

## THE PERSPECTIVES OF THE NEW GOVERNMENT

Less than two months ago the Prime Minister of Serbia and the leader of the governing Socialists Party of Serbia ( SPS ) Ivica Dačić said while choosing his cabinet that for his government „ will not be important what and how things are said but what and how the things will be done.“ „ We want to promote the result and other PR is not needed to us“, said Dačić and added that his cabinet „ will not talk about the fires“. „ We are going to fight fires and do everything to prevent them“, bespoke Dačić to the citizens of Serbia.

Today, almost two months later, Serbia is full of „ fires“ of all kinds because it is shaken by problems, from financial because according to the announcements of the current representatives of the Government the country is „ close to the bankruptcy“ via corruptive affairs all to the problems with Germany and the USA concerning the south Serbian province Kosovo ( that unilaterally announced the independence in the year 2008. that was formally acknowledged by the USA and 22 countries of the European Union ) which makes the way of Serbia towards European Union more difficult. Two months is not enough time to give an opinion about the work of any cabinet, but it is quite certain that the relations in the Government can be already implied as well as the revealing of the direction in which this Government wishes to lead the country.

The first impression of the public after almost two months of the work of the Government is that the Government does not seem to function as an united team. To this impression mostly contributes the fact that the tone of the work of the government beside the Prime Minister Ivica Dačić also give the Deputy Prime Minister and the Minister of Defence and from the next week also a new leader of the strongest party in the country Serbian Progressive Party (SNS) Aleksandar Vučić and the Minister of Finance and the leader of the third party in the leading coalition, the United Regions of Serbia (URS ) Mladjan Dinkić. Indeed, if it would be judged about the work of the Government according to the image it has in media , it seems that the three of the leaders work all for themselves and that it is hard to recognise who the Prime Minister is. Also to that image contributes bad communication with the public of the current Government ( the Prime Minister himself said during the elections that he did not need any PRs ) but also the fact that Vučić and Dinkić are widely present in public unlike Dačić who is obviously not trying to compete with them concerning the presence in public. Honestly speaking, Vučić and Dačić are present in public because they have their own transparent themes, while Dačić does not have them. Meaning, Vučić is presenting himself in public through the struggle against the organized criminal and corruption, which can be seen through the opening of the affairs in which the main actors are the representatives of the former government, while Dinkić is promoting himself through the economic topics such as the amending of the budget, the restructuring of the tax system and reducing of the taxes for the economy.

Unlike them, Dačić does not have any serious themes that public would recognise him for. That is why there is an impression of Dačić being at the defence. Frankly speaking, it is more difficult for him as a Prime Minister to focus only on one theme, because he is as the first man of the Government responsible for everything, but the fact is that it is needed to him to be recognized in public by some concrete moves. Because, if the opposite, Vučić and Dačić can become meritorious for success in the fields they are in charge of while Dačić might be guilty of the general economics and economy situation. Maybe that is the reason why Dačić has started giving statements about Kosovo since last week.

