

## **Serbia: A pro-EU consensus despite the crisis**

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On 14 March, the Serbian parliament accepted changes in Mirko Cvetkovic's government by the votes of the government coalition. The changes have been made mainly for PR purposes and have covered the less important ministries. They are intended to improve public sentiment, which has significantly deteriorated over the past few months due to economic difficulties in the country. The intention of this reshuffle is to help the cabinet, which is seen as ineffective and internally divided, gain a better image before the parliamentary elections scheduled for spring 2012.

The government coalition has been deriving support from opposing radical right groupings, which are against integration with the EU. However, the political right has changed, and the opposition is now dominated by the conservative, moderately pro-European Serbian Progressive Party. This has posed a serious challenge to the present government as it is no longer the only force guaranteeing a continuation of integration with the EU. On the one hand, this strengthens the country's pro-European orientation but on the other may thwart the calculations of the coalition parties that Serbia obtaining EU candidate status will ensure their success in the parliamentary elections. In the present situation the government will find it difficult to achieve the previously set economic goals and significantly improve living standards for citizens. This may mean that the elections will bring a fundamental change to the balance of political forces in Serbia, but the strategic goal of Belgrade's policy – EU membership – will not be endangered.

### **Internal problems are weakening the government**

The government's main problem at present is the bad economic situation, reform fatigue and the related increase in public dissatisfaction and decrease in confidence in the political elite. Only 36% of Serbs declare they know who they will vote for in the upcoming elections. The effects of the economic slump and the savings plan implemented under the supervision of the International Monetary Fund include a higher unemployment rate, which is now 19.2%, and a wage and social benefits freeze. People's incomes have also been significantly reduced as a result of high inflation, which reached 10.3% in 2010. This gave rise to numerous public protests and strikes among public sector workers (education sector, police and health service workers are demanding pay rises). The 2% rise agreed this January has been deemed insufficient by most trade unions. Public satisfaction also results from the significant lengthening of the accession process by the EU although the present government has attained successes in this area (the visa requirement for citizens of Serbia

has been lifted, the application for EU accession has been submitted and accepted, and a questionnaire for the European Commission has been prepared). The negative perception of the EU integration process among the public also results from the lack of the visible positive effects of the reforms which have been implemented in connection with it. It was expected that they would improve the quality of the state administration and the justice system, and that the improved investment climate would contribute to economic growth.

### **Conflicts inside the coalition**

Other problems are: the integrity of the government coalition – which consists of eleven political parties with different programmes – and the low personal authority of Prime Minister Mirko Cvetkovic. The ministers are dependent on the leaders of the groupings they represent and take greater care of the interests of their parties than of the government in their actions. The large number of ministries, whose competences often overlap, and the competition and lack of will for co-operation between the ministers representing different parties adversely affects the cabinet's performance and reduces the sense of responsibility for individual ministries among the officials. Additionally, the prime minister's position is undermined by President Boris Tadic, who is at the same time the leader of the coalition's key member, the Democratic Party (DS). Tadic, despite the lack of formal powers, decides on the key issues in the government's activity. This is magnifying the impression among the public that the government's policy is inconsistent.

### **The right-wing opposition is turning pro-EU and gaining force**

The key opposition grouping, the Serbian Progressive Party (SNS) led by Tomislav Nikolic, is skilfully capitalising on the government's problems. At present, this is the party with the highest level of public support (34.4%). It emerged in 2008 as a result of the break-up of the Serbian Radical Party which, despite its significant electoral successes, was both at home and internationally politically isolated due to its radical national and Eurosceptic character. Nikolic took into account the strong support of European integration among the Serbian public (reaching 75% in 2008) and created a grouping with a more pro-European profile, at the same time retaining the status of opposition leader. Nikolic has also taken active measures in Brussels, where he has declared attachment to European values in an attempt to change the perception of his party. This has been done to prevent a repeat of the scenario from 2008, when the Stabilisation and Association Agreement was signed with the EU immediately before the elections, which significantly strengthened the parties which formed the present government coalition. The rhetoric used and the issues addressed by the SNS have changed fundamentally. Defence of Serbian national interests has been replaced with pointing out the shortcomings in the government's economic policy, the problems of a society becoming poorer and emphasising the need to stimulate economic growth. SNS has also changed its approach to the issue of Kosovo and supports a more moderate policy, by avoiding provoking tension in Kosovo and refraining from sharp criticism of the Serbian government in connection with the launch of the negotiations with the government in Pristina.

## The government is playing for time

The change in the main opposition party's stance poses a serious challenge to the parties forming the government coalition, which have been perceived so far by both Brussels and the public at home as the only political force capable of drawing Serbia closer to the EU. Therefore, the coalition parties may find it much more difficult to achieve a good result in the upcoming elections. To respond to those problems, the government carried out the reshuffle, which had been promised over the past few months. The number of ministries has been reduced from 24 to 17, and the cabinet will have 21 (instead of the previous 27) members. However, these changes concern mainly the less important ministries. Prime Minister Mirko Cvetkovic has also assumed the post of finance minister, which is to facilitate dealing with the consequences of the economic crisis and at the same time maintain budget discipline. These changes are to convince the public that the government is also cutting the costs of its own operation as part of the national savings programme and is implementing the anti-crisis reform programme. They are also intended to improve the effectiveness and coherence of the government's activity.

The economic situation in Serbia is unlikely to improve significantly in the immediate future, which will probably make the government in Belgrade apply to the IMF for further assistance (the agreement currently in force expires this April). Public pressure to increase benefits will also grow. The government, however, has little room for manoeuvre in this field because it is restricted by the obligations it has made to the IMF regarding budget deficit and pay rise limitations. This is very likely to cause an intensification of protests in the immediate future. It also cannot be ruled out that conflicts inside the coalition and mutual accusations of failures in economic policy will sharpen as the date of the elections draws closer, thus preventing a re-formation of the present coalition in the next-term of parliament.

Currently, the main area of the government's activity – and at the same time the key argument addressed to the public to convince them of the need to make the sacrifices – will be the acceleration of the process of integration with the EU. Positive aspects of the changes on the political scene include the increasing independence of current politics on issues related to Kosovo, a withdrawal from the political approach to accountability for war crimes and a stronger focus on the key issues of state operation: the economy and the need for a more rapid transformation. This is reinforcing Serbia's pro-European orientation, which is now the subject of consensus between all the major political forces in this country.