 1990s, they have amassed huge economic and towards the end of the Milošević regime also a measure of political influence. Their targets at the time were opposition leader Vuk Drašković (who survived two assassination attempts), former Serbian president Ivan Stambolić (who was kidnapped and assassinated) and established journalist Slavko Ćuruvija (assassinated) and other regime opponents. A part of these organizations sided with the opposition in October 2000 whereby, according to some analysts, the bloodshed was avoided, but the consequence was that these organizations have continued to operate even after the fall of Milošević and the new Serbian government soon faced the fact that at that time it did not command a reliable coercion apparatus to combat them.⁶ The consequence was assassination of Prime Minister Zoran Đinđić on March 12, 2003, after which the state of emergency was proclaimed and large-scale police action was launched during which the assassins of the Prime Minister were apprehended and prosecuted, most of whom were members of a special police unit „Red Berets.“ The Democratic Party elected Zoran Živković as successor Prime Minister and the party president. He led the party until February 2003, when Boris Tadić was elected the president of the Democratic Party. The disintegration of the Democratic Opposition and the murder of Zoran Đinđić signaled the end of the first stage in the politics of post-Milošević Serbia.⁷

The second stage began with extraordinary parliamentary elections in Serbia in which the parties of the former DOS competed separately. The new government of Prime Minister Vojislav Koštunica was formed, made up of representatives of the Democratic Party of Serbia, the Serbian Renewal Movement led by Vuk Drašković and G17+ led by Mladan Dinkić and supported in the Parliament by the Socialist Party of Serbia, the representatives of which, however, did not enter the new government. After the presidential candidate of the Democratic Party, Boris Tadić, won presidential elections in June 2004, this stage was termed a period of cohabitation of the DS and the DSS, which lasted until mid 2008. In these four years some smaller parties

though after 1992 Yugoslavia ceased to participate in the work of the General Assembly and other UN bodies, its delegation remained in the UN and during the 1990s, FRY regularly paid its membership fee to the world organization.

⁴ The author of this paper served at the time as the foreign policy advisor of the new president of FR Yugoslavia and in that capacity attended the meeting between Vojislav Koštunica and Gerhard Schröder in early May 2001, at which the German Chancellor insisted that this group, the task of which was normalization of relations and beginning of rapprochement of FRY to the EU, be set up without delay. It should be noted that the leading parties of the Democratic Opposition of Serbia, preoccupied with increasing mutual differences, have not shown an initiative in that direction. At the time, the greatest pressure towards the beginning of the European integration processes was exerted in the country by NGOs, which in 2000 collectively joined the DOS.

⁵ Even though there are various opinions about the then stance of the leading parties of the Democratic Opposition of Serbia towards NATO membership, neither Vojislav Koštunica and the DSS nor Zoran Đinđić and the DS had any fully formed stance towards the issue at the time. In early 2001, the Swiss Center for the Democratic Control of the Armed Forces (DCAF) offered assistance in regulating civilian-military relations in FR Yugoslavia and first contacts with the NATO „Partnership for Peace“ Program. On that occasion, together with Goran Svilanović, the then Minister of Foreign Affairs, I proposed that the FRY should accede to this Program, citing the experience of Switzerland, a neutral European country which has found its place in the new international security order as a member of this Program. However, at the time, neither Koštunica nor Đinđić, fearing negative public reactions, have made such a proposal when meeting the US President George Bush in 2001.

⁶ See more in: Mile Novaković, *Otmice Zemunskog klana (Abductions by the Zemun Clan)*, Novosti, Belgrade 2013.

⁷ See more about the period in: Ognjen Pribičević, *Rise and Fall of DOS - Serbian Politics from 2000 to 2003*, Stubovi kulture, Belgrade 2010.