To the impression that Dačić is defensive contributes also the fact that in public has been created an atmosphere that all the actors in the affairs that have been opened and which are related to the work of the former Government are mostly staff from Dačić's party SPS. This impression is partly true and partly wrong – depending on the point of view. It is true that some directors whose work is under the investigation of the Prosecution were positioned by Dačić's Socialists Party of Serbia but it does not mean that the party which suggested them must be responsible for their work. Here we are facing the crucial problem Dačić has and that is if Government continue dealing with the affairs of the former Government he will hardly avoid the impression of the public about him being partly responsible for them because he anyway was the Deputy Prime Minister from 2008. to 2012. This „mortgage“ do not have either Vučić who was the opposition to the former Government or Dinkić who was dismissed from the Government by the former governing Democratic Party (DS) a year before the elections (leaving in the Government ministers from Dinkić's party?!). Thus it enabled him remove the responsibility in front of the public from all that had happened before his dismissal. So, for Dačić it is not convenient „digging through his past“ but he can not ask it to be stopped because he would be accused of hiding something. It is the reason why Dačić has chosen to let his coalitional partners dealing with that theme. Anyway, it is Dačić's political style. He never makes quick decisions, he is ready to wait for his moment, he deals with the politics thoroughly and he is aware that the Government can not survive whole mandate due to its past as well as that sooner or later the moment will come for working on solving the real problems in the society. That moment is his opportunity. This strategy of Dačić is correct provided that the elections are not soon to be held. The Prime Minister of Serbia is convinced that it is not going to be the case. Is it so because he has a resolute agreement with the president Tomislav Nikolić in the time when he still was the president of Serbian Progressive Party and when they were forming the Government as well as with Mladjan Dinkić whom he positioned in the Government or for some other reason, the time will tell. Anyway, experts in knowing the situation and relations in the Government claim that all most important and strategic decisions in the Government have been made among four most important people – Nikolić, Dačić, Vučić and Dinkić and that among them there are no misunderstandings and disapprovals as it is claimed by media, opposition and analysts. Still, due to his rating, Dačić needs new ideas, turning the orientation towards the future, new projects and the providing of work for stumbled Serbian economy.

At this moment, it is most important for the functioning of the Government the relation between the Prime Minister Dačić and the first Deputy President Aleksandar Vučić. That is the reason why the question has emerged what are Vučić's intentions with the campaign he is leading in public, which has included the opening of several affairs of the former government, whose participants are also those suggested by Dačić's party?.

It is the fact that in the first two months of government Vučić has more skilfully positioned himself than Dačić and that he has found the theme by which he can raise his own rating as well as the rating of his party. Vučić, who has been present at the political scene of Serbia for almost two decades and has been considered for one of the most persistent Serbian politicians with enormous energy, knows that the citizens of Serbia consider crime and corruption to be among the greatest problems of Serbia. He as well knows quite well that citizens consider almost all parties to be corrupted and that exactly such perception of the public brought up till recently leading Democratic Party out of the government. It is not unknown to him the fact that the perception of the corruption follows every government and he wants to strengthen the image in public that the Serbian Progressive Party is not that kind of party by preventing campaign. This idea of Vučić is excellent and already gives the results. In a way, he has taken over Dačić's tactics from the previous Government when he, as the Deputy Prime Minister and the Minister of Police only presented himself through the work of the Ministry of Inner Affairs and thus collected positive points for himself while others were responsible for everything else. At previous elections, this tactics brought Dačić almost two times better result and the position of the Prime Minister. For two months, the tactics has brought to Vučić the third place rating among politicians in the country and to his party the greatest popularity because according to some research the Serbian Progressive Party has got around 30 to 35 per cent of the citizens' support! That support exactly gives to Vučić and Serbian Progressive Party the ability of becoming the winners in every possible disagreement with the coalitional partners because they always have choice –they can come out to the new elections where they would have much better result, get the position of the Prime Minister and choose partners. Besides, the situation in which they positioned themselves in public as determined fighters against criminal gives them the opportunity to accuse their coalitional partners of not helping and cooperating in this struggle because of the involvement of their members in various affairs which gives excellent reason for leaving the Government. Vučić's strategy has got only one flaw – it may tumble as the card tower if only any of highly positioned representatives in Serbian Progressive Party should be caught in corruption. The risk is growing daily as Serbian Progressive Party is positioning more and more directors of state companies every day. In that case, Vučić will have to deal with his party companions even more fiery than today with the democrats or the socialists, and it has never been popular move in any political party. The way he warns his party colleagues at the meetings of the party boards not to enter any suspicious or illegal actions reveals the fact that Vučić is aware of that threat. Whole his strategy has been based on the trust of the citizens and the trust, as it is common known, is hard to earn and easy to lose. At this moment he has earned it and must do all what is necessary to keep it.

