

■ No referendum on EU treaty

Brussels was breathing a sigh of relief early in March when British Prime Minister Gordon Brown held off attempts by Conservatives and some of his own Labour Party members to force a referendum on the EU's Lisbon Treaty, which would probably have gone down in defeat.

Parliamentary ratification is all that will be required and the UK is now set to approve the treaty, which aims to streamline EU decision-making.

Brown argued in a long and sometimes nasty debate in parliament that no referendum was necessary because the constitutional concept set out in the original charter, which went down in defeat in 2005, had been abandoned in the Lisbon Treaty. In the end, deputies voted 311-248 to reject a Conservative Party motion to force a referendum on the treaty, which euroskeptics say gives away too many powers to Brussels.

While many continental Europeans disagree with continuing UK distrust of the EU, others say the British contrarian attitude acts as a sort of corrective to Brussels. Had the Brits not kept digging their heels in, they say, the EU would have become a paternalistic, bureaucratic monster. These voices maintain that Britain wants Europe but perhaps a different kind of European course than the eurocrats in Brussels would steer if they were given a blank check.

■ Denmark to decide on euro

The Danish government plans to hold a referendum on whether or not the country should adopt the European common currency, the euro. Prime Minister Anders Fogh Rasmussen said Denmark's self-imposed exclusion from the eurozone hurts the country. Denmark's currency is pegged to the euro and the country adheres to EU monetary policy. Danes opted out of the currency union in the early 1990s and rejected it again in 2000. No date has yet been set for the referendum but Rasmussen said a vote in the fall is possible.

■ Belgium gets a government

After a nine-month impasse that threatened to split Belgium among linguistic lines, the country's political parties have agreed on a governing coalition to be led by Flemish Christian Democrat Yves Leterme. The statement after elections in June centered on disagreements over reforms that would devolve powers to the two major linguistic regions of the country, Dutch-speaking Flanders and Francophone Wallonia. While Leterme said the new coalition had agreed on "concrete measures," analysts say the deal avoided key issues and was unlikely to lead to a stable, long-term government.

■ Turkey criticized

The German government joined the European Union in criticizing an attempted ban of Turkey's ruling Justice and Development Party (AKP). The chief prosecutor of Turkey's Court of Appeals is seeking to shut down the AKP and exclude many of the country's top politicians from participating in politics for five years. It is the latest in the clash between secular forces and the more religious, conservative AKP. Berlin said such a step was incomprehensible and that it expected the bid to fail in court. The move could also hurt Turkey's accession talks with the EU.

The economy was a key issue in Spain's recent elections. Now the government has to go beyond attracting Europe's retired people to its sunny shores.

Spain's Socialist head of government, José Luis Rodríguez Zapatero, was re-elected on March 9 for another four years while the country's once-fast-growing economy started showing clear signals of a rough landing. Growth in GDP, which climbed up to 3.8 percent last year, is expected to slide downward to around 2.5 percent, many analysts warn, ending a long era of an ever-expanding economy.

The opposition party of Mariano Rajoy rightly tried to make an issue out of this expected downturn throughout the election campaign. It argued Zapatero had failed in office to halt the downturn. Both TV debates between the two challengers focused on the state of the economy, with Zapatero and Rajoy waving their respective graphics to the screen and pelting each other with "facts" and "figures."

Did it make any difference to the millions of Spanish voters who followed those debates, at times technical, on the price of milk and the worrying rate of inflation? From the very beginning, the economy was undoubtedly a critical issue in the election campaign. But as a foreign diplomat in Madrid put it, "People know the opposition did not have a better alternative."

Both Zapatero's Spanish Socialist Workers' Party (PSOE) and Rajoy's conservative People's Party (PP) promised income support, job creation and tax rebates for all workers and retirees. The prescriptions varied but the short-term goal was the same: to support domestic demand, the pillar of Spanish growth.

