

The Economics of the Environmental Protests in Serbia

By Kori Udovički

The protests that have these days successfully led to the change or non-adoption of two laws were successful because they touched the growing and deepening distrust that Serbian society - and not only opposition voters - feel towards the state. After a decade of destruction and two decades of painstaking transformation, the Serbian economy has finally matured enough, and is free enough of the ballast of the past, to be able to move forward quickly. However, this requires a road with a clear direction and many hands to build it. The lack of trust would in and of itself frustrate the fulfillment of these two conditions, and an even bigger problem is that the institutions really do not deserve it. Nowhere will weak institutions cost us so much true development as in the exploitation of the country's mineral wealth.

A Law that drew people to the streets

The protests set the explicit demands that the the Law on Amendments to the Law on Expropriation be withdrawn and that the newly adopted Law on Referendum and People's Initiative be amended. During two Saturdays, thousands of people took to the streets across Serbia -- on the second Saturday no less than 30,000 people in about 50 places, even according to the authorities. They stopped traffic during one hour on the first Saturday, and during two hours on the second. As Savo Manojlović, the face of the Kreni-Pokreni organization that launched these protests, pointed out in the media, the protests united citizens on a very wide political spectrum: both pro-European and "national" options, and those who are for and those who are against vaccines. A few days after the second protest, the explicit demands of the demonstrators were fully accepted. Such "efficacy" seems to have surprised even the protesters themselves. Judging by the mood of the protests, and the fact that the protests continued to a significant extent, people on the street did not see the withdrawal / change of the laws as crucial. They were taken to the streets by deeper, negative attitudes towards the lithium mining project near Jadar, embodied in a negative attitude towards the multinational company Rio Tinto, or at least by a negative attitude towards the ruling regime.

However, I believe that the Law on Expropriation played a key role, not because of those who took to the streets, but because of those who have not (yet). The protests spread knowledge about the content of the law, and the content is such that this knowledge must have had a positive effect on the public's attitude towards the protests. From the very beginning, sympathy for these protests was high. The media cites the Demostat survey, according to which as many as 14% of SNS supporters stated that they support environmental protests. In addition, this law, that even civil society organizations knew nothing about before it was submitted to the Assembly for adoption, gives citizens a maximum of 5 days to act on the government's decision to expropriate their property. Moreover, this the government can do in the name of an essentially arbitrarily defined public interest, as the law allows it to declare that any project implemented on the basis of an international agreement is in the public interest. This could hardly have left many citizens indifferent. We are witnessing how unpunished violations of property rights and the obvious public interest are spreading and deepening over the years - from Savamala, through the construction of a cafe on the top of Kopaonik, to the currently rampant "investor urbanism". Few could doubt that this is done for the sake of someone's quick earnings. It is especially important that there is an

increasing number of those who are discovering over the years that they are not protected from this, despite being members or supporters of the ruling party. The Law on Expropriation just explicitly told citizens something that is becoming clear to them even without being told - the next one can be any of us.

How protected is the public interest?

However, the story does not end with the return of the expropriation process to the current legal framework. There remains the problem of determining and protecting the public interest, be it with regard to the Jadar project or to any other project or policy. The citizens of Serbia do not know, and the necessary conditions for them to find out with confidence are not in place - what exactly is on the scales when it comes to investment projects? More importantly, even if a good project were adopted on paper, they would have good reasons not to trust the state to be able to ensure its consistent realization. Concerning environmental impacts and risks, it is the indiscriminate application of regulations and accountability of government institutions and not the reputation of a company, that must guarantee compliance with agreements, regulations and standards. And these institutions have failed incomparably easier tests in cases such as ensuring respect of environmental standards by mini-hydropower plants, thermal power plants, and other pollutants.

On the other side of the scales sits another complex assessment – that of the development effects of the project-- which then needs to be followed up by implementation. Manojlovic is right when he says that numerous mines have not visibly contributed to the development of many African countries. Actually, there is a risk of negative development effects. In economics, the so-called "Dutch disease" or "resource curse" phenomenon is well known; according to it countries that discover abundant natural resources often find themselves in a development dead end. The point is that the exploitation of mineral resources diverts labor, capital and political energy from economic activities, which could bring much greater development of knowledge and skills, to a larger number of people than mines. For the exploitation of resources to bring widespread benefits to a country's population, it is necessary to invest the earnings that it brings in a disciplined and wise way, ie. there should be strong protection against populist largesse. There is also a very real risk that large profits from mineral exploitation become fodder for the growth of corruption and state capture — as has happened for example in Angola or Congo. A full transparency of all contracts as well as a very public and clear control of financial flows are just the top of the institutional pyramid that must stand firm for this risk not to materialize.

Serbia fails these tests because they require radically more visibility ("transparency") of relation between the government and investors; it also requires the professionalism and accountability of thousands of people in a numerous small and large public services and organizations - inspections, research centers, departments for policy analysis in ministries. They should work according to their professional conscience, and they should be protected by the law and an independent judiciary. Instead, the highest government official in the country, the President of the Republic, in Gornji Nedeljice, not only freely gives obvious "election promises", but also seriously and convincingly utters material untruths (that the Law on Assembly cannot be returned for consideration if there are no provisions that he would deem unconstitutional). The recent buyer of the Institute Jaroslav Cerni, whose mandate is to protect watercourses in the name of the public interest, is a company under serious suspicions about the presence of conflict of interests. Even after eight years in power, people in the profession and trade are being

replaced every day in public institutions to make room for party cadres. This is not how institutions, or trust in them, are built.

Political strategies

As always, President Vučić agreed to fulfill the protesters' demands because he calculated this was in his political interest. On the one hand, the intended content of the regulations did not make such a big practical difference —the desired goals can continue to be achieved taking a more roundabout approach. On the other hand, insisting on the Law on Expropriation became increasingly risky. Given the apparent apolitical nature of the topic, the obvious justification of the demands and the ease of their potential fulfillment, it was drawing more and more people to the street. Meanwhile, accepting to change the Law on Referendum and People's Initiative ensured the effect of his moves was unequivocal: the withdrawal of some of the protesters for a while, causing perhaps a rift between organizations that wanted to continue and those that felt obliged to stop protesting after the demands were adopted. "Kreni-Promeni" is in this second group and is now preparing a popular initiative for a law banning the exploitation of lithium. It will be submitted to the Assembly of Serbia for approval under the freshly amended provisions of the Law on Referendum and People's Initiative. They will certainly collect more than the necessary 30,000 signatures. In any case, they will not have to pay the more than one million dinars in compensation required under the previous version of the Law. while the Assembly is now required to decide on the initiative at the next session of its regular session. In any case, the opportunity for that test of wills will come only after the elections.

I can't predict the further course of events, but I congratulate "Kreni-Promeni" on what they have so far emphasized as their chosen path. First of all, they say that changes must be made step by step, and they planned at least two steps - what a refreshment on our political scene where actors every day present a new and different "next step"! They were not ashamed to point out that they learn from those who know more. Not only do they use the law, but in clear and simple language they create something that seems to me to be a common understanding of acceptable and unacceptable behavior - principles. This time, they insisted that the word must be kept. If they remain faithful to these principles, their effort will become an example of institution-building, even if key victories may require recourse to "extra-institutional" means, such as civil disobedience.

Published in NIN, 16th of December 2021