Does this all mean that Dačić's Government will not last long? If we ask the opposition and certain analysts the elections can already be foreseen. Still, it does not have to be so. Despite the vertiginous rating increase of Serbian Progressive Party, Dačić is not left without the arguments. Despite the defence in which he is now, the rating of his party, according to the researches available to the public, is on the level of the electoral result that is considered to be historic, and he is the second popular politician in the country. What are Dačić's arguments about?

Serbian Progressive Party can without any problems or fear come out to the new elections today, but the question is can Serbia do the same? New elections would mean at least six months while everything would be stopped. Serbia is in such a difficult economic situation that another half of a year of not solving problems would certainly bring Serbia to the bankruptcy. An experienced politician such as Vučić surely knows that. So, new voting would bring a triumph to Serbian Progressive Party, to him personally the position of the Prime Minister and the possibility to form the Government maybe with only one coalitional partner ( Socialists Party of Serbia, United Regions of Serbia or maybe the Democratic Party after intra-party elections). But such a triumph would be a Pyrrhic victory if we take into account that country is at the edge of collapse, that can not join the European Union until it solves the question of Kosovo, which economy does not function and which is not capable of dealing with the another upcoming wave of economic crisis , the only responsible for all these things would be only Serbian Progressive Party. It is the mistake that was made by the recently leading Democratic Party and which can cost the party maybe even disappearing from the political scene or losing the important role in many following years. So, Vučić can take all the government but he knows that the question is what he would govern over? It is thus more realistic that current Government survives, trying to solve the problems Serbia has had, and that Serbian Progressive Party through the Government keeps its high rating because it shares the responsibility with others.

Without doubt Dačić and Vučić both know that the savage reality is ahead and for its solving is responsible actual Government no matter that its parts did not create it. And what the reality looks like today best described the oppositional representative in the Parliament and and the Deputy President of the National Assembly dr Nenad Popović at the parliamentary discussion about the amending budget: „ The deficiency in the budget is going to be around two billion dollars and unemployment rate in the country in April , just before the elections, reached 25.5 per cent and it is higher for about 3.3 per cent compared to the same month last year. Industrial production in July 2012. was 4 per cent less than in July 2011. and the export in the first seven months of 2012. was 7.7 per cent lower while the coverage of the import by the export is 57.8 per cent and is less than the coverage in the same period last year when it was 60.6 per cent.“ The consumer price in July 2012. , compared to the December 2011., have increased 5.4 per cent, and until the end of the year there are new announcements for the new wave of increasing price first of all because of the increase of the prices of public utilities which were held low by the local governments because of the elections and increased VAT. Foreign currency resources have been reduced for around 1.3 billion euros, what is the amount that Central Bank had sold to defend the foreign exchange course of RSD, which value compared to euro was depressed from the beginning of the year for 15 per cent. The participation of public debt in estimated GDP ( gross domestic product of the country ) was in the second term of 2012. increased for four percentage points, added to already 54.7 per cent, with the prospect to increase up close to 60 per cent by the end of the year. For Serbia there are way too many enormous problems no matter that other countries have got the same problems as well. The additional problem for Serbia is that in Serbia there is quite unfavourable business atmosphere mostly due to the fact that for years there have been lasting some kind of confrontation between the government and the producers.