While the PP and PSOE have fiercely opposing views on ways to address trends in Spanish society, the ideological divide between them on the economy is not wide. The fact that these two

On May 11, Serbian citizens will vote for a new parliament. Observers think the polls won't change the balance of power.

Almost two decades after the fall of the Berlin Wall, Serbia continues to miss opportunities to become a thriving society based on a socially responsible market economy, functioning democratic institutions, human rights and the rule of law. The upcoming parliamentary and local elections represent another such opportunity, but its prospects, like many others before it are bleak.

The election campaign is gaining momentum as Serbia's economic crisis worsens, popular frustration grows, the intellectuals still dream 19th century dreams of romanticized nationalism, and the country's "Jeunesse dorée" (young people of wealth and style) torches Western embassies in Belgrade.

The parliamentary Liberal Democratic Party (LDP), human rights activists, critically minded



NGOs and all those who stand for an open and democratic Serbia on healthy terms with all its neighbors, including Kosovo, are demonized as traitors and Western mercenaries.

The prevailing atmosphere of "patriotic" homogenization in the modern 'battle for Kosovo' is a result of harmonious synergy between President Boris Tadić and Prime Minister Vojislav

Spain: Not just Europe's Florida

In its second term, the Socialist government faces economic challenges | By Sébastien Maillard



Prime Minister Zapatero celebrates winning his second term with supporters in Madrid.

big parties today fully dominate the Spanish parliament has much to do with how they approach the question of Spain's economic future.

With massive job losses expected in the construction sector and households straining under the burden of mortgages because of rising interest rates, voters fearing for their purchasing power and reeling from the turmoil in the economy turn to the traditional parties that they trust will handle the shock effectively.

Even so, the PP failed to distinguish itself on economics from the PSOE and tried instead – unsuccessfully – to fan populist flames on the issue of immigration. Manuel Pizarro, the former president of electricity group Endesa, was unconvincing

in trying to show that he could manage the economy better than Finance Minister Pedro Solbes during their own widely watched TV debate. And Rajoy lacked the charisma of Zapatero.

Despite all this, the PP did not lose the March 9 election. It actually won five additional seats, reaching 153. The conservatives' harsh attacks on the government's handling of the Basque terrorist group ETA, echoed by the Spanish bishops, may have been one reason. But a bigger one is that no parties' names are as closely tied to Spain's boom years as the PP and the PSOE.

Smaller parties, such as the ruling PNV in the Basque region, the Catalanian ERC or the communists from Izquierda Unida (IU), all lost ground in the Madrid

parliament, the Cortes. With less than five seats each, ERC and IU, who used to support the first Zapatero government, cannot form their own parliamentary groups. The socialist head of government still has to find support from small parties. But, with 169 seats, his PSOE stands closer to an absolute majority (176) than before.



Serbia needs help

In order to break people's mental imprisonment, the EU must support and assist pro-EU Serbs

By Dušan Bogdanović



Kosovo's declaration of independence has overshadowed the numerous social and economic problems plaguing Serbia: Prime Minister Koštunica (left) and other politicians at a protest gathering in Belgrade.

Koštunica. Marching side by side under the "Kosovo is Serbia" banner, they put aside their political differences and have embarked on mission impossible: to reverse the course of history and regain control over Kosovo by reducing it to a mere territorial issue while disregarding its ethnic Albanian majority and manipulating its minority Serb population.

Kosovo has overshadowed the numerous social and economic problems that plague Serbia. The complete halt to desperately needed reforms, Serbia's chaotic political landscape and endemic corruption in the administration, business, education and judiciary are nowhere on the agenda.

In his pursuit of openly anti-Western policies, Koštunica is following the old strategy of the man who destroyed Yugoslavia, the late Serbian ex-president Slobodan Milošević: to drive a wedge

between Russia and the West, the U.S. and EU, as well as among EU countries with diverging opinions on Kosovo.

