

DJINDJIC CALLS THE IMF TO SUPPORT CORRUPT SOCIALISM IN SERBIA

Zoran Djindjic, Serbian prime minister, has published the article in the daily "Glas Javnosti" (www.glas-javnosti.co.yu) on April 30 - May 1- 2, 2002, where he calls the IMF to grant extra credits to Serbian government for public works. That proposal actually means that the IMF should support the corrupt socialism in Serbia via money of Western taxpayers.

After saying that IMF rightly advocates reasonable policies of liberalization, stabilization, disinflation in the case of many countries of the world, Djindjic states that there are "specific" countries with "specific model of transition", implying that Serbia is such one. IMF should in such cases abandon its usual restrictive policies, and issue credits to Serbian government. "Another approach is toward countries in transition, where the authorities have inherited a destroyed economy and where policies of administrative support of the economy should not be abandoned. This is in the case of new administration, which is necessary neither incapable nor corrupt. That administrative support should result in large public investment and active policy of employment, credits to budget to stimulate economic growth, selective subsidies, protection of domestic market until economy becomes competitive. (...) The main point for international organizations is, naturally, to establish, whether the active role of the state in the economy is motivated by reforms and by establishment of market economy, or it is motivated by buying time while being in power and by continuing dependency of the economy from state? And more, whether such an economy can become independent from state, or it will always need state interventions and subsidies?" (Z. Djindjic)

Serbia did stabilization and liberalization, according Djindjic, and "the administrative support to the economy now is reduced to technical service and *ad hoc* support, without serious investment injections". (Z. Djindjic)

Since it cannot be expected for "private investment to curb the growth, the option of large public works should be considered". (Z. Djindjic)

The first remarkable fact consists in Djindjic's attempt to deceit readers and IMF about the condition in Serbia. One cannot say that the first phase of reforms in Serbia is completed, if the state owned sector creates more than 2/3 of the GDP; that subsidies are marginal, if they take part with 1/4 of the Serbian budget; that foreign trade is liberalized, if average tariff rate is about 10%; that prices are stable, if inflation rate in 2001 was 45% on the year level. And one cannot say that his government has helped to the private sector, if regulation and taxes are so extensive/high, with FDI under \$US 40 millions in 2001. Finally, one cannot say that reforms are nearly completed, since there was no serious institutional reform, no larger privatization, and no reform of judiciary, army, police or any other state agency.

Another remarkable thing is that Djindjic promises to IMF to develop market economy with the administrative support of the economy. This is a complete nonsense, since market economy can be improved by creating better conditions for private investment, and not by supporting the state

owned sector, which already dominates Serbian economy. What Djindjic asks for - i.e. large public investment, active employment policy, the use of budgetary means to promote economic growth, selective subsidies, additional protection of internal market, etc. - may subscribe all Tito's and Milosevic's prime ministers. It is in principle a call to IMF to support a renewal of ruined socialism in Serbia. In personal terms, that is a call of a desperate politician who did nothing seriously about reforms for 16 months, to get foreign money to do something before next elections. Djindjic adds, his government is necessary "neither incapable nor corrupt". How capable his government is, one can conclude from this desperate call to IMF. And how corrupt his government is, one can conclude from the fact, that this government did nothing to fight corruption in Serbia, although the country is one of the three most corrupt countries in Europe - according to Transparency international.

Chances that IMF responds to this call by granting additional money to Serbian government are less than negligent, although one has to wait on eventual reaction from IMF. By turning down such calls, IMF will send message to some future governments in Serbia to think twice before they decide to do nothing, as Djindjic did. By being perceived on the West as a halfway democrat and transitory solution after Milosevic, and after deliveries to the Hague tribunal, Djindjic is not needed to the West, and there is no reason to create a precedent, to be exploited by other regimes.

Djindjic is aware that he did nothing, and that there will be no good news for him on next elections. For that reason he tries to postpone eventual extraordinary elections by saying, they will stop ongoing reforms. Since there is no reforms to be stopped, the only thing to be stopped is his further rule, and for that reason voters will not get tears, for sure.

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