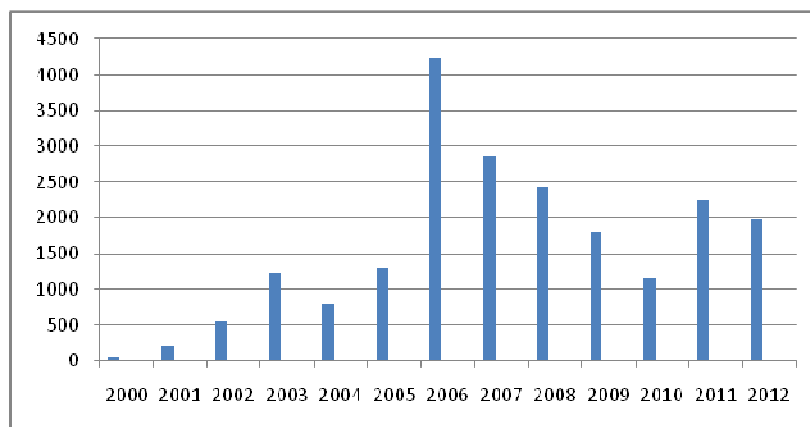
disappeared, the rivalry between the DS and the DSS has somewhat subsided and Serbian politics entered a somewhat quieter phase, privatization was in full swing and FDI from 2004 to 2008 reached 11.6 billion Euros.

Chart 1. Privatization in Serbia 2002-2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Tenders</i>	12	19	9	16	24	17	20	7	2
<i>Auctions</i>	207	680	256	200	208	282	226	69	25
<i>Number of privatized companies</i>	219	699	265	216	232	299	246	76	27

The challenges faced by the government of Vojislav Koštunica came from two sides. The International Criminal Tribunal for Former Yugoslavia, the EU and the USA exerted a strong pressure on the government which until 2008 arrested and extradited most persons residing in Serbia who had been accused of war crimes during the civil war in former SFRY. Secondly, the relations between two Republics making up the State Union of Serbia and Montenegro were irretrievably damaged and in May 2006 the referendum was held in Montenegro at which a majority of voters voted in favor of independence of this Republic, which was proclaimed in June the same year. The greatest challenge concerned Kosovo, where in March 2004 a new wave of violence against Serbs was unleashed, hundreds of houses and churches were destroyed and torched, 17 persons lost their lives, while some 4,500 Serbs were expelled from their homes. This made the UN Security Council appoint in November 2005 a Special Envoy for Kosovo and Martti Ahtisaari, the former Finnish president, was appointed to this post. In March 2007, he submitted a report on the future status of Kosovo (the so-called Ahtisaari Plan).⁸ Although Serbia has rejected this plan, in fall the same year negotiations between Belgrade and Prishtina were held in Vienna, but brought no results.⁹ Kosovo declared independence in January the next year and the government of Vojislav Koštunica resigned. In May 2008, extraordinary parliamentary elections were held in Serbia.

Chart 2. Foreign Direct Investment in Serbia 2000-2011 (million €)



Source: National Bank of Serbia

The third political stage in post-Milošević Serbia lasted from mid 2008 till mid 2012. At parliamentary elections in May 2008, the largest share of votes (38.42%) was won by the coalition „For a European Serbia – Boris Tadić“ (DS, SPO and G17+), which won 102 seats in the parliament, followed by the Serbian Radical Party of Vojislav Šešelj (29.46% votes and 78 parliamentary seats), the DSS led by Vojislav Koštunica, together with New Serbia led by Velimir Ilić came third (11.62% and 30 parliamentary seats) and on the fourth place was a coalition of the Socialist Party of Serbia (SPS) led by Ivica Dačić and A Party of

⁸ See more in: Martti Ahtisaari, *Report of the Special Envoy of the Secretary-General on Kosovo Future Status*, United Nations Office of the Special Envoy for Kosovo, <http://unosek.org/unosek/statusproposal.html>, mart 28, 2012.

⁹ See more in: James Ker-Lindsay, *Kosovo: The Path to Contested Statehood in the Balkans*, I.B. Tauris, London 2011.