For years the government in Serbia ( though in the time of the government of Tadić's Democratic Party from 2008. till 2012. this practice reached the culmination ) divides the producers at those suitable ( close to the current government ) and unsuitable , where for the suitable have been reserved state businesses and the privileges, and for the unsuitable financial inspections and police investigations. It does not create a business atmosphere in Serbia and that is why we are facing reduced economic activity and the lack of foreign investments. Serbia has not lost any foreign investment because it has not got good roads or railway, but it has lost many of them because of the bad business atmosphere, the need to be close to the government in order to do business, not popular tax system, dawdle of the administration and the corruption. There is an impression that in the trap of the former government entered also the new one, which has, by opening the investigations in the economy left by the former government , specially in the banking sector, according to the scheme where they are dealing with a consequence and not with a cause, unconsciously brought to the significant reducing of the credit activity in the country because in public the atmosphere has been created that taken credit has almost been a crime! Since Serbian economy, as well as all other economies in the period of economic crisis, has been living for years only by reprogramming of the existing credits and taking the new ones – it is clear that reduced credit activity significantly endangers economic activity. Being so confirms the fact that the foreign banks ( three quarters of domestic banks have got the founders in Europe ) which do business in Serbia over the banks in their own property for the last eighteen months have taken out of the country almost 1,5 billion euros ,according to the data from the National Bank of Serbia. Simply, that less credit have been given to the Serbian economy! In public has been created an atmosphere of distrust in bank sector, which is for the country such as Serbia which only 20 years ago experienced hyper inflation being one of the greatest in modern society ,a real disaster. That is why in November, when because of the saving week (the last week of October and the first week of November ) expire time deposits of great part of foreign exchange savings of citizens with banks, there is going to emerge a serious test primarily for the National Bank of Serbia but also for the Government. It can be expected that certain banks that have found themselves at the centre of the affairs are going to be under the increased pressure by savers to be paid out their saving investments. Besides, potential danger for Serbia lies in the development of the situation in Greece because one third of total banking sector in Serbia are Greek banks. Any kind of problems in banking sector especially concerning the payments of savings could lead to the situation that one number of citizens decide not to save any more in the banks, as it happened in September 2008. when savers, due to fear of the upcoming crisis and the writings of certain media in a short time withdrew almost billion euros from the banks. The National Bank of Serbia ( NBS ) then due to the quick and determined measures as it was guarantee for all savings up to 50 thousand euros managed to stop this outflow and to enlarge again foreign exchange savings during 2009. Today the citizens of Serbia save in business banks around 7,5 billion euros and it is estimated that in the houses there are about 3 billion euros. This saving is very important for the stability of banks but for the state as well because according to the Serbian regulations thirty per cent of each saving goes to the foreign exchange reserves of the National Bank of Serbia.



For the affirmation of the saving in Serbia ( 98 per cent of savings is foreign exchange saving ) significant credits belong to the actual Minister of Finance Mladjan Dinkić who became the Governor of the Central Bank of Serbia in the year 2000. , after the democratic changes, when there almost were not any foreign exchange savings at all. It is certain to expect then that he is quite well aware of the fact that it is highly dangerous depriving the trust in banking sector.

It is exactly the strongest argument for Government survival. Today Dačić's cabinet is protected more by the fear of the partners in it concerning the situation in the country than by the unity among them. The fear of total collapse can provide long lasting for the Government and enable them enough time to start working as a team.

One of the greatest problems of the Government are way too high expectations of their citizens and because of that its need for quick results. Maybe it is the reason for immediate opening of the procedures put in the drawers of the former government serving for the blackmailing of political partners and businessmen. About that several times were publicly speaking the propagandist of the European Parliament ( EP ) for Serbia Jelko Kacin and the president of the Board for the Southeast Europe of the European Parliament Doris Pack. That is how the new Government has become the prisoner of the intentions of the previous government because it has opened their cases that were done selectively and were dealing with the consequences instead of the causes of problems. There lies the answer about the large number of those who were suggested for the directors by the Socialists Party of Serbia to be found in the investigated cases. Because it was done so in the purpose of blackmailing the party during the negotiations about the Government by its former coalitional partners. By dealing with these cases, without any special check, new government unconsciously continues to support the old atmosphere that was created during the previous years by the old government according to which it is more dangerous to be the director of a company than a drug dealer!? These affairs only give temporary effects because when the Government arrests a former politician or a director, whether being guilty or not, the citizens react to that as people did to the gladiator games in the Ancient Rome. There is never enough of blood and never too many of the heads. Sooner or later the citizens start to understand that game as „witch hunt“ and the cheap PR and start wondering if they live any better due to the games. The former Government had several of that kind of „media“ arrests the most famous of which was the case of Goran Knežević , then high positioned official of the Democratic Party and the Mayor of Zrenjanin and today high official in Serbian Progressive Party and the Minister of Agriculture. Citizens can not be satisfied by these spectacular arrests that are only the show for the public because they are going to believe in successful struggle against corruption only when they see that they do not have to pay the bribe to doctors, police officers or professors which is something they face every day. Everything else is for them „palace games“ which are interesting but they do not solve problems. That is why the struggle against corruption has to be systematic and high corruption must not be avoided because why would a doctor who takes 50 euros be more guilty than the politician who takes milion euros?

