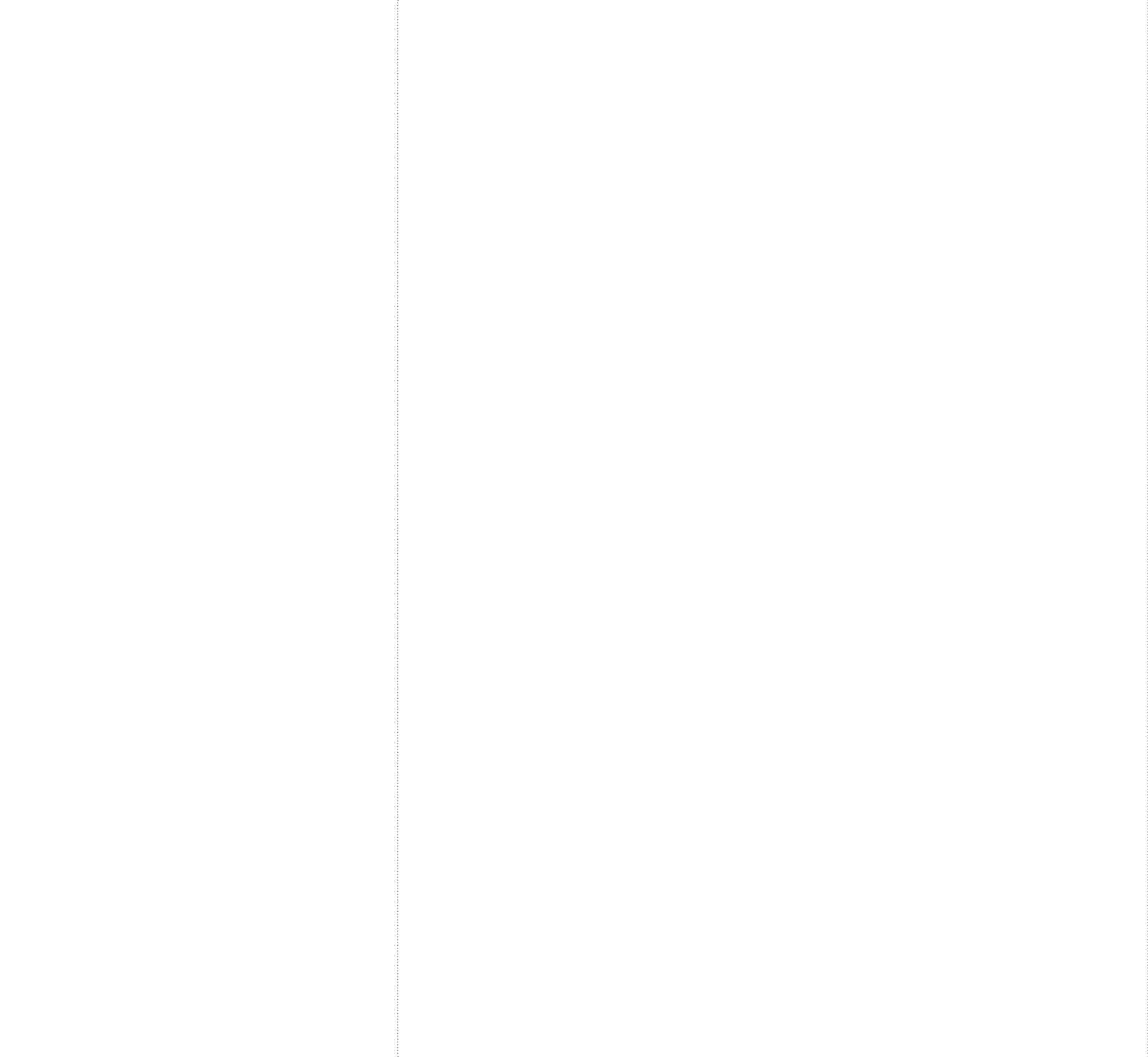


Goran Musić

# SERBIA'S WORKING CLASS IN TRANSITION 1988-2013







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**Goran Musić**

**SERBIA'S WORKING  
CLASS IN TRANSITION  
1988-2013**

**ROSA  
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SOUTHEAST  
EUROPE**

Belgrade, 2013



## PREFACE

The study “Serbia’s Working Class in Transition 1988-2013” is much more than an analysis of workers mobilizations in Serbia in the past 25 years. Researching the position of workers, the author Goran Musić tackles some of the most complex socio-political problems in Serbian society: The rise of nationalism in the late 1980s, economic collapse and deindustrialization during the wars in the 90s and the period of “transition”, as well as the enforcement of neoliberal ideology as a hegemonic paradigm in Serbian politics. A key question in the study is how these developments have affected the consciousness of workers, and the articulation of their struggles for survival.

Goran Music bases his findings partly on the research he conducted for his doctoral thesis, about the workers’ movement in the former Yugoslavia during the end of the 1980s, at the University of Florence (Italy). The study is one of the few analytical texts which deals with the positions of workers in contemporary Serbian society. We hope it will be instrumental in inspiring further discussions. Other viewpoints on this complex problem are of course possible and should be brought forward.

