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THE BELT AND ROAD PLEDGE OF THE DRAGON

BALKAN
STABILITOCRACIES

A WORLD IN
(DIS-)ORDER?



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MACEDONIA'S NEW WAY FORWARD

ESCAPING THE STABILITOCRACY TRAP

Zoran Zaev

SINCE I TOOK office in May 2017, the Republic of Macedonia has taken significant steps toward renewing democracy, engaging in regional cooperation, and advancing Euro-Atlantic integration efforts. This is very surprising if one recalls political forecasts from the beginning of the year, when the country was in a deep political crisis. Fears of an escalation in the crisis were certainly credible. At the beginning of 2017, virtually no good news came from our small country in the Balkans.

The country was in a deep political crisis over the past couple of years. An authoritarian regime had captured the state, creating internal polarization and tensions with our neighbors. Macedonia was on the brink of regressing from a captured to failed state, while at the same time becoming a point of geopolitical interest. Opportunities for third party influence—whose aims and motives

often collided with democratic values and norms of the Euro-Atlantic community—were omnipresent.

As leader of the largest opposition party, the Social Democratic Union of Macedonia (SDSM), I initiated a project entitled “The Truth about Macedonia” at the beginning of 2015. I revealed wiretapped material recorded by various sources that exposed a corrupt system of governance and gross abuse of power. At the time, I expected those in power, and other wrongdoers, to resign within three days. It turned out that it took us two and a half years of internal turbulence and tumults to prevail.

PATH TO CHANGE

In order to democratically overthrow a regime that had deeply penetrated state institutions, as well as private and media sectors, we needed to unite around a broader platform. This prompted dif-



Photo: Government of the Republic of Macedonia

Zoran Zaev with his supporters during a campaign rally

ferent actors struggling with various aspects of the regime's misuse of power to join forces with us. Living in uncertainty during those days was truly challenging. Still, we kept hoping that we would ultimately succeed in instigating change. I am thankful that many of our citizens recognized roles for themselves in defending freedom in Macedonia, having concluded that we all found ourselves at a critical juncture for our country.

The culmination of the crisis and our personal struggle for freedom and democracy came on April 27th, 2017. After a newly formed majority in Parliament elected a new Speaker, a well-organized mob of

3,000 to 4,000 people stormed the parliament and tried to lynch us. I am grateful for the courage and calmness of my fellow MPs from different parties and ethnic groups, as well as the few security guards who stood in the defense of democracy, for calmly withstanding the violent attacks, heavy blows, and bloody injuries. I also thank God that we all survived.

We prevailed because we were united in protecting our basic democratic values and standards. During the two-year period of democratic struggle, we also reached out to different ethnic groups for support. And, for the first time, the coalition I led in the December 2016

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election received substantive support from Macedonia's ethnic-Albanian community. Additionally, we were open to civil society organizations for cooperation on an equal footing throughout the entirety of our struggle. We engaged in joint mobilization and motivated citizens to rise in defense of the rule of law and other basic democratic rights and freedoms.

This opened our path toward change. We turned the political crisis and surrounding turmoil into an opportunity to restore a hollowed-out democracy. We have already been recognized in the region as those who have given a second chance to democracy as a mode of governance, which impacts positively on the region's outlook as a whole. We have managed to do what freedom-loving democrats around the world frequently aspire to, but seldom succeed. As implied in the motto of our election campaign "Life for all," I sincerely believe that we can provide a better life for all citizens by working towards establishing a fair and just society—a society equal for all, whose main pillars are a sound economy and steady economic growth.

3-6-9

Overcoming the crisis was only half of the story. We desperately need to open up new perspectives. One of them is improving our foreign policy and keeping our focus on NATO and EU integration. The other is creating a system of good governance that will enable

Macedonia to deal with undemocratic practices, and substantively improve the quality of life for citizens, relying on the following four pillars: inclusive governance, one society for all, equitable growth, and good neighborly relations. Macedonia's EU integration process and building a meaningful democracy are mutually reinforcing endeavors.

The good governance for which we strive is mainly driven by the commitment to see Macedonia as a modern democracy within the EU. Macedonia's EU accession has been the country's driving force for a while. Having seen the process stagnate in the last couple of years, we are now set to reboot it with great vigor. Today, we are witnessing an increase in geopolitical interest for the Balkans.

As a result, the EU understands that security and stability in the Balkans means security and stability for the EU as a whole.

The 2015 migrant crisis demonstrated that we face the same challenges and are part of the solution. The crisis, with all of its unprecedented challenges, served as the best example of the importance of the Western Balkans to the EU. Today, the region, and Macedonia as its integral part, are in the EU's focus—a good starting point for moving forward.

