

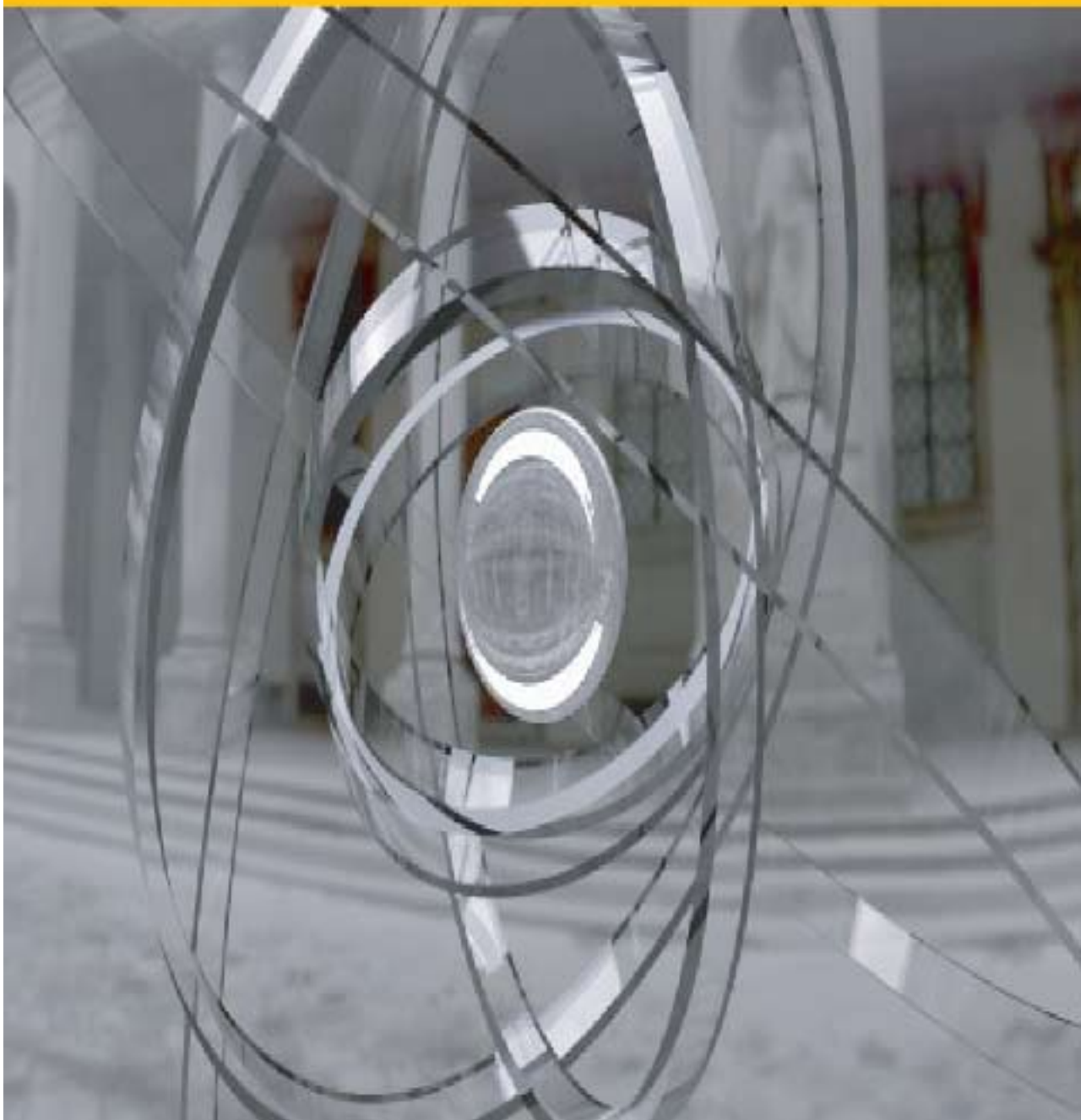
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# NEWSLETTER

No 23 • March - May 2008



# democracy<sup>1</sup> index

## 2. ECONOMIC FREEDOMS AND ECONOMIC PARTICIPATION

Economic transition is undoubtedly the most requiring part of transformation of post-communist societies into democratic societies. In the economic aspect socialist society behaved in a protectionistic manner towards all social groups, proclaiming 'public' ownership as a common good. In that way social differences were neutralized to a significant extent. The economic position of the residents of former SFRY was also much better because the particular form of socialism was in place, called self-governing socialism. It was closer to the Western system of market economy than to the socialist system. It is important to notice also that the former SFRY was oriented to the markets of Western countries. All of these brought to the situation that the living standard of population in former SFRY was on a significantly higher level in comparison to the living standard in the rest of the Eastern block.