United Pensioners of Serbia led by Milan Krkobabić, while the fifth place was occupied by the coalition gathered around the LDP (Liberal Democratic Party) led by Čedomir Jovanović (9% and 13 parliamentary seats). The parliamentary seats were also won by a coalition of Hungarian parties led by Ištvan Pastor, a Bosniak list for a European Sandžak led by Sulejman Ugljanin and a coalition of Albanians from Preševo valley, because the Constitution of Serbia envisages lower election thresholds for parties of national minorities. The new government was made up of the coalition „For a European Serbia – Boris Tadić,“ the Socialist Party of Serbia, the Party of United Pensioners and parties of national minorities. In an attempt to strengthen the coalition with the Socialist Party of Serbia, Boris Tadić initiated a 'historical reconciliation' between the DS and the SPS that was supposed to rehabilitate the newly reformed SPS and ensure its admission to membership of the Socialist International. This move has spawned contradictory reactions in the Serbian public opinion, especially among the DS liberal wing, and many consider that it has contributed to the electoral defeat of the DS in 2012.

The dominant role in Serbia in 2008-2012 was played by the Democratic Party, which led the ruling coalition, while its president Boris Tadić became the most influent politician in Serbia. Some analysts maintain that in this period Serbia approached a presidential system. The biggest effort and the most significant results accomplished by this government concerned the progress in the European integration process. To that end, both President Tadić and the government of Prime Minister Mirko Cvetković made huge steps towards normalization of relations with the so-called new neighbors (Croatia, Bosnia and Herzegovina, Montenegro and Macedonia). This situation was also enabled by the events in the EU itself, where in late 2009 the Lisbon Treaty was ratified, whereby institutional crisis which began in May 2005, when the proposed Draft Constitution of the EU was rejected at the referendum in France, finally ended. This has opened a 'window of opportunity' for Serbia, which in December 2009 managed to be placed on the 'white Schengen list' (i.e. to abolish the visa regime with the EU) and submit the application for EU membership. The last success of politics pursued by Boris Tadić and the DS was the decision by the European Council in February 2012 to accept Serbia's application for membership, despite reservations expressed by Germany and some other EU countries due to Belgrade's stance on Kosovo. On the negative side, the new government soon after taking office faced the crisis of the Euro zone which affected Serbia in 2009 and led to a decrease of exports, foreign investments and rates of economic growth, closure of numerous companies, increase of foreign debt and inflation, an increase of unemployment and poverty and deepening of the social gap. The second major problem was Kosovo, where crisis re-escalated in mid 2011 when Prishtina authorities resorted to the use of force to assume control over the last two crossings controlled by Serbs. The Serbs in northern Kosovo prevented this attempt and began blockading the crossings Jarinje and Brnjak until early 2012.

Serbia after 2012 elections

At the parliamentary elections in May 2012, the SNS won the largest share of votes (24.4%) and the greatest number of parliamentary seats (73), followed by the DS with 22.11% of votes and 67 parliamentary seats, with the SPS coming third with 14.53% of votes and 44 parliamentary seats. In the second round of presidential elections, the SNS candidate Tomislav Nikolić won against the DS candidate Boris Tadić, taking 49% of the votes. Soon after elections, Nikolić resigned as the president of the SNS, with an explanation that he wanted to be the president of all citizens of Serbia, rather than merely those who have voted for him and his party. The position of the president of the SNS was assumed by former party vice-president, Aleksandar Vučić. Although the Serbian public expected that the government would once again be formed by the DS and the SPS, the leader of the Socialists, Ivica Dačić, accepted the offer by the SNS to form a new government. The Democrats became an opposition. The new ruling coalition was made up of the SNS, the SPS and the party called the United Regions of Serbia (previously G17+) led by the economist Mladen Dinkić, the only party of the former DOS that joined the current Serbian government. The regaining of power in Serbia by the parties of the former Milošević regime has not, however, brought a return to Milošević's policies. The new government continued to pursue the policy of European integration of Serbia and, to the surprise of many, went much further in resolving the issue of Kosovo than the previous government. The campaign against corruption and organized crime led by Vide Prime Minister and the new SNS president Aleksandar Vučić won public approval and since March 2013 the support to the SNS has soared to 35 - 41%, according to public opinion surveys in Serbia.