The debate on the position of workers in Serbian society, the articulation of their social and political interests, as well as forms of organization, is more relevant than ever. The global financial and economic crisis has had a particular devastating effect in the Balkans. The economies of the countries in Southeast Europe have been in an ongoing recession or stagnation since 2008. Factories and enterprises are being shut down, the unemployment rate has reached a historical peak, austerity measures are being imposed. Neoliberal policies of privatization of the remaining state-owned companies and flexibilization of labor relations to the disadvantage of workers are being enforced.

The economic anatomy and the social effects of the current crisis in the Balkans are similar to the situation of the other countries on the periphery of Europe, whether in the Baltic states, Greece, Spain or Portugal. However there is a stark contrast in the political reaction to the crisis. Especially in Greece, Spain and Portugal we can witness strong protest movements. In Serbia and most of the Balkan states the workers' movement is silent. This study partly explains why this is the case. But it should also contribute to the building of a new workers' movement, which is able to react to the enormous challenges facing Serbian society.

Boris Kanzleiter, april 2013

Head of Office Rosa Luxemburg Stiftung Southeast Europe







# SERBIA'S WORKING CLASS IN TRANSITION 1988-2013

In the summer of 2009, at the height of a spontaneous nationwide wave of industrial action the strike committees from six Serbian factories joined forces to form a Workers' Protest Coordinating Committee (The WPCC). Activists gathered through this initiative declared that the short term demands of isolated workers' struggles in different parts of the country, and the partial solutions brought by them, did not amount to much. According to the WPCC, the gravity of the problems faced by the working class called for coordinated actions. One half of the founding factories came from Zrenjanin – a former industrial hub in the northern part of the country. The city became the hotspot of blue collar activity thanks to the workers of the Jugoremedija pharmaceutical company. After almost an entire decade of militant mobilizations, their struggle became a cause célèbre, recognized by the Serbian public as well as many labor activists abroad.

Jugoremedija was among the rare examples of workers being able to terminate the privatization of their factory, get rid of the new boss and organize production on their own.<sup>1</sup> These achievements placed them at the centre of wider labor initiatives in Serbia in the recent years. Still, for many observers the strike wave of 2009 came out of the blue. After more than two decades of painful transition, few people inside the country counted

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1 In the previous decade there were a couple of instances where workers managed to terminate privatization contracts and start the production process without bosses. One of the examples is the Marble factory Venčac from Arandelovac between 2004 and 2008. Still, Jugoremedija became the most well known case due to the longevity of its struggle and readiness to assist other factories in strike.

on labour as a serious social force. In many instances, workers started organizing when there was little left to fight for, as the work equipment had become obsolete and the factories were already firmly in the hands of private speculators.<sup>2</sup> Faith in the capability of blue-collar workers to take action and act in accordance with their long term interests faded over time.

Indeed, apart from the opening push for independent trade unionism from below<sup>3</sup>, which took place directly after the crumbling of the institutional monopoly over workers' organizing, enjoyed by the League of Communists of Yugoslavia and the Yugoslav Trade Union Confederation, in the late 1980s, the above mentioned initiative of joint strike committees stands out as a rare example of broader, independent blue-collar initiatives from below in Serbian society. Before we deal in more detail with these latest instances of workers' activism in the final phase of transitional restructuring, it would be interesting to look back and examine the relative calm of labor activism in the first two decades of transformation from the system of workers' self-management to a full scale market economy.

## Dissolving Solidarity

Once the regimes of “real socialism” in Eastern Europe started to tumble like dominos under the pressure of economic stalemate and mass mobilizations in the streets, many leftwing activists, positioned outside the Moscow aligned communist parties, greeted these developments with optimism, despite the glaring neo-liberal and nationalist orientation of a good part of the protest leadership. These observers argued that the main characteristic of 1989 was the reawakening of “civil society” in socialist countries. More important than the right wing character of the leaderships was the fact that street mobilizations won freedom of political expression and opened a space for the independent organizations of labor. Under such circumstances, there was hope that even if the new, pro-market governments attempted to impose reactionary policies of social cuts

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2 See: Milenko Srećković, Smisao radničke borbe danas: tribina o aktivnostima Koordinacionog odbora radničkih protesta u Srbiji, in Vladislav Bailović i drugi, Deindustrijalizacija i radnički otpor: Borbe i inicijative za očuvanje radnih mesta u periodu tranzicije, Pokret za slobodu, Beograd 2011.