The first step in the process of transformation of the economic systems of former socialist countries is the change in the ownership structure. Privatization of 'public' ownership, as the central process of transition of socialist to capitalist economy, started at the end of the

eighties. Practice proved that the said process, regardless of its form, inevitably brought to social stratification (higher or lower degree) and the appearance of individuals that we can call 'winners' and the individuals that we can call 'losers' of the process of privatization. At the same time, it led to the criminalization of the society, additional divisions and tensions that destroy legal system.

An additional problem in this respect in Montenegro is the traditionally collectivistic type of society where the need for solidarity is of exceptional importance. So, we can say that the problems partly stem from the specific nature of Montenegrin society that is based on small settlements where family, relations and friendships among the population of 670,000 people governed human relations through the history and they still do. That is why politics very frequently has had a strong role in the privatization processes and why very frequently birth of the new economic elite was directly connected to the structures of power in political circles.

All in all, this problem became more emphasized in the societies that are being transformed from real-socialism to market economy societies. Montenegrin society is one of them, with the neo-liberal concept of national economy being dominant.

From the aspect of the Index we identified three dimensions and made the measurement just like we did in the areas mentioned above. Dimensions within this area are:

- Economic equality of individuals in the market

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<sup>1</sup> DEMOCRACY INDEX represents method of measuring the level of democratic process, achieved in one society. By the language of numbers and through the analyses of specific indicators, INDEX demonstrates to what level do citizens percept the presence of democracy within their society. The rule of law is one of five areas which were the subject of our measurement. The complete report is available on the web page ([www.cedem.cg.yu](http://www.cedem.cg.yu)). The project is supported by NED.

- Economic equality and autonomy of companies
- Mechanisms of protection of economic entities and individuals

### 3.1 Economic equality of individuals in the market

Economic equality in the market is one of the basic principles of market economy that Montenegrin society also strives for in a declarative-political sense. Of course, the equality of individuals should not be understood in the extreme sense of the word, it is about equality of opportunities that the participants in the economic competition have and at the same time it is the most important precondition for the full development of individual achievements. However, the market does not guarantee this of itself and therefore it is the state that should solve that by creating the framework conditions for the equality of opportunities. The importance of this issue is even stronger having in mind the problems immanent to the nature of Montenegrin society where it is not rare that an individual is excluded from the competition due to the

concentration of power or unfair practice. We wanted to examine if the differences influence the better or worse position of individuals in the market and to define what these differences are. As a criterion we took social origin, nationality and confession, material status, political affiliations and party affiliations and the possibility of all the citizens to participate in the economic life of the society. The basic idea is certainly that (un)achieved equality in these aspects presents a summary indicator of democratic quality in this dimension.

According to the perception of our citizens the least strong obstacle in getting equal opportunities in the market comes from national and religious affiliations of citizens (2.86), the range of this indicator being from 2.32 to 2.86. An extremely positive score was also given to the social origin of citizens (2,68). We can also say that there are no significant problems in Montenegrin society in relation to the stated grounds. We also see quite good scores for the indicator of equality of individuals in terms of participation in the economic life of the society under equal conditions (2.58), while the scores for the last two indicators show that there are dif-

*Table 12 - Economic equality of individuals in the market – presentation by indicators*

Indicators	N	K	SD	Skewness
Equal treatment in the market regardless of the social origin of the citizen	884	2.68	1.210	0.204
Equal treatment in the market regardless of national or religious affiliation	884	2.86	1.209	0.006
Equal treatment in the market regardless of material status of individuals	903	2.37	1.115	0.577
Equal treatment in the market regardless of political affiliations or party affiliations of citizens	907	2.32	1.166	0.567
Equality of individuals in terms of participation in the economic life of the society under equal conditions	885	2.58	1.171	0.280

ferences in the equality of conditions in the market competition when it comes to material status of individuals (2.37), and particularly when it comes to political affiliations and party affiliations of citizens (2.32). So, this is a result similar to the results obtained for other dimensions where we can notice that socio-economic differences and the overemphasized influence of politics, which are the results of transition processes, significantly limit the process of democratization from the aspect of this dimension and other dimensions as well.