It seems that so far Mladjan Dinkić has chosen the most efficient way of solving problems of the citizens, of fulfilling his pre-electoral promises and working on his own personal rating. First he put some effort to explain to the citizens in details difficult economic situation our country is facing and to put all responsibility for that on the former Prime Minister.

Thus he lowered citizens' expectations because if the country is facing bankruptcy then they will be satisfied with the minimal things – only to pay incomes and pensions. Dinkić is experienced politician and he knows that it is necessary to transfer the responsibility for everything that is bad to his predecessors. He managed in doing so. Today the whole country is convinced that the former government destroyed the economy, that it pushed the country into debt and that it hid the data about the real situation from the public. Only now, Dinkić is offering the solutions that mostly correspond to his pre-electoral promises. Thus he suggested in less than two months the changes in the Law of the budget system by which are abolished many state and local taxes that were burdening companies and citizens such as ones for presenting the company. It is banned calculating interest on interest. The value of these Dinkić's changes is not that much in reducing excises on the economy but more in reducing expenses on unnecessary and harmful administration. The great objection of serious investors has always been the lack of anticipation and thus, as a consequence, the impossibility of planning. Dinkić imposed payment of VAT ( Value Added Tax ) upon billing of the invoice for the companies that have got annual income lower than 50 million RSD. There is no doubt that by these measures Dinkić pointed the way that Government should follow. Because, when we talk about the economy, owing to him the Government can say that it fulfilled a part of pre-electoral promises and make life of the economy easier, especially for small and medium companies.

What is the future of Dačić's Government no one can with certainty claim but it can be said that it is more realistic for the Government to survive than for Serbia to face another elections. It is going to depend on many factors such as economic situation in the country, the ability of the Government to solve great economic problems, the way it is going to solve the problem of Kosovo, the relations with the European Union, the USA and Russia, as well as on the way how it is going to be solved the crisis in up to recently governing and now greatest oppositional Democratic Party, meaning whether it is going to experience changes and to get new leader, actual Mayor of Belgrade Dragan Djilas, or it is going to remain on its head current leader who took it to the electoral defeat, the former president of Serbia Boris Tadić. However, the survival of the Government is mostly going to depend on it itself, meaning whether it is successful or not. Simply, the situation in the country is so difficult and the citizens have been tricked so many times so far that Dačić's Government is going to have less credits than the previous ones. Thus, it has to be successful, efficient, without any affairs, to solve the problems of the citizens without offering them an empty PR. In Serbia it seems like almost impossible task but it is the only way for the Government to survive in the next four years and for all political parties that consist the Government today to stay in it. The failure of actual government would have harder consequences than May's defeat of the Democratic Party. The opposition in Serbia was the governing one only until four months ago and such as it is, without new people, can not offer any alternatives. It means that Serbia is not only under the threat of economic collapse but under the threat of the end of existing political system. In that case, on the political scene are going to emerge new movements and leaders that are going to offer easier but for the citizens more acceptable solutions. Who doubts that should only think of Greece and the way how Coalition of Radical Left Wing SIRIZA emerged and the way how young charismatic leader Alexis Tsipras appeared at the political scene against who the whole Greek political scene and elite had to unite to prevent him, for now, from taking over the government.