3 Out of these early initiatives for independent union organizing, *Ujedinjeni gran-ski sindikati-Nezavisnot* came out as the largest umbrella confederation, organizing workers outside the traditional, state sponsored trade union, which survived under the name *Savez samostalnih sindikata Srbije* (SSSS).

and privatizations, their measures would be met by fierce resistance from below.<sup>4</sup>

These predictions did not materialize. Instead of the enduring grass-root initiatives, similar to ones the state socialist apparatuses were confronted with in the last years of their existence, the neo-liberal reformers of the 1990s came across feeble civil societies, sparse street protests and low volumes of industrial action.<sup>5</sup> Even in Poland, where the trade union *Solidarność* formed the backbone of mobilizations in the 1980s, labor seemed unable to organize a coherent opposition to the ongoing economic 'shock therapy'.<sup>6</sup> In their research into the transitional processes in Central and Eastern Europe, Gareth Dale and Jane Hardy summarize four main factors contributing to the weak position of labor in the region:

First, Communist party officials hypocritically used the language of social justice and working class rights to uphold their privileges. After decades of misuse and blending with various strands of nationalism and even chauvinism, many traditional slogans and ideas of the political left lost the power to inspire social activism and gave way to right wing populism or widespread individualism, cynical towards any type of political organizing along the lines of solidarity and collective interests.

Second, this ideological crisis was matched by institutional deficits. Under the so-called real existing socialism, labor was prevented from developing independent class organizations, in the work place or in the political arena. There were no spaces where labor could preserve its customs. No autonomous institutions to preserve and apply the lessons of previous historical battles. Thus, generations of workers were cut off from the traditions of combative labor movements and everyday methods of class struggle.

Third, the transitional states did formally introduce basic civil liberties in Eastern Europe. However, this does not mean that the climate for social and political activism in these countries should be seen as equivalent to

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4 Ernest Mandel, *The Irresistible Fall of Mikhail Gorbachev*, in *International Viewpoint*, no. 221, February 1992, pp. 26-27.

5 Stephen Crowley and David Ost, *Introduction: The Surprise of Labor Weakness in Postcommunist Society*, in Stephen Crowley and David Ost (eds.), *Workers after Workers' States: Labor and Politics in Postcommunist Eastern Europe*, Rowman & Littlefield Publishers INC, Lanham 2001, pp.1-13.

6 David Ost, *The Defeat of Solidarity: Anger and Politics in Postcommunist Europe*, Cornell University Press, Ithaca 2006.

the one existing in Western Europe, where historically the social movements managed to conquer autonomous spaces for organizing. Whether limiting the freedom of public gathering, tightly controlling the media, sponsoring right wing groups or extensively using state security agencies, the new governments in the region did not give up many repressive techniques extensively used by the previous regimes.

Last, but not least, there is the destruction of the homogeneity of the working class which comes with the penetration of market forces into the social fabric. The reintroduction of capitalism brought about the restructuring of former large industrial enterprises, mass unemployment, impoverishment, social differentiation, migration, crime and the dismantling of social safety nets. Working class neighborhoods, which were formerly tightly-knit and largely egalitarian environments, entered the 1990s in the fear and isolation of individual households. Atomized societies encourage the search for individual solutions to common problems. The extinction of basic social solidarity was one of the main mechanisms the market forces could rely on in their conquest of Eastern Europe.<sup>7</sup>

## Creative Bureaucracy

The working class inside Serbia faced these same challenges. Nevertheless, the harsh nature of transition in the former Yugoslavia exacerbated many of the processes mentioned above and gave them unpredictable spin-offs. The unique heritage of workers' self-management, specific profile of the transitional regime, violent break-up of the country, international sanctions and the sheer magnitude of economic downturn all inevitably shaped the peculiar responses of the local workforce to the restoration of capitalism.

Reading the "signs of the time", a fraction of the Serbian communist nomenclature and enterprise managers, under the leadership of Slobodan Milošević, attempted to prevent the loss of its privileges by introducing radical political and economic reforms into the Yugoslav socialist system in the late 1980s. Slobodan Milošević managed to take over the republican party apparatus and place himself at the head of grassroots mobilizations taking place at the time. Similar to Poland, workers' strikes played

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<sup>7</sup> Gareth Dale and Jane Hardy, Conclusion: The 'Crash' in central and Eastern Europe, in Gareth Dale, *First the Transition then the Crash: Eastern Europe in the 2000s*, Pluto Press, London 2011, p. 260.

a prominent role in the final years of Yugoslav socialism.<sup>8</sup> With a program which promised greater autonomy for the self-managed enterprises, through pro-market economic reforms, and more accountability for the state bureaucracy, with the help of political centralization, the new republican leadership managed to attract active support from a significant layer of industrial workers inside Serbia.

