

BUSINESSMEN NECESSARY AS A SUPPORT, NOT AS POLITICIANS

On September 29 a group of Serbian businessmen announced the establishment of the Movement of Serbian Entrepreneurs. The founders said the goal of their movement was **“to create better conditions for launching the business in Serbia”**. Businessmen belonging to the movement, apart from the struggle to create a better business climate in Serbia, haven't exempted the **“possibility to actively participate in the elections”**. The Movement's Coordinator, the well-known Serbian businessman **Branislav Grujic** when speaking about his goals noted that **“the movement is not anyone's interest group; it does not represent either small or big capital, but the interests of Serbia”**. This broad set of goals speaks about political ambitions of the Movement. Indeed, many in Belgrade are confident that the Movement, or at least some of its prominent members, will appear on the election list expected next spring the latest.

What is the importance and how great is the power of entrepreneurs in the society had been first discovered by Bogoljub Karic, for decades one of the richest Serbs and in the last five years at a run due to legal proceedings brought against him.

Karic acquired a fortune in the time of transition when the former Yugoslavia was falling apart.

He created an empire consisting of the first mobile operator, bank, insurance company, television station and university. The Serbian businessman born in Kosovo repeatedly demonstrated an inclination for political involvement during the government of former Serbian President Slobodan Milosevic. He was a minister in the government of Slobodan Milosevic and in 1997 he even tried to stand against the then government as an independent candidate in the presidential election. His candidature was withdrawn after only a few days since Slobodan Milosevic clearly demonstrated that he would lose all the jobs if he continued to be "interested" in politics. In the democratic changes that occurred in Serbia in October 2000 he has kept his business empire and welcomed the arrival of democracy. But then he made a fatal mistake. Instead of using the change and the opening of the country to the world for the sale of his part of his businesses, strengthening operations, entering into privatization and making connection with major international companies – he opted for politics. It cost him his business empire and he had to leave the country.

Karic was introduced to politics through businessmen, or more precisely - the Association of Industrialists and Entrepreneurs.



He intended first to become a business leader, and then from that position to try to achieve political success. The Association of Industrialists and Entrepreneurs has brought together all entrepreneurs - owners of small businesses and company directors who employ thousands of workers. The structure of the Association's organization is reminiscent of a political party - the members were organized at the municipal, regional and national levels, while its founders valued in particular the mass membership. Thus organized, the Association repelled the largest businessmen who did not want to be equal with the owners of small shops, but it perfectly suited Bogoljub Karic. The association provided for him constant media promotion, expanding spheres of his influence and creating an infrastructure for a future political party. That it was so became evident in 2004 when he founded the movement "The Power of Serbia" (Serb. "Snaga Srbije") that was joined by almost entire Association. This movement is for a short time won almost 600 thousand votes in the presidential election and became part of local authority in many municipalities, including the province of Vojvodina. Thus, Karic became the competition to the existing political parties which did not take long to agree and open the issue of how Karic acquired his wealth during the transition, war and the rule of Slobodan Milosevic. It resulted in Karic losing his business empire, several prosecutions against him, more, and five years on the run - out of Serbia.

At the same time when Karic founded the Association of Industrialists and Entrepreneurs, currently the richest Serb, owner of Delta **Miroslav Miskovic** has launched a foundation of the club Businessmen (Serb. Privrednik). The business club was designed as an elite business club whose members could become only the owners and directors of the largest Serbian companies who pay annual membership fee of over a hundred thousand euros and whose membership would be supported by the other members of the club. Hence Miskovic used the space Karic left for him. Miskovic brought together the biggest businessmen. Otherwise, it is little known that the founders of the club had the tacit support of the then Government for such a venture. The then government of course did not participate in organizing the club, but looked favorably on the gathering of the most powerful businessmen in association to become its partner that could solve problems in the economy. The Government also expected that the club would reduce the impact of Bogoljub Karic through his Association. Even though the club was joined by major Serbian businessman - the public perceived it as Miskovic's personal project. Miskovic was obviously aware of that fact so he wasn't part of the club's bodies not to expose himself too much, but his personal power, the power of his company and the business relations of other members of Privrednik with Delta made him an informal leader of the club. This on one hand strengthened the club, but on the other hand was a mortgage for his further development.



Through Privrednik Miskovic had no direct political ambitions as Karic. However, a place that brought together the powerful and wealthy people who own the largest Serbian companies in itself became an informal center of power.

It could not be avoided, but it is that fact has become the biggest burden for the business club. Simply, political parties and state administration have never accepted the club that brings together the most powerful Serbian businessmen as a natural partner. It was a big mistake of the government which could have established a transparent and clear relationship with the entrepreneurs through cooperation with the club. Some politicians behaved as if they were employed in the club judging from the amount of time they had spent in it, but some completely ignored it. However, the influence of the club grew from year to year until 2008. Annual club's receptions became a matter of prestige as they gathered prime ministers, ministers, party presidents and ambassadors.