### 3.2 Economic equality and autonomy of companies

In this survey we wanted to establish to what extent Montenegrin companies are independent from the influence of the state. This

dimension has been included in the Index primarily because in the socialist system companies were under the full control of the state. Having in mind that the process of privatization is still in progress in Montenegro it was important to establish how the citizens perceive this process.

On the basis of the opinion of citizens, the best score was recorded for the equal treatment of all forms of ownership (2.64). The second place belongs to the transparency of the operation of the Government in terms of affecting economic life of the society (2.60). These are the two highest scores and all the other scores are significantly lower. The indicator for the autonomy of companies in decision making (2.44) holds the position number three and it is followed by the autonomy of inspection services and their consistency in enforcing legislation (2.41) and absence of ideology and state pressure

*Table 13 - Economic equality and autonomy of companies – presentation by indicators*

Indicators	N	K	SD	Skewness
Equality of companies in the market regardless of the form of ownership	838	2.64	1.177	0.187
Absence of discrimination and favoring some companies by the state	829	2.29	1.084	0.558
Absence of influence of individual and party interests on the companies	873	2.27	1.114	0.716
Equality in the implementation of laws for all the companies	876	2.30	1.102	0.547
Autonomy of companies in the process of decision making	828	2.44	1.112	0.342
Absence of ideology and pressure of the state in public companies	832	2.32	1.105	0.559
Absence of political monopolies that enjoy the protection of state and privileged groups	833	2.20	1.094	0.722
Autonomy of inspection services and their consistence in enforcement of legislation	846	2.41	1.139	0.490
Transparency of the operation of the Government in terms of affecting economic life of the society	848	2.60	1.127	0.228

*Table 14 - Mechanisms of protection of economic entities and individuals – presentation by indicators*

Indicators	N	K	SD	Skewness
Existence of institutions that ensure freedom of the market	764	2.74	1.21	0.99
Existence of NGOs that protect participants in economic life from all the forms of pressure of the state, parties and powerful individuals and groups	752	2.81	1.105	-0.023
Efficiency in combating grey economy	882	2.21	1.039	0.698
Consumer rights are protected by the law	869	2.52	1.166	0.255
Existence of the organizations through which companies and individuals can affect overall economic policy of the state	741	2.56	1.147	0.189
Active role of the media in exercising the principle of equality and protection of economic rights of individuals, companies and organizations	830	2.69	1.146	0.061
Efficiency of judiciary in protection of individuals and companies from all kinds of violence and disrespect for their economic rights and freedoms	831	2.40	1.098	0.459
Efficiency of judiciary in solving disputes arising from contracts	828	2.54	1.102	0.346
Protection of ownership rights by the state and its bodies	860	2.84	1.160	-0.057
Efficiency of the state in terms of protection of ownership rights	876	2.80	1.137	0.036
Efficiency of the state services in combating corruption	905	2.19	1.095	0.724

in public companies (2.32). Equality in the implementation of laws for all the companies recorded an extremely bad score (2.30) as well as the indicator for absence of discrimination and favoring of some companies by the state (2.29). At the very bottom we can see that the citizens identified the influence of individual and party interests on the companies (2.27) as the most serious problem from the aspect of economic equality and autonomy of companies. It is followed only by the existence of economic monopolies that enjoy the protection of the state and privileged groups (2.20).