The Yugoslav socialist state had its roots in the popular anti-fascist movement forged during the Second World War. This fact separates it from many other East European socialist states, whose founding was the result of the military advance and geopolitical influence of the Soviet Union. The popular local social base and independence from Moscow made the local elite flexible and prone to experiments. The Communist party allowed certain space for critical debates and proved able to integrate many opposition voices and reform suggestions into its official policy. The dividing line between dissident circles and the establishment in Yugoslavia was never as defined as was the case inside the countries of the Eastern Bloc.<sup>9</sup>

Similarly, horizontal cleavages between workers, on one side, and the company management and party leadership, on the other, were also not as clear cut as was the case in command economies. The Yugoslav economic system combined elements of plan with markets and enterprise autonomy. The freedom of each company to pursue its own interests in the market created conditions for workers to identify their well-being with the company management against the state or rival companies. Inversely, once companies fell into financial problems, or the gap between the incomes of different occupational groups became too wide for socialist norms of income distribution, the workers could form an alliance with parts of the political bureaucracy and demand a roll-back of market reforms and the powers of management. The system thus oscillated between market and political control over the economy.<sup>10</sup>

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8 The number of strikes went from 247 instances, with 13 507 workers involved, in 1980 to 1 851 strikes, involving 386 123 workers, in 1988. These statistics place Yugoslavia among the countries with the highest strike activity in Europe at this time. See: Salih Fočo, *Štrajk između iluzije i zbilje*, Radnička štampa, Beograd 1989, p. 6.

9 Jasna Dragović-Soso, *Saviors of the Nation: Serbia's Intellectual Opposition and the Revival of Nationalism*, McGill-Queen's University Press, London 2002.

10 Ellen Turkish Comisso, *Workers' Control under Plan and Market: Implications of Yugoslav Self-Management*, Yale University Press, New Haven 1979.

One of the main peculiarities of the Yugoslav brand of “real-socialism” was the insistence on the separation of state and social property. According to classical Marxist theory, social property in socialism means state ownership over the means of production, with the nature of the state altered so that, for the first time in history, it represents the vast majority of society – the working class, and thus society as a whole. Frederick Engels, for example, defines social property as state property, with the state itself being governed by workers, i.e. being dissolved in the self-managing organs of the working class. In this perspective the government organs give way to organs of production management.<sup>11</sup> In the Soviet Union, where the first successful socialist revolution had been carried out, a reversed process occurred. Instead of the gradual withering away of the state, the political bureaucracy, led by its own interests, imposed itself as the chief manager in command of all economic processes, from above, thus constructing a monolithic social structure alienated from the ordinary citizens.

Following the split with Moscow in 1948, the Yugoslav party soon declared it had taken the first step towards the withering away of the state by “handing enterprises over to the management of workers’ collectives”, i.e. by introducing so called social property in opposition to state ownership over the means of production. On the one hand, this gave workers a sense of actually being in possession of power – since they were making decisions concerning their firms, but, on the other hand, it splintered the working class into workers’ collectives, and later into even smaller units named “Basic Organizations of Associated Labour”, which, while indeed standing in opposition to the state apparatus, had no central organs, or unified policies of their own. Economic decentralization caused the workers to see their firms more and more as partnerships, and less as

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11 In his book, “Anti-Dühring”, Frederick Engels explains: “The proletariat seizes from state power and turns the means of production into state property to begin with. But thereby it abolishes itself as the proletariat, abolishes all class distinctions and class antagonisms, and abolishes also the state as state ... The state was the official representative of society as a whole, its concentration in a visible corporation. But it was this only insofar as it was the state of that class which itself represented, for its own time, society as a whole... When at last it becomes the real representative of the whole of society, it renders itself unnecessary...The first act by which the state really comes forward as the representative of the whole of society — the taking possession of the means of production in the name of society — is also its last independent act as a state.” See: <https://www.marxists.org/archive/lenin/works/1917/staterev/ch01.htm#s4>



the property of society, which often enough caused conflicts of interests between different work collectives, ultimately solved by the state.

This situation enabled the nomenclature to position itself as a kind of social glue, above the divided working class, thus preserving the unchallenged position the party bureaucracy held, along with the privileges that this position brought. The bureaucracy did not hand over direct command over the economy to the workers, but to individual collectives, focused predominantly on their selfish business interests and standing in opposition to a firm and centralized party state apparatus. Without the structural ability to define class interest via their own organs and exposed to stratification and competition between workers' collectives in the market, the workers were forced to leave the defining of that interest to the day to day political needs of the party leadership. The leadership, thus, defined the official "class" interest of the workers, as well as the nature of "self-managing" socialism and "social property" according to its own needs. Accordingly, the two bedrocks of Yugoslavia's distinct path to socialism – workers' self-management and social ownership – carried ambiguous meanings.

In periods of strong pro-market orientation of the party apex, self-management was interpreted primarily as the freedom of workers in a single enterprise to make their own business decisions and maximize income, regardless of the wider social implications of their activity. In these times, the social ownership formula implied that the installed machinery, and the income made with its usage, belonged to the group of people employed in the respective enterprise. Then again, in years when the party aimed for a greater role in planning in its economic policies, the emphasis was put on the class dimension of workers' self-management. At times of growing social inequalities and insecurity in the market, workers were encouraged to raise their voices against the privileges of the management and demand redistribution of income. In this case, the factories and their products were seen as belonging to society as a whole, rather than to a single work collective.

