

The 'new' government and old problems – the political and economic situation in Macedonia

In the spring of 2014 both rounds of the presidential elections (April 13 and April 27) and early parliamentary elections (April 27) took place in Macedonia. The winner was the Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO-DPMNE). The party of the current Prime Minister Nikola Gruevski, it has ruled the country since 2006. Gjorge Ivanov, the former President of the Republic of Macedonia and a VMRO-DPMNE candidate in the battle for re-election, also succeeded. Winning just under 56 per cent of the vote in the second round of the election, he defeated his rival Stevo Pendarovski, the candidate of the largest opposition party, the Social Democratic Union of Macedonia (SDSM). A good result was also achieved by the Democratic Union for Integration (BDI), which used to be a coalition partner of Prime Minister Gruevski. The BDI is an Albanian political party led by Ali Ahmeti. It won twice as many votes as its main competitor, the Democratic Party of Albanians (PDSH). Thanks to these elections, the BDI has consolidated its leading position among the Albanian community, which accounts for approximately 25 per cent of the total number of Macedonia's citizens.

The Social Democrats suffered the largest loss in the elections. 25 per cent of all voters cast their vote for them, which is eight per cent down on the previous election in 2011. The SDSM's leader Zoran Zaev accused the ruling party of presiding over fraudulent elections, and said that his party members would not accept their mandates. As a basic condition for termination of the boycott, he demanded setting up a technical government

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that would consist of non-party politicians. Its task would be to prepare the next elections – this time democratic. Both the OSCE and the EU have criticized the election process, and emphasized that there were violations of the law.

The new-old government

The early parliamentary elections have not made significant changes to the Macedonian political scene. Again, the government was formed by VMRO-DPMNE and BDI. Nonetheless, it was due to the on-going disputes within the same coalition that caused Prime Minister Gruevski's party to call for early elections just one year before the end of the term. Disagreements between the parties concerned the choice of a joint candidate for the presidential seat; BDI did not agree to grant its support to Ivanov, who publicly criticized the signing of the Ohrid Agreement in 2001. The agreement assumed giving greater rights to the Albanian minority. However, these internal animosities did not prevent the Macedonian parliament from adopting a new government. On June 19, 2014, the Macedonian parliament voted in the new government, with Gruevski as the Prime Minister. Gruevski kept most of his former ministers from the previous cabinet (2011-2014). BDI received 9 of the 26 ministries, including the Ministry of Justice, the economy and education.

Macedonia's economic situation

During the election campaign, the main topic was the state of the economy. Currently, GDP per capita is only 35 per cent of the EU average, the average monthly salary has remained at 342 euros (it is 455 euros in the countries of the Western Balkans), while the unemployment rate still exceeds 28 per cent (with even 51.9 per cent among young people aged 15-24). It is expected that the economic growth will reach approximately 3.5 per cent GDP in 2014, which, for a country so far behind, is not a high indicator. These factors also affect the number of Macedonians, especially the young and educated who often decide to emigrate mainly to Italy, Switzerland, Germany, Austria and the UK.

During the exposé, Prime Minister Gruevski said that the priority for the new government would be fixing the Macedonian economy. According to his plan, by 2018 unemployment would be reduced to approximately 22 per cent (to achieve this goal 64,000 new jobs will be created). He also assumed that in the next two years Macedonia's economy would achieve

4.6 per cent annual growth, and in 2017 and 2018 this will increase to 6 per cent. However, it will be necessary to attract more foreign investment and implement more infrastructure projects. One of the ways to attract foreign capital would be “free economic areas”, which offer foreign investors reduced or even zero taxes for doing business in Macedonia (such areas have already been opened in Skopje, Tetovo and Štipie, and in subsequent years, they will also be created in seven other regions of the country). The government plan, launched in the last term, to increase the number of foreign direct investments, has produced positive results. According to the World Bank report, analysing the conditions for doing business in 189 countries around the world (World Bank 2014 Doing Business report), Macedonia was ranked at 25th place.

In order to further accelerate the development of the national economy the government also announced the planned construction of hydro-power plants in Lukovo Pole and Bashkov Most, as well as a new railway to Bulgaria and three highways: Kičevo-Ohrid, Demir Kapija-Gevgelija and Skopje-Štip. In addition, the Prime Minister stressed the need to increase funding for the development of tourism, which in recent years has boomed (in 2013 approximately 400,000 tourists visited Macedonia, increasing the state budget by 110 million, and in the last eight years the number of tourists has increased by 100 per cent).

Foreign policy – towards further isolation?

In foreign policy the Macedonian government gives priority to further European and Euro-Atlantic integration. Macedonia had already been granted in 2005 the status of EU candidate country, but in spite of the annual positive recommendations prepared by the European Commission, it has still not been able to start accession negotiations. The efforts of the government in Skopje to join the EU are being delayed by a long-term dispute with Greece over the name of the country. According to Greek authorities, the name Macedonia refers to the historical region of Greece, and its use by Skopje implies possible territorial claims against the northern lands of the Greek state and the legacy of Alexander the Great. Currently, more than 120 countries around the world recognize the name “Republic of Macedonia” (including all EU members apart from Greece). However, the UN still uses the term “the former Yugoslav Republic of Macedonia” (FYROM). The government in Athens has not changed its tough stance even after in 2011 when the International Court of Justice (ICJ)

ruled that Greece breached the 1995 agreement signed with the government in Skopje (in which Greece ascertained that it would not obstruct Macedonia's accession to international organizations under the name FYROM) when it blocked its accession to NATO during the summit in Bucharest in 2008. Also, the EU and NATO are constantly appealing to both countries to negotiate a solution to this conflict (since 1995 a U.S. diplomat named Matthew Nimetz has been a mediator in the talks; his proposal to adopt the name "the Upper Republic of Macedonia" has not been approved by either Athens or by Skopje).

