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Serbia after the elections: an unstable balance?

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By Dr Vladimir Unkovski-Korica, Teaching Fellow at the International History Department, LSE



The victory of Tomislav Nikolić in the presidential elections in Serbia last May **surprised** and **worried** commentators. For a long time, Nikolić had acted as deputy leader to war crimes suspect Vojislav Šešelj in the radical nationalist Serbian Radical Party but he **split** to form his own pro-EU Serbian Progressive Party in 2008. The fear was that he would now revert to his political roots and endanger Serbia's just-gained **candidate status** for European Union membership. The subsequent formation of a government coalition that excluded the outgoing president Boris Tadić's Democratic Party appeared to confirm Serbia's change of course. Symbolically, Ivica Dačić, the outgoing Interior Minister and the head of the late Slobodan Milošević's Socialist Party of Serbia, became Prime

Minister.

Only the presence in the coalition of the United Regions of Serbia, headed by a long-time critic of the Milošević regime in the 1990s and **winner** of Euromoney's Finance Minister of the year 2007 award, Mlađan Dinkić, appeared to go against the trend. But Dinkić had resigned from the previous government amid insinuations that he would be **prosecuted for corruption**.

Defying Expectations?

Despite an uneasy start, when Nikolić raised regional tensions with doomsday pronouncements about Serbs in Kosovo being **threatened with genocide**, the government soon appeared to defy expectations. In particular, Belgrade seemed to be more flexible in relation to the resolution of the Kosovo problem. This does not mean that the new government has reversed Belgrade's long-standing refusal to recognise independence, declared unilaterally by the break-away province in 2008. It continues to **insist on territorial autonomy** for the Serb minority in Kosovo. Moreover, it continues to rely on the Russian veto in the UN to maintain a foothold in Kosovo, and is therefore forced into a hitherto less than satisfying **economic relationship with Moscow**. As the latter fails to make up for the falls in Western foreign direct investment since the beginning of the crisis, Belgrade has sought other alternatives in the **United Arab Emirates** and **Azerbaijan**.

All this is still dwarfed by the reality of **dependence on the West**.

So the new government has been at pains to show it wants to normalise relations with Priština, accepting the European Union's **Serbia-Kosovo dialogue initiative** and making a point of linking it with EU funds. Belgrade continues to **hope** that formal recognition will not be made a condition for EU entry.

For a time, Nikolić apparently tried to undermine Dačić's negotiating position by downgrading talks in the government's platform on Kosovo but eventually **seemed to give in**.

The Basic Instinct

Now, however, a corruption scandal threatens to bring the government down. Some commentators say that resistance to the Prime Minister's willingness to compromise over Kosovo is **the real reason for the crisis**.

There is no proof of this but Dačić's position on the question has made him vulnerable and several actors both in government and opposition stand to gain from his demise.

The allegations centre on Dačić's **links with organised crime**. Dačić admits to having met an associate of the fugitive head of an international cocaine smuggling ring, Darko Šarić, in 2008 and 2009. Part of the drug money has allegedly been laundered in a property development scheme owned by Serbia's best-known tycoon, Miroslav Mišković. Mišković was arrested for corruption in late 2012. Dačić claims the police never told him the man he met was a suspected criminal. The implication is that he was trapped, possibly by elements of his erstwhile allies in the Democratic Party. Whether he is being undermined by the opposition or his coalition allies remains a point of speculation, though.

Dačić's relations with Nikolić's former deputy and the new head of the Progressives, Aleksandar Vučić, who heads the government's popular anti-corruption campaign, have reportedly been fraught. Over the last six months, Dačić has been forced to deny shielding the Socialist Party during the corruption probe into the state-owned bank [Agrobanka](#) and [ordering the wiretaps](#) that the police kept on Nikolić and Vučić.

Days before allegations of his alleged links with the criminal underworld surfaced, the Prime Minister was subjected to a [prank on television](#), when a TV presenter re-enacted the famous scene from Basic Instinct while interviewing him. He subsequently ordered an investigation.

Early elections?

Dačić remains in post as Vučić continues to resist [calls for early elections](#), but seemingly without much conviction. Vučić would not have much to lose. At the turn of the year, his party was far ahead in the polls, even though most Serbs expected their lives to get [worse in 2013](#). So, Vučić can afford to go to the polls at a time of his choosing, and snatch the premiership, constitutionally more powerful than the post of President. The move would take advantage of probable chaos in Socialist ranks and continuing popular distrust of the Democrats, whose time in office is still a byword for corruption.

But the move would be risky and there seems to be no pressing reason for Vučić to move against Dačić. Indeed, any fresh elections may jeopardise Serbia's [chances of starting membership talks in June](#), as these remain dependent on success in the Kosovo talks and the fight against organised crime.

Serbia's recipe for instability

Moreover, it may be safer at a time of economic crisis for Vučić to exert pressure from behind the scenes and wait for a more opportune moment. For the time being, [no economic miracle is on the horizon](#) and new investment is not geared towards creating jobs. This means Serbia is again in recession and is unable to reduce a balance of payments deficit. Pressure is building for austerity as the way to [avoid a 'Greek scenario'](#). With popular scepticism towards the country's political process already at a high, this is a recipe for instability. Mass youth unemployment is already a concern, causing [major disaffection](#) with political institutions. There is no reason to believe Serbia would stay immune to the kind of [unrest](#) that has accompanied the crisis globally.

Whether or not that would lead to the launching of new political alternatives as in [neighbouring countries](#) is open to question, but this remains a threat to the political status quo. Vučić is therefore caught in a bind. He wants Serbia to become an EU member but he also wants to retain Kosovo. He wants plaudits from creditors but he does not want to administer austerity. Heading the biggest party, he wants to seize power but he also does not want to take responsibility for unpopular political and economic decisions. To get what he wants, he needs to keep Dačić but he also needs to get rid of Dačić. The choice is not simple.

For the time being, an uneasy balance holds. But the situation is unpredictable and only the decision on accession talks in June provides an indication for the timetable of events. Once June passes, one way or the other, the situation will likely shift and the balance unravel. Serbia may once again join Greece in the headlines as a hotspot in the Balkans.

Dr Vladimir Unkovski-Korica's primary research interests lie in Yugoslavia, the Cold War and Communism. He recently completed his doctorate at the LSE on the impact of international factors on the evolution of the 'Yugoslav Road to Socialism' in the decade following the Tito-Stalin split.

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