In the second half of the 1980s, when the economic crisis of workers' self-management and political strife between various republics reached their peak, the Serbian communist party was able to put together a seemingly coherent program of economic and political reforms, by basing itself on the pro-market interpretations of workers' self-management. The new leadership brought the liberal economic impulses of workers' self-management

in line with the neoliberal spirit of the time. More market influence was introduced under the slogan of expanding workers' self-management and increasing the autonomy of labor in relation to the state. The demand for a stronger, more centralized, state might appear standing in contrast to this plan. However, the call for cutting of local and mid-range bureaucracy levels logically followed calls for economic liberalization. There was an urgent need for a central political institution with enough authority to implement the desired reforms against the resistance of republican and provincial party structures. The Serbian state media connected centralization with notions of workers unity against the bureaucracy, as well as the stronger influence of Serbia as the largest republic, and the political rights of Serbian people as Yugoslavia's largest constituency.<sup>12</sup>

Between the second half of 1988 and the break-up of the country in 1991, the streets of Serbian cities were filled with hundreds of thousands of protesters participating in government organized rallies. The management of social sector enterprises mobilized their workers for these events, where factory logos and old socialist insignia stood side by side with newly created nationalist slogans. The idea of class solidarity was gradually substituted with that of national unity.<sup>13</sup> In the past, the official ideology promoted the working class as the main defender of the socialist ethos and the revolutionary state. With the opening of the political crisis which threatened to break the country apart, local media started presenting the

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12 The 1974 Constitution strengthened two autonomous provinces inside Serbia with their own independent political voice inside the federation – Kosovo in the south and Vojvodina in the north. The new Serbian leadership aimed to regain political sovereignty over its territory and recentralize the Federacy and its political institutions under Serbian domination as the basic preconditions for a large enough, unified central Yugoslav economic market.

13 The roots of this change can be traced back to the basic postulates of the Yugoslav system of “workers’ self-management”. Understood chiefly as the autonomy of workers in single enterprises in relation to the state and the society as a whole, workers’ self-management created the economic base for the atomization of the working class and parochial understanding of the defense of workers’ interests. Apart from the state bureaucracy, the workforce of better standing enterprises often saw workers from low income factories, dependent on subsidies funded by the state tax, as an obstacle standing in the way of full control over their own income and exercise of self-management rights. This polarization between the companies was mirrored in tensions between different regions of the country. Over time, contradicting interests between the enterprise management and political bureaucracies from more prosperous and less developed regions evolved into political strife between the republics and ultimately ethnic rivalry. Josip Broz Tito warned about these tendencies as early as 1962 in the famous speech delivered in Split.

Serbian nation and the republican party leadership as the sole remaining champions of these values. By placing it in the role of a victim of imperialism and bureaucratic machinations, the Serbian nation as a whole was assigned with attributes once reserved for the proletariat. In official language, the term 'working class' was starting to be used interchangeably with the term 'Serbian people', only to be completely overtaken by it a few years later on.<sup>14</sup>

Unlike the rigid communist party leaderships in Eastern Europe, a fragment of the Serbian bureaucracy was agile enough to try and adjust itself to the coming global changes. It allied itself with the enterprise managerial elite and tried to transform the privileged social layers under socialism into the new ruling class with full rights of property ownership. To the workers, this move was not presented as a rupture with socialist heritage. Quite the opposite, it was widely perceived as a continuation of the old system through inevitable modernization. Once Milošević succeeded in building up his image as the protector of workers' rights and the sole keeper of the Yugoslav socialist heritage, the independent working class mobilizations were nipped in the bud before they had the chance to evolve on their own. In place of grassroots workers' protests, the new leadership started organizing top-down rallies, where blue-collar demands were dissolved into a broader program of the political struggle of Serbian bureaucracy against the rival political nomenclatures in other republics, which began flirting with the idea of separation from Yugoslavia. Class identity and economic strikes were substituted with calls for national unity, allegedly needed to prevent the break-up of the country.

## **Comrade Capitalist**

In 1990, the Yugoslav Federal government introduced the first privatization law. In the beginning, the radical reformist wing in the Serbian party, gathered around Slobodan Milošević, planned to keep the social property sector intact and boost its efficiency by opening doors for private investments and foreign capital. Nevertheless, by the time the Soviet Union disintegrated and the spread of capitalism in Eastern Europe appeared unstoppable, all ideas about preservation of some kind of market socialism were put aside. In 1991, Serbia adopted its own privatization law. Similar to

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<sup>14</sup> Olivera Milosavljević, *Antibirokrataka revolucija 1987-1989 godine*, <http://www.cpi.hr/download/links/hr/7292.pdf>

previous federal legislation, the Serbian law remained dedicated to organic development of full- scale capitalist economy out of the old structures of socialist self-management. The link between the two was the concept of workers' shareholding. In late socialism, under the pressure of pro-market interpretations of workers' self-management, in the course of 1980s, social property was unofficially transformed into group ownership. Now, with transformation of socially owned work organizations into stock companies, collective ownership gave way to conventional private ownership.