### 3.3 Mechanisms for protection of economic entities and individuals

The implementation of this principle is imposed as sine qua non of successful transition, i.e. transformation from autocratic to democratic society. We have to have in mind that there are two key aspects of this dimension. First, it is the development of an efficient institutional infrastructure and second, the establishment of the practice of an efficient protection of mechanisms that provide for free market competition. We wanted to find out what is the opinion of citizens regarding how much Montenegro has achieved in this



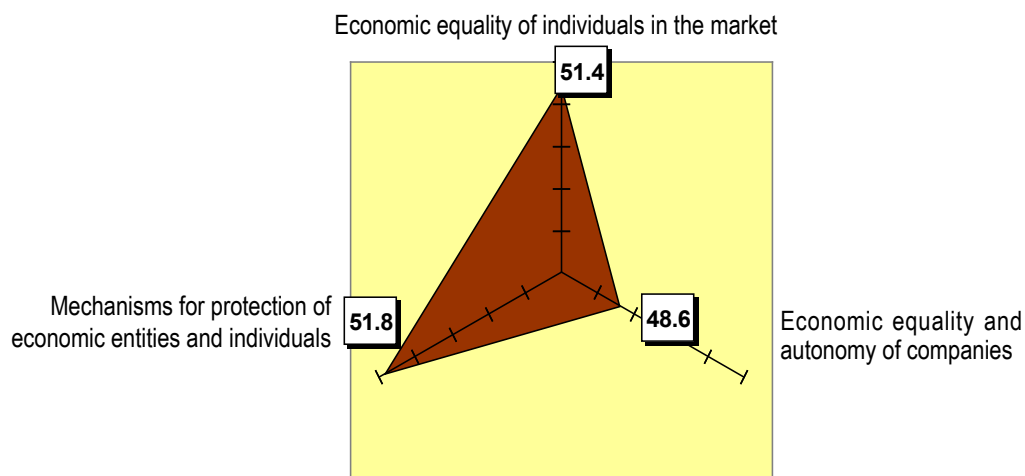
field and we included as many as eleven indicators in this measuring.

The results show that this is a very heterogeneous dimension because the scores are in the range from 2.19 to 2.84. The highest score was recorded for the indicator of protection of ownership by the state and state bodies (2.84). It is followed by a highly satisfactory score for protection from all forms of pressure provided by NGOs to the participants in the economic life of Montenegro (2.81), which emphasizes again the importance of the „third sector“ for the overall democratization. Positive results are also recorded for the indicator of efficiency of the state in protection of ownership rights (2.80) and the existence of institutions that provide for the freedom of the market (2.74). The activities of the media in exercising the principle of equality and protection of economic rights and freedoms of individuals, companies and

organizations also recorded a satisfactory result. A slightly lower but still satisfactory score belongs to the indicator of the existence of organizations through which companies and individuals can affect overall economic policy of the state (2.56). Significantly lower score was given to the following indicators: efficiency of judiciary in solving disputes arising from contracts (2.54), protection of consumers by law (2.52), efficiency of judiciary in protection of individuals and companies from all kinds of violence and disrespect of their economic rights and freedoms (2.40). And at the very bottom there are two indicators that require the most of attention within this field: combating grey economy (2.21), and efficiency of state services in combating corruption, which got an extremely low score (2.19) becoming such the priority of all priorities.

**Table 15 - Economic freedoms and economic participation – summary by dimensions**

Indicators	N	K	SD	Skewness
Economic equality of individuals in the market	961	51.4	20.15709	0.273
Economic equality and autonomy of companies	959	48.6	18.76805	0.451
Mechanisms for protection of economic entities and individuals	975	51.8	17.35394	0.135



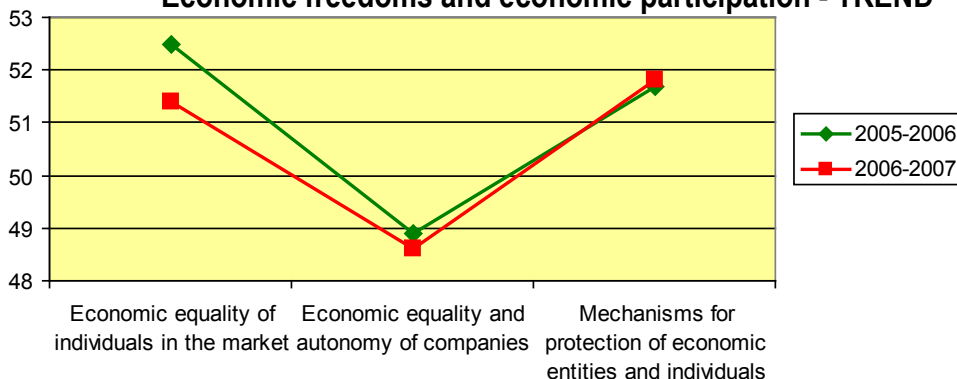
Indicators	2005-2006	2006-2007
Economic equality of individuals in the market	52.5	51.4
Economic equality and autonomy of companies	48.9	48.6
Mechanisms for protection of economic entities and individuals	51.7	51.8

