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**Jörg Heeskens**

### **Serbia's Political System After One Year of Independence**

In June 2006 the Republic of Serbia became independent after having been part of several Yugoslavian federations for nearly 90 years. The decision to end the last union was made by Montenegro. Although the separation was perceived as a loss at the beginning, independent Serbia has learned to appreciate the advantages and chances of the new situation.

The five ministerial resorts of the former confederation were successfully integrated into the Serbian political system. In autumn 2006 a new constitution replaced the obsolete constitution of the Milosevic era and brought a more parliamentary structure to the Serbian political system. Parliamentary elections in January 2007 were followed by long and complicated coalition talks. All the political events and decisions, the new constitution, the elections and the following formation of the government were strongly influenced by the issue of Kosovo's independence. Finally, in May 2007 the new government was introduced. The EU and Serbia returned to negotiations about the Stabilisation and Association Agreement.

The political system in Serbia seems to be on the right track. But above all the Serbian government has to prove its stability towards the Kosovo process and thereby emphasize its democratic self-conception.

**Andreas Ernst**

### **Western Kosovo Policy at a Dead-End**

#### **Three Reasons Why the West is on the Wrong Track**

The actual deadlock as for a solution concerning the future of Kosovo should not be blamed on Russia and the consequent threat of a veto in the UN Security Council. It has rather been the result of at least three major Western errors of judgement since 1999. First error: Serbia's insistence on Kosovo is political rhetoric rather than national consensus – hence a deal can be made with progressive forces in Serbia to let the province go. In reality the "Kosovo myth" has kept its power in public discourse, regardless of the democratic changes. Second error: Moscow's insistence on a UN based compromise solution between Prishtina and Belgrade is a cynical approach to put pressure on the West; Russia just wants to increase the price the West should pay for holding back Moscow's veto. As a matter of fact Russia has an interest to reinforce the role of UN and international law when it comes to conflicts of separatism. Third error: A policy of raising expectations for swift independence

should soften Kosovo-Albanians' criticism of the protectorate structure and appease the ruling elite. In fact the deadline pressure created by the West's "management by expectation" is diminishing chances for an enduring solution. Not always is the sooner the better.

**Hansjörg Brey**  
**Kosovo and the Cyprus Scenario – a Nightmare and a Missed Opportunity**

Like Cyprus, Kosovo is today divided. The authority of both the Provisional Institutions of Self-Government and UNMIK ends at the Ibar River. The Serb population north of this line is economically and mentally oriented towards Belgrade. Indeed, in Kosovo, a "Cyprus scenario" might become reality once the Albanians, because of their frustration of not being granted independence, unilaterally declare an independent Kosovo. As a result, North Mitrovica could become the capital of an unstable separatist entity, without international recognition, being highly dependent on the Serbian "mother nation". Thus, a "Cyprus situation" is pending over Kosovo like a nightmare.

The author looks at the Cyprus case from yet another perspective: The so-called Annan-Plan for a solution of the Cyprus question in 2004 failed only in the last instance before its implementation. By and large, in Cyprus, a "win-win-situation" had emerged. The European perspective given to the Turkish Cypriots and to Turkey had opened a real "window of opportunity". None of these advantageous circumstances prevail in Kosovo. There, the (Ahtisaari-) Plan on the table is completely rejected by one side. Its provisions are controversial in terms of international law, highly complex, asymmetric and only a transitional resolution for state sovereignty. Despite the eventual failure of the Annan-Plan, in Cyprus a whole set of preconditions for successfully solving a protracted inter-ethnic conflict was present. Such circumstances are lacking in Kosovo.

**Sašo Ordanoski / Aleksandar Matovski**  
**Between Ohrid and Dayton: The Future of Macedonia's Framework Agreement**

Violent internal conflicts in the decade after the dissolution of Yugoslavia have led Bosnia and Macedonia, arguably the two most complex and contested multi-ethnic regions in the Balkans, to adopt inter-ethnic peace settlements as the basis for their internal stability and constitutional order. Despite the proximate times of their enactment, the settlements represent two opposing views on inter-ethnic peace-building: Bosnia's Dayton Agreement is based on a territorial separation of ethnic groups into federal entities, while Macedonia's Ohrid Agreement relies on institutional inter-ethnic integration and accommodation in a unitary state.

The performance of the two models in the past proved decidedly advantageous for Macedonia; the lack of a cumbersome federal structure allowed Macedonia to swiftly conclude the stabilization phase and make important strides towards Euro-Atlantic integration. Shifting political constellations in Macedonia after the 2006 elections,

however, have gradually undermined the consensus necessary to maintain the loose and flexible structure of the Ohrid Agreement operational.

The article makes a comparative analysis of the advantages of the Ohrid Agreement model, and examines if the current political dynamics will allow Macedonia's inter-ethnic peace to maintain its present shape or will necessitate an evolution into a more rigid, quasi-federal model.

**Björn Hacker**

### **The Transformation of the Social Systems in Romania after 1989 – West Orientation with Home-made Obstacles**

The Romanian welfare state was one of those laggards, that reformed their social security systems very late compared to other central and eastern European countries. During the first years of the transition period after 1989, Romanian politicians seemed to have been occupied by getting the economy work, being confronted with high inflation and a massive rise of unemployment throughout the country. In the mid-90s, when financing problems in the pension and health sectors became too urgent to be ignored any longer, gradual reforms have been implemented. But the effects on financial sustainability of the social security system appeared to be low.

Therefore, Romania began to pursue more fundamental reforms on the eve of the millennium: Replacement of the tax-financed health care system by a Bismarckian insurance scheme, introduction of a (not yet working) capital financed pillar in the pension system and emphasis on activating labour market policies. Still, the circumstances under which the welfare reforms should work are far from being ideal. Although Romania joined the EU in 2007, modernisation is not yet completed. Until now, the evolution of the social security system shows considerable path dependencies. It is to be observed, whether economic prosperity and infrastructural stabilisation will pave the way to a clearer affiliation to welfare state systems.

**Helmut Braun / Danijela Martinović**

### **Systems of Social Security and Macroeconomic Developments in Bosnia and Herzegovina**

Bosnia and Herzegovina (BiH) suffers from various problems, which are both political as well as economical. The most dramatic economic problems are a high level of unemployment and a permanent deficit in foreign trade. The rate of unemployment is linked to high, but incalculable activities in the shadow economy. Both of these do undermine the existing systems of social security. Social security, however, is a political tool to stabilise a poor society that is affiliated with ethnic problems.

The following article shows some fundamental problems concerning the pension funds, the sickness funds as well as the unemployment funds. All of these funds do work only inefficiently due to their scheme of organisation and their weak base of finance based on contribution payments. A radical reform of the social security scheme seems to be a necessity, but partly political classes do not recognise this importance.