Most Eastern European governments went about privatizing their state property either through direct sales or the so called 'voucher' privatizations, which transformed socialist enterprises into shareholding companies and allowed the general population to participate in this process by giving each citizen a tiny part of the shares with which they could trade on the stock market. The Yugoslav method of privatization was distinctive in the sense that the majority of the company shares were first offered for sale to present and past employees under preferential terms. Many workers used this opportunity to become shareholders of their factories. By 1994, up to 50 percent of the total social capital in Serbia had been privatized in this way.<sup>15</sup> Of course, those who benefited the most from this method of "insider buyouts" were not ordinary workers, but company management and other investors who were in a position to amass larger sums of money through the misuse of social capital.

Interestingly enough, despite the fact that it remained the foremost technique of privatization throughout the 1990s, the workers shareholding never became a pillar political topic for Milošević's ruling party. Similarly, even though it was widely applied, the prospect of private ownership over their factories seems never to have awakened much enthusiasm among the blue collars. As Serbian society entered the 1990s, the wave of initial mass mobilizations and faith in the reforms had faded. The breakup of the country and the subsequent international economic sanctions caused economic havoc. Between 1989 and 1993, the total GDP declined by 40 percent, whereas industrial production fell by staggering 65 percent. Total income per capita went down from 3 240 \$ in 1989 to 1 390 \$ in 1993.<sup>16</sup> Under these circumstances, the main concern for the great

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15 Milica Uvalić, Privatization and Corporate Governance in Serbia (FR Yugoslavia), <http://balkan-observatory.net/archive/uvalic.pdf>

16 Richard Garfield, Economic sanctions, Health and Welfare in the Federal Republic of Yugoslavia: 1990-2000, UNICEF, Belgrade 2001, p. 28.

majority of the workers switched from the success of reforms and preservation of Yugoslavia to bare survival.<sup>17</sup>

The fact that many factories were now formally partly owned by the workers did not make much difference on the factory shop floor. Workers' self-management and its factory bodies were largely dismantled and there was no new institutional set-up which could enable workers to use their ownership rights for having a say in the decision making of the management. On the other hand, there were also no developed financial markets where employees could sell their stocks. Workers' shareholding thus proved to be the stillborn of Serbian transition. As one brewery worker from the city of Pančevo remembers:

“We became a stock company with majority of the shares owned by small shareholders. However, I did not have this feeling of belonging to something, this desire for us to feel like owners...it was a side thing...what was important for us was that we have a workplace and a wage.”<sup>18</sup>

Facing economic collapse and hyperinflation, the Serbian government introduced amendments to the privatization law, in 1994, which brought ex-post revaluation of the privatized capital. This measure pushed back much of the gains in ownership the individual shareholders had acquired up to that date. The government realized that market transformation from below and full privatization was not possible in times of severe economic crisis, sanctions and war. In order to maintain a minimum level of production and the basic functions of the state, the Milošević regime was

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17 Shortly before the first multi-party elections in 1990, the sociological survey revealed that two-fifths of the Serbian citizens thought better living standard and stronger economic performance should be the priority for the new government. Almost one-third of the electorate thought the main goal ahead is the preservation of Yugoslavia, whereas one-fifth of those questioned mentioned the resolution of Serbian national question as their biggest concern. It is also interesting to note that 51 percent of the citizens chose private property as the preferred form of ownership, against 27 percent of those stating that social property should remain the main property relation, and 22 percent of those who could still not decide between the two. The voters of Milošević's Socialist Party of Serbia were most likely to support the preservation of social property. See: Srećko Mihailović (et al.), *Od izbornih rituala do slobodnih izbora*, Institut društvenih nauka – Centar za politikološka istraživanja i javno mnjenje, Beograd 1991.

18 Ildiko Erdei, *Dimenzije ekonomije: prilog promišljanju privatizacije kao socio-kulturne transformacije*, in Vladimir Ribić (ed.), *Antropologija postsocijalizma*, Odeljenje za etnologiju i antropologiju Filozofskog fakulteta Univerziteta u Beogradu, Beograd 2007, p. 91.

forced to put privatization process on hold, nationalize all the vital industries in the country and put them under its direct political control. Under his leadership, Milošević converted the League of Communists of Serbia into the Socialist Party of Serbia (SPS), the party which would remain in power for the next ten years. The political system took on the form of multiparty parliamentary democracy; however SPS retained absolute control over most levers of state power such as the army, police, state media and the official trade union.

## The Boiling Frog

During the 1990s, the workers did not abandon industrial action as a means of protecting their living standard. Yet, in the midst of wars in the surrounding republics, where Belgrade was militarily involved under the excuse of protecting the Serbian population from ethnic cleansing by local secessionist governments, it became hard to enter a strike action without being questioned about your hidden motives. The national homogenization, created in the general atmosphere of fear and encirclement, made any politics based on non-ethnic identity, including class, come under suspicion. Those working class leaders who were persistent in advancing labor demands and organizing separately from the state structures felt endangered and searched for some kind of protection by allying with the opposition political parties. This however meant that they also had to mirror the political outlook and organizational methods of anti-Milošević forces. For instance, the independent trade union *Nezavisnost* gathered some of the most enduring activists from the stirrings of the late 1980s and early 1990s, but the organization soon adopted an NGO mentality, relying more on back up from foreign foundations than the local workforce.