**3.4 Summary indicator for the field of economic freedoms and economic participation (Trend)**

Table 15 and the graph bellow provide the summary indicators for the field of economic freedoms and economic participation and in the end we compared the results obtained this year with the results from the last Index. After summarizing data by all dimensions for the field of economic freedoms and economic participation, we can see that the highest score was recorded for the field of mechanisms for protection of economic entities and individuals (51.8). A quite high score was also given to the dimension which measures economic equality of individuals in the market (51.4). We can say that the results in these dimensions are quite acceptable and satisfactory. However, it cannot be said for the area number three that we measured – economic equality and autonomy of companies (48.6) which we can identify as the most serious problem in Montenegro from the aspect of

this dimension. If we compare the values we got in this dimension in the last Index with the latest data we can see that the range is wider, but slightly wider only. We can also note that the best score was this time given to the indicator of the existence of mechanisms for protection of economic entities and individuals, while in the last Index the best score was given to economic equality. And in the end, we see that the indicator of economic equality and autonomy of companies got the lowest score, even lower than in the last measuring. Finally, on the basis of everything stated above we can conclude that if Montenegro wants to become a democratic society with economic area that has democratic mechanisms and functions on the principles of market economy of developed Western democracies, it will have to make the solution of this problem a priority. It has to uphold the principles and develop mechanisms that will support economic equality and autonomy of companies. Of course, we should not think that this problem is easy and simple to solve and that it is possible to find a solution over night. On the contrary! This requires a systematic approach, a very deep and thorough analysis and engagement of all the structures of Montenegrin society so that in the end all these efforts can result in improvement of the situation in the said sector. Of course, the companies also have to take a part in this process so that searching for the mechanisms for providing them with more autonomy can be faster and more efficient.

**Economic freedoms and economic participation - TREND**



# CEDEM Activities

## *Seminar:*

”The European Convention on Human Rights implementation into the national legal system”

*Ulcinj, March 14-15, 2008*

Seminar primarily organized for young employees in judiciary. Facilitators of the seminar were eminent Montenegrin jurists, Supreme Court’s judges Mrs. Julka Badnjar, Mrs. Vesna Begovic, Mr. Radule Kojovic, Mr. Petar Stojanovic, deputy State Prosecutor of Montenegro Mr. Veselin Vuckovic, as well as coordinator of the Centre for Human Rights Mr. Sinisa Bjekovic, and OSCE representative Mr. Aleksa Ivanovic.



They lectured about importance and implementation of international standards on human rights and freedoms. Seminar was realized with the support of the Balkan Trust for Democracy.

## *Seminar:*

”Freedom of expression, the right to respect for private life and the right to a fair trial under the European Convention on Human Rights”

*Becici, April 4 – 5, 2008*

Seminar for Montenegrin judges, prosecutors, attorneys and representatives of media on the topic: ***Freedom of expression, the right to respect for private life and the right to a fair trial under the European Convention on Human Rights***, was organized by



CEDEM, AIRE Centre from London and OSCE, and supported by UK Foreign Office and Westminster Foundation for Democracy. Facilitators were: Boyko Boev- Legal Officer Article 19, London; PhD Vladimir Vodinelic, Law Faculty, Belgrade; Nuala Mole - AIRE Center, London; and Sinisa Bjekovic - Center for minority rights, Podgorica.



*Seminar:*

”Montenegro in a process of Euroatlantic integrations”

**Becici, April 11 -12, 2008**

Seminar on topic: **Montenegro in a process of Euroatlantic integrations** was organized by CEDEM for Montenegrin students of political science, law and economics. The seminar was supported by Konrad Adenauer Foundation. Facilitators were: Ana Vukadinovic, Secretariat for European integrations; Spella Cimerman, Delegation of European Commission in Podgorica; Aleksandar Pejovic, Montenegrin Ministry of Foreign affairs, PhD Miroslav Hadzic, Center for Civil - Military relations in Belgrade; Miodrag Vukovic, Chairman of Parliamentary board for International and European relations; Nedjeljko Rudovic, journalist in daily *Vijesti* and Savo Kentera - General Secretary of Euro Atlantic Club of Montenegro.