Chart 3. The results of parliamentary elections in Serbia held on May 6, 2012
(Only parties which crossed the election threshold)

No.	Name of election list	Minority party	% of votes won	Number of parliamentary seats	Difference in relation to 2008 elections
1.	Let's Move Serbia - Tomislav Nikolić		24.04%	73	+64
2.	Choice/Election for a Better Life - Boris Tadić		22.06%	67	-7
3.	Ivica Dačić - SPS, PUPS, JS		14.51	44	+24
4.	Democratic Party of Serbia - Vojislav Koštunica		6.99%	21	=
5.	Čedomir Jovanović - Turnover		6.53%	19	+2
6.	United Regions of Serbia -Mladen Dinkić		5.51%	16	-8
7.	Alliance of Vojvodina Hungarians - Ištvan Pastor	M	1.75%	5	+1
8.	Party of Democratic Action of Sandžak - Sulejman Ugljanin	M	0.71	2	=
9.	All Together - BDZ, GSM, DZH, DZVM, Slovak Party -Emir Elfić*	M	0.64%	1	+1
10.	None of the above **	M	0.59%	1	+1
11.	Coalition of Albanians of Preševo Valley	M	0.34%	1	=

Source: *Parliamentary elections May 6, 2012*, Republic Institute for Statistics of Serbia and Republic Electoral Commission, Belgrade 2012.

* BDZ – Bosniak Democratic Community, GSM – Civic Alliance of Hungarians, ZGH – Democratic Community of Croats, DZVM – Democratic Community of Vojvodina Hungarians.

** Name of a political party

By contrast, the opposition has not managed by early 2013 to recover from the electoral defeat in May 2012. At the helm of the largest opposition party – the Democratic Party – the mayor of Belgrade Dragan Dilas replaced Boris Tadić. After that, numerous influential members left the party or were excluded.¹⁰ Some of them have announced the establishment of their own parliamentary caucuses and setting up new parties, which would split the previous constituency of the DS. The public support to the party declined in March 2013 to 13-14.5%, so that it currently shares the second place with the SPS in the Serbian party competition. The fourth place is occupied by the DSS led by Vojislav Koštunica, and around 7% of the public opinion supports this party, while others enjoy much smaller support and are not able to cross the 5% election threshold. The DSS is the only parliamentary party in Serbia which has retained a Euro-skeptic attitude, which is one of the reasons why the coalition between this and other parliamentary opposition parties is impossible. Such balance of powers on the Serbian political scene has left a room for the current government to go further than the previous one in terms of the Kosovo policy, in an attempt to obtain a date for negotiations on Serbia's membership in the European Union. The reasons for such a huge change in the mood of Serbian voters are interpreted by the government and the opposition in divergent ways.

The ruling party in Serbia – the Serbian Progress Party – perceives the reasons for this state of affairs in the social and economic consequences of transition, especially corruption and crime which accompanied

¹⁰ The most famous among them are former DS vice presidents Zoran Živković and Dušan Petrović as well as former Serbian Foreign Minister and the current Chairman of the UN General Assembly Vuk Jeremić.

privatization in Serbia during the previous decade. Even though in the period from 2001 to 2011 foreign direct investment (FDI) in Serbia equaled around 17 billion Euros (15 billion gross), around 40% of which was invested in economic and financial sectors, it was not enough for a visible recovery of the economy, especially industry, because around 35% of the total inflow of FDI was directed into the sectors of nonexchangeable goods and services and only around 15% of the total FDI were the so-called greenfield investments.¹¹ The consequences of speedy and insufficiently legally regulated privatization were a steep increase of unemployment and poverty, growing social divisions, de-industrialization of the country as well as spreading of corruption and crime. According to a wide-spread opinion among the Serbian public, the emergence of a small number of transition winners („tycoons“) was the consequence of illegal and, frequently, criminal privatizations rather than the result of investment, production growth or export. The analysis of the privatization process in Serbia made by the EU Commission has ascertained a large number of irregularities in privatization of major state-owned companies and numerous corruption affairs.¹² On the basis of this analysis, the new president of the SNS, Aleksandar Vučić, initiated a large number of investigations the target of which were some leading businessmen in Serbia, some of which have been arrested,¹³ which commanded public approval and increased popularity of this party.