The majority of blue collars, however, stayed in the government controlled trade union and hesitated to join the Anti-Milošević movement. All illusions about the capability of the Milošević regime to deliver its promises were long gone by mid-1990s. Nevertheless, most workers were reluctant to stand behind the opposition parties. Instead, they chose to passively support the regime in the elections or retreat into political apathy. For the opposition, Milošević's reforms were a mimicry of the true transition which was taking place in the rest of Eastern Europe. According to them, Milošević was a communist. Consequently, all of Serbia's problems stemmed from the regime's unwillingness to cease ideological or institutional continuities with socialism and return to the traditions

of the Serbian pre-World War Two bourgeois society and its political culture. This staunch anti-communism of the opposition included open hostility toward the working class which was often seen as a fetter on the faster transition to capitalism.

Yet, the main factor influencing the workers' defense of the status quo was not the inability of the opposition leaders to address them, but the decision of Milošević's regime to slow down the pro-market reforms in the middle of general economic breakdown and maintain certain policies which helped those still employed in the social and state sector to weather the storm. As an alternative to mass lay-offs, the government introduced the so called "forced leaves" (*prinudni godišnji odmori*), during which a worker was not coming to work, but received only a percentage of the wage. A person on forced leave did not lose the status of an employee and therefore retained access to free healthcare, subsidized public transportation, factory canteen and other perks of employment in the state sector.

The quality of state services was decreasing drastically. The cues were piling up, nepotism became the norm and supermarket shelves remained empty for most of the time. Nevertheless, the bare minimum of something resembling a functioning welfare state was maintained even under war like conditions. Basic foodstuffs were heavily subsidized and rationed to the workforce through state enterprises and trade unions. Medicine, electricity and heating were all scarce, but their prices remained low and state intervention made sure that those in need got access to them. The infrastructure inherited from socialist times enabled the maintenance of a minimal civilized standard of living for many members of the working class even in these hard times.

An adjacent element to the economic role of the state in these years was the informal sector. The majority of the workforce in socially and state owned companies received additional income from side jobs on the black market. Whether trading in gas, cigarettes or other scarce items smuggled under the wall of sanctions, running a small unregistered business, or simply selling behind an improvised street stall – workers made ends meet by reinventing themselves as small entrepreneurs or street hustlers. Many working class families, which kept ties to the land, returned to farming and self-subsistence. The state turned a blind eye to this type of grass root street entrepreneurialism. On the social bottom, such practices served as a mechanism for survival and a specific valve for social dissatisfaction. At the top, the existence of a parallel economic system, which

feeds of the state and social sectors opened doors for those close to the regime to accumulate immense wealth through illegal schemes.

It is therefore important to note that the Milošević regime did not stretch the transition toward capitalism because it somehow remained faithful to maintenance of socialism. The already flexible borders of market socialism had been firmly crossed by 1991 with the intention of transforming a society in full accordance with the criteria of a functioning market economy and the institutions of a bourgeois nation state. The return of the economic role of the state was a pragmatic reaction to the chaos that ensued with the return of capitalism and international isolation. The preservation of social ownership and new nationalizations were not undertaken with the aim of going back to the old system or expanding the authority of the working class. On the contrary, the survival of the non-private sector, tightly controlled by an authoritarian political elite, and crisscrossed by a burgeoning mafia networks, provided a unique framework for a process often referred to as the “primitive accumulation of capital”.

In reality, we cannot talk about a phenomenon of this type. The Primitive accumulation of capital is a historical process taking place in early capitalism through which the layer of middle bourgeoisie, i.e. owners of manufactories, is formed, following the demise of small peasantry and guild craftsmen. It was the necessary precondition for the concentration of capital and industrialization which gave rise to the layer of big industrial capitalists, “the leaders of the whole industrial armies” (Marx). This process was sporadic in the Kingdom of Serbia and the Kingdom of Yugoslavia, and never reached the proportions it did in the developed capitalist countries, since the initial industrialization efforts were conducted under the conditions of peripheral dependency on the advanced industrialized countries.

The comprehensive industrialization of the country and exit from agrarian backwardness took place only after the Second World War. It was not led by private investors, but occurred as a part of restoration and development efforts on the basis of socialist planned economy. This growth model did not accumulate capital, since production was not directed towards making profit, but instead developed social wealth and produced socialist surplus value, which was returned to the working class via investments into infrastructure and general living standard. Shortly before the state started the privatization campaign the means of production, resources and supplies of the enterprises were converted into state capital. Therefore, there was no need for primitive accumulation of capital



in early 21st century Serbia. Developed and concentrated capital was already present. In that respect, it would make more sense to speak of the plunder and liquidation of the capital stock and social wealth created by the workers' collectives in the previous decades.