## International conferences CEDEM's representatives took part

**PhD Srdjan Darmanovic**

*April 05 – 10 2008, Kiev*

V Global Conference, organized by *World Movement for Democracy*.

**MA Nenad Koprivica**

*April 18 2008, Budapest*

Conference entitled: **Regional approach to EU integration: ‘Old/new formula for the Western Balkans – hopes for success or another artificial imposition from Brussels’**, organized by Open Society Institute from Budapest, Hungary.

**PhD Srdjan Darmanovic, Rajko Radevic**

*April 17 – 18 2008, Brussels*

International conference entitled: **Civil society development in Southeast Europe: Building Europe together**, organized by European Commission.

**Nikola Djurovic**

*March 10 – 11 2008, Skoplje*

Regional Workshop entitled: **Political participation of minorities in Southeast Europe in the process towards EU integration**, organized in the frame of Minority Rights in Practice Program of the King Baudouin Foundation.

**Rajko Radevic**

*April 1 – 3 2008, Ljubljana*

International conference entitled: **Giving a stronger voice to civil society in the European neighborhood**, organized by ECAS – Brussels and CNVOS – Ljubljana.



## Rating of the politician/public figure

- Trends at the level of entire group of interviewees -

Politicians / public figures	August 2006.	February 2007.	June 2007.	Sep/Oct 2007.	February 2008.	March 2008.
Vanja ČALOVIĆ	-	-	3.18	3.19	3.16	3.31
Milo ĐUKANOVIĆ	2.98	2.86	3.09	3.01	2.96	3.27
Filip VUJANOVIĆ	2.87	2.82	2.99	3.02	3.06	3.22
Željko ŠTURANOVIĆ	-	2.99	3.14	3.07	3.36	-
Nebojša MEDOJEVIĆ	2.43	2.93	3.10	2.98	2.65	2.60

## Attitudes toward presidential candidates

Candidate	Relation toward candidates %			
	Very positive	Mostly positive	Mostly negative	Very negative
MANDIĆ	23.0	26.6	17.4	33.0
VUJANOVIĆ	42.9	29.6	11.2	16.3
MEDOJEVIĆ	16.4	39.7	19.8	24.1
MILIĆ	15.1	35.8	20.4	28.6

## Safe vote

Candidate	N	K	SD
VUJANOVIĆ	1058	6.12	4.220
MEDOJEVIĆ	1030	3.25	3.420
MANDIĆ	1038	2.99	3.474
MILIĆ	1022	2.48	2.951

## Perception of valuation of chances that presidential candidates have

Candidate	Chances of candidates %			
	Big chances	Good chances	Small chances	No chances
MANDIĆ	12.5	15.2	32.0	40.3
VUJANOVIĆ	68.1	21.0	4.8	6.1
MEDOJEVIĆ	12.0	26.4	33.6	28.0
MILIĆ	6.5	15.5	34.1	43.9

## Presidential elections – FIRST ROUND

Candidate	%
Andrija MANDIĆ	19.1
Filip VUJANOVIĆ	52.8
Nebojša MEDOJEVIĆ	18.3
Srdan MILIĆ	9.8

- **TURN OUT:** 74,1% +/- 3,1% - **INTERVAL OF TRUST** 99%
- **ESTIMATION:** TURN OUT FROM 71% TO 77,2%
- **CORRECTION:** ESTIMATION OF VALUES MINUS COMPULSORY ABSTENTION, RANGING AT ABOUT 2,5%

## We were visited by ...

- **Morten Villumsen**, The first Secretary in The Embassy of the Kingdom of Denmark, Belgrade
- **Julian Peel Yates**, Head of the Election Observation Mission, OSCE
- **Beata Martin-Rozumilowicz**, Deputy Head of the Election Observation Mission, OSCE
- **Simeon Apostolov**, Election Analyst, OSCE
- **Bjorn Linderfalk**, Counsellor, Second Secretary Embassy of Sweden, Belgrade
- **Thomas Jezequel**, Caritas International
- **Ana Jase**, Program Director of the Institute for Strategic Studies, Ljubljana