Our ambitious "3-6-9" plan is designed to move forward with EU integration. The plan contains concrete

policy reform proposals, which we have outlined as goals for the first three, six, and nine months of our government's mandate. It is a comprehensive set of policy reforms in crucial areas, such as the rule of law, public administration, security services, and media. In addition to opening up prospects for the Republic of Macedonia to move towards EU and NATO membership, the reform plan is designed to substantially improve the lives of citizens. This document was created in the first month upon taking office, in what can only be described as a very inclusive and transparent process, involving various stakeholders.

The document that we proposed shows not only that we have put in place a comprehensive and precise reform agenda, but also that we are devoted to setting an agenda together with those who will hold us accountable. The aforementioned plan is based on the Government Program 2017–2020, and takes into consideration the Pržino Agreement. It follows the recommendations of high-level EU representatives, a defined set of urgent reform priorities identified by the European Commission in 2015, the Stabilization and Association Agreement, and the blueprint proposal brought up by civil society.

With free and fair local elections having been conducted in October 2017, the government delivered its first results. We continue to work on enhancing cooperation with the opposi-

tion, strengthening the capacities of the State Electoral Commission, and restoring a democratic ambiance in parliament. We also continue cohabitation with the President of the Republic of Macedonia, while promoting the implementation of the Ohrid Framework Agreement, treating civil society as a partner, and furthering media reform, which will secure free space for the media—safe from any institutional or personal influence or pressure. Furthermore, we continue to focus on public administration reform, as well as on that of the judiciary and intelligence and security services. Such reforms are based on the following four pillars of good governance, each of which I discuss will in turn.

INCLUSIVE GOVERNANCE

The first pillar revolves around the concept of inclusive governance, which serves as the foundation of our strong commitment to build independent institutions, establish the rule of law that ensures legal equality for all, and extend inclusive and accessible public services. Judiciary reform is being implemented in accordance with suggestions made by an international group of experts, led by Mr. Reinhard Priebe. We are also very keen to cooperate with the nongovernmental sector. We fought for these reforms together, and civil society is now our greatest ally in terms of providing ideas and constructively criticizing some of what we have undertaken, which ultimately helps us work toward better governance.

We are increasingly engaged within the Open Government Partnership framework—a process whereby the government commits to greater transparency

and inclusivity in its decisionmaking processes. We have to be transparent with our budgets if we are to really demonstrate our commitment to governing with the wellbeing of citizens in mind. We are working on the idea

of publicly displaying contracts between the government and private enterprises, as well as making the state's tax returns publicly accessible.

Finally, this government is open to feedback from experts and civil society, and intends to take their recommendations seriously. We want to see the effects of our planned measures evaluate and improve, which might very well be our greatest asset. In this regard, my team and I often organize consultation sessions with experts in different fields, in order to present our plans and challenges in greater detail, and to receive actionable feedback.

BRIDGING ETHNIC DIVIDES

The crux of our second pillar is found in the slogan “One society for all”—a civic-based concept designed to bridge ethnic divisions. There should be no more ethnic and nationalist polarization. We lead by example by implementing such a concept.

We have integrated ethnic Albanians into our party—as MPs and candidates in local elections—as well as strengthened cooperation with ethnic Albanian minor-

ity parties. In the October 2017 local elections, ethnic Albanians were given an opportunity to vote for ethnic Macedonian candidates, and ethnic Macedonians were able to vote for ethnic Albanian candidates. It was a suc-

cessful first attempt.

Today, I am proud that an ethnic Albanian woman from our party is the mayor of a small municipality that was a battleground in the 2001 inter-ethnic conflict.

EQUITABLE GROWTH

*E*quitable growth is the third pillar of our good governance system. We introduced policy measures to eradicate poverty and to increase living standards. In the first six months since the new government took office, we have increased the minimum wage, heightened overall accessibility of public services, introduced more programs for self-employment, increased support and incentives for small and medium-sized enterprises, and provided equal opportunities for domestic and foreign investors. Today, the government of the Republic of Macedonia supports up to 50 percent of any new investment in the country.

Today, the government of the Republic of Macedonia supports up to 50 percent of any new investment in the country.

This goes hand-in-hand with our economic policies. The ministry of finance is working toward achieving transparent and long-term budgeting. For the first time, we had an open public discussion and inclusive process to create a citizens' budget. The Government of the Republic of Macedonia promoted its Plan for Economic Growth. We want to create a favorable business climate that will contribute to economic growth and development, because, ultimately, we want to increase the standard of living of our citizens.

The Plan for Economic Growth is based on equal support for investments, be they foreign or domestic, as well as support for exports and the development of small and medium-sized enterprises. We are particularly focused on nurturing domestic companies by supporting their exports and better connecting them with foreign investments in the country.

Domestic companies will be supported once they increase their exports by more than 5 percent relative to the average increase over the last three years, and 20 percent of expenses will be subsidized for firms that promote their products abroad, require research of foreign markets, the certification of products, and so on. Foreign companies will receive additional support once they purchase inputs from domestic companies. We are devoted to working over the next four years to produce a more just tax system.