The Democratic Party, however, perceives this as a sign of populism of the new government and as persecution of members and supporters of the Democratic Party. Although it admits that it has made some mistakes while in power, it perceives the causes of the heavy economic and social situation in Serbia somewhere else. According to its opinion, the main cause of the crisis and huge social dissatisfaction in the country is the global financial crisis and especially, the crisis of the Euro zone. It has severely hit Serbia in two waves – in 2009 and 2012, decreasing the GDP rate of Serbia from around 5% in the mid 2000s to zero or even negative growth rates.¹⁴ The immediate consequences were the decrease of FDI, the reduction of industrial production and foreign trade,¹⁵ the loss of a great number of jobs, the deterioration of balance-of-trade and balance-of-payment deficit of the country and an inflation of over 10%. Secondly, due to the war in former Yugoslavia, Serbia has begun its transition ten years after most other Eastern European countries so the world financial crisis has hit at the moment when its market-oriented economic sector was still emerging. In other words, Serbia after 2009 had to face both the price of transition (de-industrialization, increase of unemployment) and the world financial crisis (loss of the market, decrease of FDI etc).

Political analysts point out to other possible causes of the political U-turn in Serbia in 2012. On the one hand, they see it in the increase of Euro-skepticism given that public support to Serbia's membership in the EU, which after 2003 totaled 73%, in early 2013, fell to 41%.¹⁶ They attribute this, among other things, to unfulfilled expectations of the general public that after 2000, post-Milošević Serbia would soon be admitted

¹¹ *Foreign Direct Investments in Serbia 2001-2011, Pregled – Republic of Serbia*, No. 1/2012. Available from: <http://www.pregled-s.rs/article.php?pid=1471&id=36863&name=STRANE+DIREKTNE+INVESTICIJE+U+SRBIJI+2001-+2011>. March 25, 2013.

¹² Unlike other former Communist countries like Poland, Serbia has failed to introduce the control of the buyers and the source of the capital appearing at tenders to privatize state-owned companies. As a consequence, the Privatization Agency cancelled 629 out of a total of 2,281 concluded agreements on privatization of state-owned companies, leaving tens of thousands of workers unemployed. In addition to buying companies in order to subsequently close them in order to use the grounds as cheap construction sites, the bargain sale of companies' capital and so on, privatization in Serbia was also used for purposes of laundering the money of criminal origin. In June 2010 the EU demanded that Serbia investigate 20 cases of privatizations suspected of having included high-level corruption or failing to fulfill the rules of privatization. It allocated a grant to Serbia to do so, totalling 2.2 million euros. See more in: Stevan Dojčinović, *Serbian Privatisation: Criminals Still Cashing In, Balkan Insight*, <http://www.balkaninsight.com/en/article/serbian-privatisation-criminals-still-cashing-in>. March 25, 2013.

¹³ Some of the most famous cases are Agrobanka from Belgrade and the Developmental Bank of Vojvodina from Novi Sad. The greatest public reaction ensued after the arrest of Miroslav Mišković, the owner of DELTA Holding from Belgrade, one of the largest companies in Serbia and Southeastern Europe.

¹⁴ The data on the GDP growth in Serbia during the 2000s should be taken with a grain of salt due to the fact that the country had been under UN sanctions for the larger part of the 1990s, which has had huge consequences for its economy.

¹⁵ As much as 60% of Serbia's foreign trade is with EU member states, especially Germany, Italy and Austria. It has the most favorable balance-of-trade with four members of the Central European Free Trade Agreement (CEFTA), namely Bosnia and Herzegovina, Montenegro, Macedonia and Kosovo. Except EU and CEFTA members, Russia is also its important trade partner, primarily as a country exporting oil and gas. Serbia also has a free trade agreement with Russia.

¹⁶ Cited in: Lidija Valtner, *Nikada manja podrška ulasku Srbije u EU, Danas*, January 28, 2013. http://www.danas.rs/danasrs/politika/nikada_manja_podrska_ulasku_srbije_u_eu.56.html?news_id=254980. 25. mart 2013.