In practice, Tadić's unconvincing motto, "Both Kosovo and Europe" amounts to "Neither Kosovo nor Europe," therefore rendering his alleged pro-European stance a liability rather than an asset. It is simply an additional source of frustration that benefits extreme nationalists. Against this background, the May 11 elections could bring to power the Serbian Radical Party (SRS) under Vojislav Šešelj, who is currently on trial at The Hague War Crimes Tribunal – another tragic setback in Serbia's long overdue Europeanization.

Had a tiny fraction of the money, skill and energy spent on reviving the myth of Kosovo been invested in a campaign to modernize Serbia, none of this would have happened after the overthrow of Milošević in

October 2000. The brutal assassination of Prime Minister Zoran Djindjić five years ago testifies to the strength of regressive forces and their alliance with unreconstructed secret services and shadow centers of power.

Serbian political and intellectual elites played a prominent role in instigating and justifying the Balkan wars of the 1990s. Their criticism of Milošević focused on his responsibility for losing those wars rather than for starting them. Thanks to Koštunica's consequent policy of rehabilitating proponents of those policies, many now hold high positions in politics, business, science, the arts and the media.

Relying on these elites alone can and will not speed up Serbia's modernization: The impoverished and frustrated country, whose present GDP still lags way behind that of the 1980s, needs all the help it can get – and more.

Zapatero has the political means to deliver on the economy and demonstrate that he will continue to lead the country on a prosperous path. In a recent speech to his party, he set stimulating the economy along with the fight against ETA as the two guiding priorities of his second term. Wisely, his government has kept some room for maneuver.

Thanks to a comfortable budget surplus (2.2 percent in 2007) and a low public debt (37 percent), the government plans to give some impetus to economic growth, and not only through mortgage extension help and tax cuts. It will push ahead with its strategic infrastructure agenda for 2005-2020, investing €250 billion during that period to the benefit of the construction sector.

Pedro Solbes can be confident in keeping his position as finance minister in the new Spanish government. He can even hope for a larger portfolio. Zapatero needs Solbes' reassuring and calming presence in the cabinet during his second term.

Beyond this anticipated Keynesian package, the greatest economic challenge for Zapatero and Solbes will be to diversify the Spanish economy. Analysts agree that Spain cannot rely anymore on low interest rates, massive EU subsidies and low production costs to attract industry. It lacks investment in research and development (slightly above 1 percent of GDP) and has a relatively weak IT sector.

The country requires increased productivity and value added to remain competitive and push exports. It cannot rely only on Europe's growing legions of older people to enjoy the Spanish coastlines and prop up consumption. As Spanish economist Angel Cabrera warns, "We must not become just the Florida of Europe but also the California." Making this shift happen will take longer than another legislative term.

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The European Union – and indeed the entire transatlantic community – can and should greatly expand their presence and visibility in Serbia and by doing so, help establish an alternative to its creeping self-isolation: A speedy signing of the Stabilisation and Association Agreement can represent just a step in what could develop into a Marshall Plan for Serbia. Intensified economic cooperation and assistance in enabling democratic institutions to efficiently perform the business of good governance would help wean Serbia from its increasing reliance on Russia.

In addition, students, scholars, scientists, businesspeople, educators and civil servants should be given a chance to travel more frequently to the West and acquaint themselves with the way these systems function there.

Abolishing visa requirements for Serbians is a must in this respect. It would also be a powerful tool for liberating many Serbians from their mental imprisonment and convince them of the West's good intentions. Costs of such a project would undoubtedly be high but the long-term benefits it would bring in terms of getting Serbia closer to the free world rather than letting it fall into the arms of the big brother in Moscow would exceed these by far.

Europe – and indeed the entire free world – cannot afford to live with an unpredictable Serbia that threatens regional stability while slowing southeast Europe's modernization. It is therefore essential to support and assist the European-minded Serbia – primarily civic and youth groups, as well as the independent media – in keeping alive the European spirit in Serbia.

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