This we intend to do by introducing two types of personal taxes and tax returns for citizens with the lowest income, while citizens in general will get back a higher proportion of VAT.

We have been employing active measures to increase employment and the protection of workers' rights. I have met with representatives of workers' unions, and we would like to see them empowered and effective. We are fully aware that workers in Macedonia have suffered injustice for many years, and we are working on solutions to reverse this trend. The government, for instance, will subsidize investors who take over bankrupt enterprises. Measures will also be taken to protect workers from the potential bankruptcy of their firms. We have already increased the minimum wage.

Another aspect of our economic growth pillar is motivating our highly qualified youth and ensuring they remain in the country. This is to be done by supporting companies that employ young professionals through various incentives, such as paying 10 percent of an individual's salary if his or her income is at least 50 percent higher than the minimal wage. Beyond rewarding highly qualified workers, we are well aware that investing in research and development is something many countries in the region miss out on, and we want to address this gap. The Ministry of Education is leading a process of

educational reform that will increase support for research and development, and create programs that will better align the needs of education and the workforce requirements of our society.

As a government, we are taking a strong stance on addressing the needs of the most vulnerable groups in society by undertaking active measures and inspiring social entrepreneurship. We are actively promoting measures for people with special needs, enabling their employment and better integration into society. We are caring about the wellbeing of families by legally enabling both parents to jointly take care of their newborns in the first three months.

FRIENDS WITH NEIGHBORS

The fourth and final pillar is regional cooperation. At the 2017 Western Balkan Summit in Trieste, the Republic of Macedonia received a grant of almost €70 million from the EU to build a railway to Bulgaria. We will also host the first summit on the digital economy in the Western Balkans in the first half of 2018.

We signed a good neighborly agreement with Bulgaria this past August and held our first joint government session (G2G) in November. In mid-December, we had the first G2G with Albania, and

in 2018 we plan to have G2Gs with Serbia and Kosovo. With Greece we are building positive momentum to overcome the longstanding “name dispute,” which remains a major obstacle to our EU and NATO membership prospects. Together, we are engaged in the process of developing Confidence-Building Measures and improving dialogue between our two countries, as well as within our respective societies.

Looking back on the first seven months of our term in office (this essay was submitted at the turn of the year), the first results are encouraging. For example, in the wake of the October 2017 local elections, international observers concluded that the elections “contributed to strengthening confidence in the democratic process.” Looking forward, we are strongly committed to the EU and NATO integration processes, as our main strategic goals. In 2018, we aspire to commence EU accession negotiations and receive an invitation to join NATO.

BEACON OF STABILITY

With regard to NATO integration, the military budget has been increased by 15 percent in 2018. It was previously neglected and fell to 1.1 percent of GDP. We have strong political determination to achieve annual increases of 0.2 percent of GDP, which will

help us reach NATO’s 2 percent target in due time. We remain a loyal and reliable partner to NATO and the United States, as envisioned in the 2008 Strategic Partnership Agreement signed with our American partners.

We participated in the U.S.-led mission in Iraq, and continue to take part in NATO’s “Resolute Support” mission in Afghanistan. We are the fourth-largest per capita contributor to the mission, and we will increase our participation in 2018. In the summer of 2017, together with the Second Cavalry Regiment of the American Army in Europe, our Army conducted the Dragoon Guardian 17 exercises in Macedonia, gaining invaluable experience in the realm of military engineering and anti-missile defense.

We are happy to have brought Macedonia from the verge of collapse to the point of becoming a reliable partner and beacon of stability in the Balkans. Considering the ongoing geopolitical changes, the Balkan region faces myriad challenges. The Balkans faces returnees from various conflicts in the Middle East and other parts of the world: extremism is becoming a threat to all, no matter how far we are from the epicenter of the problems.

Illegal immigration—which paves the way for the entrenchment of

extremists and spreading of radical ideas—should sound a red alarm for political leaders who are in position, or possess the expertise and mandate, to address these challenges and protect the lives of their citizens. More than ever, intensive cooperation between countries is needed if we are to secure regional peace and contribute to the achieving of global peace.

We require more organized action. Only this can help us deal with the terrorism caused by radical structures. We cannot allow for the peace of our people to be held hostage.

The Balkans has had a tumultuous past, but we are the creators of our future. Citizens in the entire region hope for a new generation of transformational leaders, capable of nurturing sustainable peace and stability, developing cooperation, and thus serving their economic interests and wellbeing.

The government that I lead has the honor and responsibility of governing in the Republic of Macedonia. We need to serve the best interests of our people. My aim is to strive for nothing less than that, and I hope to deliver results to my fellow citizens. We have taken bold leaps towards high-quality structural reforms to fulfill our strategic goals, and I am eager to keep up the good work. ●