Greece is not the only EU member state that opposes the further integration of Macedonia. Bulgarian authorities also point out that although they are not against the country's EU integration, they do not support it unconditionally. Despite the fact that Bulgaria was the first to recognize the independence of the Macedonian state in 1992, the two countries cannot agree on the assessment of historical issues.

Disputes with neighbours are not the only obstacle to Macedonia's integration with the EU. Although in subsequent reports the European Commission recommends the opening of accession negotiations with the country, at the same time it points to an increasing number of errors made by the Macedonian government and the lack of progress in the democratisation of the country. The EC recommends Skopje in particular: the need for the government to start a political dialogue with opposition parties, to fight corruption and organised crime and to de-politicise the judiciary. Another important issue is the freedom of the media and the lack of respect for the right to freedom of expression (according to the annual report by the Reporters Without Borders, between 2009 and 2014 Macedonia fell in the ranking from 34th to 123rd place, which is the worst position of all the countries of South Eastern Europe).

Increasing inter-ethnic conflicts

Both economic problems, as well as those on the international arena further deepened the existing divisions in Macedonian society. First of all, a sense of dissatisfaction among Albanians has increased. Their annoyance seems to be growing with the passivity of the government's foreign policy and further isolation of the state on the international arena. In addition, they point to the very slow process of implementation of the Ohrid Agreement, whose primary aim was to integrate the society and resolve ethnic conflicts. Further divisions between Albanians and Macedonians also result from the lack of daily human

contact (e.g. this is mostly caused by the creation of separate classrooms for Albanian and Macedonian students in numerous districts in the west of the country), verbalization of conflicting interests by both communities, and the unwillingness to compromise.

In early July 2014, the tensions between Albanians and the authorities exacerbated. The reason for organizing mass protests by the Albanian community (including in Skopje and Tetovo) was the court's ruling where six Albanians were convicted to life imprisonment for the shooting in April 2012 of five fishermen at the artificial lake near Skopje. A Macedonian court considered this crime an act of terror, the purpose of which was to renew the instability in the country. Albanians, however, believe that the verdict was politically motivated and it punished the wrong people. Therefore, they are calling for the immediate release of prisoners, and to punish those who are responsible for the committed errors during the trial (especially judges and police officers). This event has once again highlighted the solidarity among Albanians, regardless of nationality (demonstrations in support of the actions taken by the Albanian community in Macedonia were also organized in Tirana, Pristina, and even in New York).

Conclusions and recommendations

1. The recent elections in Macedonia have confirmed the strong position of Prime Minister Gruevski's VMRO-DPMNE, which has controlled all major sectors in the country for seven years now (from the police through the media). It should not be assumed that this term will see a change in the policy of the new government, in which the key ministries have again been held by the VMRO-DPMNE politicians (ministries of the interior, transport, culture, and finance).
2. Macedonia remains one of the poorest countries in Europe. The main problem the new government must face is the high unemployment rate (especially among young and educated citizens). While the impoverishment of society hugely affects the growth of inter-ethnic tensions, the government is trying to distract the public from the real problems of the country by exacerbating the already strong ethnic divisions occurring for years in the Macedonian society (both VMRO-DPMNE and BDI are nationalist parties which skilfully manipulate popular sentiments in such a way as to maintain the high level of support among their national electorate).

3. It should not be assumed that in the coming years there will be a breakthrough in Macedonia's integration process with the EU. The problems associated with its acceleration do not result solely from the existing dispute with Greece, but also from the failure of the authorities in Skopje to conduct necessary reforms or even enacting laws contrary to the EU regulations (e.g. the law on attracting foreign investment and on the media). Moreover, the elimination of barriers in business is not sufficient to ensure an increase in the number of foreign investments. It is also necessary to strengthen the judiciary, the rule of law, and to take up the fight against corruption.
4. Further blocking of Macedonia's integration with the EU and NATO could lead to a destabilisation of the situation in the entire Balkan region. Gruevski and his government use the conflict with Greece to maintain nationalist sentiments in the society, which translate into deepened divisions between Macedonians and Albanians. In turn, Macedonia's Euro-Atlantic integration is the only common goal that links Albanians and Macedonians. Its failure may lead to a further outbreak of internal conflict in the country, which again would threaten Macedonia's territorial integrity.
5. The EU should encourage the Macedonian authorities to strengthen their good neighbourly relations primarily with Kosovo and Albania, which would have a positive impact on the dynamics of inter-ethnic relations in the country. As for Greece, as an EU member it should demonstrate the political willingness to cooperate in order to ultimately resolve the dispute with Macedonia.
6. The EU, in cooperation with the OSCE and the Council of Europe should urge the Macedonian government to complete the electoral register but also assist with its organization. Current data on the demographic situation of the country is also necessary for the proper definition of Macedonia's future political strategy in areas such as investment, regional development, education, health and infrastructure.
7. Polish authorities should take advantage of Macedonia's favourable conditions for investment (10 per cent flat tax, numerous tax exemptions, a reformed banking system), and strengthen Polish-Macedonian economic cooperation. In view of the increasing Euro-Atlantic integration and modernization of Macedonian armed forces, cooperation in the field of the defence industry could bring advantages (including Macedonia's expressed interest in buying the Rosomak armoured vehicles).

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