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*Talking Points*  
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**Montenegro's New Political Circumstances**

*Speaker: Srdjan Darmanovic, Director, CEDEM, Podgorica*

With the shocking assassination of Serbian Prime Minister Zoran Djindjic in the center of Belgrade, probably *the most dedicated and energetic modernizer and reformer* in the Balkans disappeared from life and politics. His disappearance from Serbian politics has left *a lot of questions open*:

- How persistent and successful will the current anti-mafia and anti-terrorist campaign by the Serbian government be following Djindjic's death?
- Even if the campaign is more or less successful, how long can the current government majority (DOS) hold power without calling for elections?
- To what extent can the former federal president Kostunica be a beneficiary of the tragic events in Belgrade, and is it realistic to assume that his moderate ("democratic") nationalism can emerge as leading force in Serbia until the end of this year?

Djindjic's assassination is a great loss not only for Serbia, but also for the newly created Union of Serbia & Montenegro. In the final stages of negotiations between the two member states, it was Djindjic, on the Serbian side, which was ready to make the necessary compromises. Mutual understanding between him and Montenegrin Prime Minister Milo Djukanovic, as well as their pragmatism, enabled the negotiation process to be finally finished and the institutions of the new Union established.

Both key politicians in this process made a deal on a clear basis: institutions of the new Union have to be *coordinative* and primarily oriented toward the European Union (EU) and other Western and international structures. Real power and authority and the key decisions will firmly stay in the two member states and in three years both will decide how to proceed. This kind of agreement between two sides has started to emerge as a *real partnership* at the Union level.

After Djindjic's demise, Montenegro does not want to immediately break the Belgrade Agreement, but has to wait for a new partner in Serbia. This position *may not be promising*. Instead of concentrating on its own reforms, it again has to consider all options with Belgrade and depend on the direction events take in Serbia in the near future.

Theoretically, there are *several options that can affect Montenegro* in different ways:

- If the present Serbian government succeeds to crack down quickly on the undercover organizations that assassinated Djindjic, consolidate its ranks, and select a skillful reformist leadership, it can continue at least for a while the kind of relationship with Montenegro that Djindjic launched. But, even then it is still an open question how 17 parties in the DOS will operate together in the long run;
- It seems realistic to expect early parliamentary elections in Serbia along with presidential ones, rather than waiting for the regular timetable in December 2004. There is little chance that the current DOS structure will stay in power after this ballot. The best they can achieve seems to be power-sharing with Kostunica's DSS and the G17 party with no leading role in this type of coalition. In such a situation, with Kostunica's "democratic" nationalism as the dominant line in Serbian politics, the room for flexible and productive compromises between Serbian and Montenegrin leaders will be slimmer than with Djindjic;
- Serbia will revert back to its dark era, with a defeated democratic elite, the rule of old structures and criminal bosses. This does not seem too realistic, but the struggle to prevent such a possibility may not necessarily be quick, and this will certainly affect Montenegro and its search for reforms.

The Montenegrin government has to be prepared to give *all necessary political and other support to its Serbian counterpart* in its fight against war criminals, mafia structures, and remnants of the old regime, while urging the international community to help in this battle. But, the Montenegrin government is obliged to draw a clear line in this matter. It *has to be prepared even for unexpected and unwilling outcomes* where the turn of events in Serbia could start to jeopardize Montenegro's position once again. In such a scenario, Montenegro should not put aside its own interests and be trapped in a situation where it cannot influence or benefit from the state union.

## **Reforms in Montenegro**

*Speaker: Rade Bojović, Senior Analyst, CEDEM, Podgorica*

### **Political environment - Domestic factors**

- The October parliamentary elections (2002) gave way to a dominant political majority (DPS/SDP) with a four-year mandate. As a result of this outcome, and for the first time since the beginning of democratic coalition governments in 1998, a stable political environment exists for reform implementation;
- Regarding the reform question, the main political forces are split into two camps: the pro-reformist Djukanović's government and the populist opposition led by the SNP (Socialist People's Party). There is no political consensus between the two camps on the reform issue. Presently, the government is polishing a four-year reform implementation plan. The opposition, on the other hand, is not offering any kind of alternative plan. The opposition's contribution consists only of populist criticism and lacks any serious substance;
- The presence of international organizations and foreign non-governmental organizations (USAID/EU organizations) is of crucial importance for a successful reform process;
- Civil society (NGO/media) has an important role in establishing a reform friendly environment, as well as in creating joint programs with the government and international institutions and organizations. Currently, the largest non-government reform media-educational and think-tank program is taking place (the activities of the non-governmental networks are supported by USAID). In partnership with the Ministry of Interior, a program was launched to disarm general population from illegal firearms.

### **Correlation with Serbia**

- The recent assassination of Prime Minister Djindjic in Belgrade, in addition to creating a sense of uncertainty in Serbia, reflects negatively on the reforms in Montenegro. Djindjic's death complicates the process of harmonizing trade systems, discourages foreign investment, slows down the privatization process and encourages nationalistic pro-Milošević forces.

### **Economic environment**

- The reforms are taking place under unfavorable economic conditions: (GDP is stagnating at \$1 billion (\$1500/per capita); the gray economy makes up approximately 30-40 percent of the state economy; official unemployment is over 30 percent, the average wage is 120 Euro; the budget is unrealistic and in deficit; in 2002 inflation was 20 percent; public spending is too high (around 55-60 percent); and 1/3 of the population is living in either poverty or extreme poverty.

### **Result of the reforms**

- Djukanović's government inherited a very poor reform record from its predecessors, so one can say that the Montenegrin reform process is still at its

- very beginnings. Thirty percent of reform legislature has been passed and only 10-15 percent has actually been implemented;
- The most success can be seen in the economic arena (approximately 40 percent of new laws have been passed). Judicial reform is in the worst condition as the reforms are just now beginning (constitutional reform, reform of the State Administration, reform of the judiciary, police reform and anticorruption legislature);
  - All in all, the reform process (1998-2002) has shown to be slow, inconsistent and limited by political instability and is still in its infancy.

### **Perspectives of the reforms**

Success of the reforms during the current government mandate depends on the following factors:

- 1) Political stability in Montenegro (high level of certainty);
- 2) Stability in Serbian-Montenegrin relations (high level of uncertainty);
- 3) Government's level of resolve and dedication (positive signals);
- 4) Cooperation among the government, international institutions and civil society (positive signals);
- 5) International community's contribution in the form of both financial help and advice; and
- 6) Overall economic and social atmosphere (negative).

Of crucial importance for the successful implementation of the reforms will be the Djukanović government's willingness to proceed with strength, cooperation and speed to systematically realize the reform agenda. Undoubtedly, the current government's mandate is extremely important for the long-term success of Montenegrin reforms.