to the EU, to the EU stance towards the problem of Kosovo and to the consequences of the Euro zone crisis, especially in Greece which for most Serbs is a model of a successful membership of a Balkan country in the EU. On the other hand, analysts also point out to the wrong election strategy of the Democratic Party which led it to call extraordinary presidential elections and strengthening of the SNS and the SPS. According to this opinion, the DS has in vain tried to introduce a two-party system in Serbia. To that end it encouraged the division of the SRS and the creation of the SNS. However, during the election campaign, seeing the potential strength of the new party, it accused the SNS that it would once again lead Serbia to war; the negative campaign against this party and its presidential candidate Tomislav Nikolić made some DS voters to boycott elections.¹⁷ The conviction that with its policy in the 2008-2012 period Boris Tadić and the DS have contributed to a difficult economic situation in the country has made many intellectuals to deny them support. For example, Vesna Pešić, the former president of the Civic Alliance of Serbia, one of the leaders of the Democratic Opposition of Serbia and a person with huge public influence, has openly called on voters on the eve of elections to vote for Tomislav Nikolić and the SNS. All this led to a low voter turnout (around 46% of registered voters voted at the elections, which was 12% less than at elections in 2008). The analysts of political processes also add that whoever, while in power, called early elections in Serbia during the past 12 years, has also lost them. Namely, it happened to Slobodan Milošević (SPS) in 2000, Prime Minister Zoran Živković (DS) in 2003, Prime Minister Vojislav Koštunica (DSS) in 2008 and President Boris Tadić (DS) in 2012.

The ruling coalition tries to use its dominant position at the political scene of Serbia to solve the issue of Kosovo, which in the previous decade has proved to be the greatest obstacle on Serbia's route towards EU membership, but also the problem which continues to affect political processes in Serbia and hinder domestic reforms and normalization of the country's international position. In the election campaign, the president of the SPS, Ivica Dačić, openly advocated the division of Kosovo along the river Ibar, enjoying the tacit support of the then President Boris Tadić. Tomislav Nikolić and the Serbian Progress Party, however, went a step further with the proposal to raise negotiations between Belgrade and Prishtina to the highest political level, which obtained the support of the USA and the EU. Under the auspices of Catherine Ashton, negotiations between Prime Minister Ivica Dačić and Hashim Thaci began in late 2012 in Brussels, in the course of which Belgrade expressed readiness to normalize its relations with Kosovo under the condition that Prishtina accept the establishment of an Association of Serb Majority Municipalities exercising executive and judicial powers, as well as powers of urban planning within its territory. Prishtina expressed the readiness to accept the creation of the Association of Serb Majority Municipalities (which has also been envisaged under the Ahtisaari Plan), but without exercising of legislative, executive and judicial powers, insisting that the Ahtisaari Plan had already been incorporated into the 2008 Constitution of Kosovo and that accepting such a requirement by Belgrade would jeopardize its sovereignty.

For the new authorities in Serbia, the success of these negotiations is significant because it is the condition that the EU set the date for the onset of membership negotiations with Serbia. It is somewhat paradoxical, but for „repentant parties“ of the former Milošević regime – the SNS and the SPS – this might be even more important than for the parties of the former Democratic Opposition of Serbia, because obtaining the date for and beginning of negotiation with the EU would mean their final rehabilitation. For the SNS it would open the possibility to join the European People's Party and for the SPS to finally become a member of the Socialist International¹⁸ and thus complete its post-communist transformation. These motives probably also provide an answer to the question why the parties which during the 1990s were the pillars of the then regime today show greater readiness than civic parties in Serbia to accept even very painful compromises regarding Kosovo in order to start negotiations on Serbia's membership in the European Union.

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¹⁷ See more in: Ognjen Pribičević, Defeat of Boris Tadić and the First Transitional Change at the Elections in Serbia 2012, *Europejski Przeglad Prawa i Stosunkow Miedzynorodowych*, Vol. 7, No. 4, Warszawa, pp. 21-31.

¹⁸ The demise of the Eastern Bloc and the disappearance of communism in Eastern Europe in 1989 made a part of the leadership of the then Alliance of Communists of Serbia, similarly to other communist parties, ponder a transformation into a social-democratic party. This intention was revealed at the time by the then senior Alliance official, Slobodan Vučetić, in an interview which he gave in May 1989 to the Belgrade weekly NIN. This intention was thwarted by Slobodan Milošević in a speech held in June 1989 in Kosovo, on occasion of the 600th anniversary of the Kosovo battle, when he announced a different political strategy. The author of this paper has also at the time had personal knowledge about an attempt at social-democratic transformation of the Alliance of Communists of Serbia.

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