As the state failed to find a measure in the relationship with the richest businessmen so they, or at least some of them, failed to find a measure in their dealings with politicians. During the growing impact of the club its most prominent members proposed that businessmen ought to be consulted by the government when appointing the Minister of Finance. This of course provoked resistance from politicians. In the spring and summer of 2008 when some prominent members of the club actively involved in elections and coalition building was a drop in the cup.

It was a big mistake because from the position of economic power that was necessary for all parties, they sided with only some of them. Consequently the club began to wane in the last three years. The global economic crisis the impact of which is felt in Serbia only contributed to that. Most of the largest Serbian companies encountered problems, and the state in growing need of money expected from the richest Serbs to take the larger part of the burden of the economic crisis upon them. As it didn't happen, the relations between the major businessmen and politicians cooled considerably. Finally, some of the politicians who represented the investment of the business club, or at least some of its most important members, have lost their positions in the government which led to further weakening of the influence of the richest Serbian businessmen in politics. The future of the business club is directly related to the fact how the biggest Serbian companies will survive the economic crisis, understanding of the most important club's members that it is necessary to be a partner with state – a partner which will be consulted in making laws and regulations concerning economy and trade, but without interfering with political relations, unless someone of them is personally involved in politics, as well as acceptance of this club as a natural partner of the Serbian government in terms of economy.

A politician who has the best relationship with businessmen in Serbia is a former Serbian Deputy Prime Minister, Minister of Economy and leader of the United Regions of Serbia (URS) **Mladjan Dinkic**.

In February of this year he was removed from his ministerial function due to a conflict with Prime Minister **Mirko Cvetkovic**. His party has continued to participate in the Government and remained part of the ruling majority. However, Dinkic gone Serbian businessmen lost their most important link with the authorities. It is not only Dinkic's familiarity with some Serbian businessmen, but the fact he was one of the most practical Serbian ministers focused on solving everyday problems of commercial companies.

Dinkic was often accused of the closeness with the wealthiest Serbs, but the fact is that he was one of the few ministers who had a sense for the economy's problems, was ready to listen and to try to solve them.

After his shift, in the reconstruction of the Government, Mladjan Dinkic tried to place some businessmen to ministerial positions instead of his party members. Thus he would diminish his party's responsibility for the work of the government in an election year, and he would practically demonstrate to the businessmen that he wants to include them in power. This Dinkic's ingenious idea failed only because no businessman wanted to be publicly exposed in the last year of this Government's mandate.

Therefore, in the end two prominent businessmen **Dragoljub Vukadinovic**, President of "Metalac" from Gornji Milanovac and **Mirko Todorovic**, the owner of "Todor" from Vrnjacka Banja became advisers to Deputy Prime Minister from Dinkic's party **Verica Kalanovic**.

It was a symbolic gesture by which the minister wanted to show his relationship with industry that has not brought any results to the Government. However, it is interesting that both of the "advisers" emerged as the founders of the Movement of Serbian Entrepreneurs. Perhaps that is why the public connects this Movement to Dinkic?

Why do businessmen in Serbia organize so that each of their assembly is connected with politics? Is it possible in Serbia to do business without politics? Do politicians understand how important it is to have a transparent relationship with the entrepreneurs in order to be consulted in making the most important laws and other regulations governing business operation? These are just some of the dilemmas that will need to be addressed by future government in Serbia.

Entrepreneurs in Serbia have reasons to be dissatisfied with politicians. When it comes to business conditions, in the annual report of the International Finance Corporation (IFC) and World Bank (WB) Serbia is ranked at 89th place. According to the parameters for starting a business, Serbia holds 83rd place, in the area of construction permits - 176th place, registering property - 100th position, while it holds the best position when it comes to the credit procedure - 15th place; in the area of investor protection and international trade - 74th position, and the taxes - 138th place.

Serbian authorities should be more worried when we compare the position of Serbia in relation to neighboring countries.



As for the other economies of Southeast Europe, Macedonia holds 38th place, Slovenia 42nd, Bulgaria 50th, Romania 54th, Montenegro 66th, Albania 82nd, Croatia 84th, while below Serbia are Moldova - 90th place, Bosnia and Herzegovina on the 110th place, and Kosovo, whose independence is not recognized by Serbia - on 119th place. Serbia cannot solve all these problems, and thus attract foreign investment if it fails to cooperate with its economy.

Businessmen are people who, like all other citizens of Serbia are entitled to their political affiliation and participation in politics. Regarding businessmen, it would be recommendable that those who want to be politicians pursue politics personally while commercial associations should remain professional associations that would be partner to the Government in the difficult and painful reforms that are expected in Serbia. In a situation where the industry is in collapse, public spending above normal, and insolvency threatens to destroy that little economy that works, it is clear that fundamental reforms are necessary and they cannot be implemented without the consensus of politicians, trade unions, businessmen and all levels of society. Otherwise, small victories and positions will mean little, because it is a matter of survival of the Serbian society and the future of the people.