Milošević's "blocked transition" helped build up a new capitalist class made up of former communist apparatchiks, directors of socially owned companies and war profiteers. On the other end of society, this slow motion transformation broke the industrial proletariat into pieces. Out of a labor force of 3,2 million, some 700 000 people were left without a job by the end of the decade. Even if one formally kept his/her job, many became declassed during the ten year long struggle for survival. Most companies continued to produce at minimal levels of output, with shorter work times or forced leaves. For many, retirement age came as they sat idle in the empty factory halls expecting better days. People who were previously skilled workers became lumpenized through the informal sector. Others hoped to advance their social position by opening small private business. Many returned to farming and raising livestock as their main source of income. The Serbian working class managed to escape the direct blow of "shock therapy" which spread throughout Eastern Europe, only to face the alternative of a slow death by a thousand cuts.

## **A Decade on the Streets**

In March 1991, the opposition-led protest against the ruling party monopoly over state television channels attracted over fifty thousand demonstrators clashing with police in the Belgrade city center. The regime was forced to employ the army in order to restore order in the capital. One day later, students walked out into the streets in solidarity with the protesters. However, workers remained silent. In the preceding months, the official metal workers union was leading a campaign for financial subsidies and higher wages. The proclaimed plan was to enter a general strike if the government refused to listen to their demands. However, once the demonstrations broke out, the union postponed the general strike in order not to be seen as aligning with the opposition protest. Instead, two days later, many workers found themselves in the pro-government meeting, where the SPS functionaries dismissed the protesters downtown as "foreign agents" and "fascists".

Similarly, the seventy day long mobilizations against the electoral fraud in the winter of 1996/1997, which caught the attention of the international media, remained the movement of urban middle class and students, failing to attract any significant working class participation. Again, the regime was able to mobilize part of the state sector workers for a counter-demonstration against the mass opposition movement in the streets. Not that many opposition supporters were concerned over this fact. By the mid-1990s, the image of labor as the main defender of the regime, along with the peasantry and the pensioners, was firmly established in the opposition circles. For most opposition activists with a vulgar understanding of the regime and its supporters, the working class was a relic of communism and the movement had to defeat labor, if Milošević was ever to fall from power.<sup>19</sup>

The government sponsored rallies were often taken as proof of the workers loyalty to the regime. Nevertheless, no matter how large they might have been in the initial years, these manifestations cannot be taken at face value as barometers of working class support for the ruling party. As already mentioned, these were well orchestrated, top-down mobilizations, with social and state sector factories organizing a free day for their workforce, lunch packets and transportation to the rally points. Despite all the institutional resources at the government's disposal, the number of participants in these manifestations kept decreasing over the years. In the late 80s, the regime could boast of up to one million participants. The counter-demonstrations in 1991 attracted around one hundred thousand, whereas the 1996 rally, organized to show defiance against mass opposition mobilizations, gathered a little over fifty thousand supporters. The Milošević regime obviously came with an expiry date.

In October 2000, the third big wave of opposition mobilization in the streets finally managed to topple Milošević. Ironically, it was the strike action of seven thousand miners which served as the decisive turning point for this movement. After the discovery of yet another electoral fraud

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<sup>19</sup> There is very little research into Anti-Milošević movements from the perspective of the left. For a short account of the student demonstrations and their ideas see: Đorđe Tomić, Ulične studije - odsek: protest! Studentski protesti tokom "Ere Milošević", in Đorđe Tomić and Petar Atanacković (eds.), Društvo u pokretu: Novi društveni pokreti u Jugoslaviji od 1968. do danas, Cenzura, Novi Sad 2009. About the analysis of anticommunism in the ideas of the Serbian opposition see: Todor Kuljić, Tito u novom srpskom poretku sećanja, in Sociologija, Beograd, Vol. XLV, No. 2, 2003, pp. 97-116.

in September that year, the united opposition called for civil disobedience and a general strike. As usual, in the beginning only small property owners and white collar trade unions answered the call. Soon however, different layers of the working class all over Serbia, such as communal service workers, started to join. On September 29, the Kolubara coal mine declared a general strike until the government recognized the electoral victory of the opposition candidate in the presidential elections.

The Kolubara mining basin represents the foundation of the Serbian electrical industry. For years the opposition had organized massive displays of civil disobedience and colorful protest marches which left Milošević seemingly intact. The regime could have improvised different exit strategies in times of economic crisis, international sanctions, wars and street demonstrations, but the prospect of a nationwide blackout, caused by noncompliance of the workforce in a state industry, was the event that finally disarmed Milošević and his clique. The army surrounded the mines and tried to force the workers to guarantee the minimum output of coal or face eviction. In a show of solidarity, the citizens of the nearby city of Lazarevac and opposition activists encircled the police forces from the outside. On October 4, the police roadblock was broken and the citizens joined the miners in a celebratory mood. The following day, hundreds of thousands of protesters from all over the country marched into Belgrade where they began storming the parliament and other institutions of power. The reign of Milošević was over.

## **Neoliberalism with a Vengeance**

The decision of one segment of the Serbian working class to join the anti-government protests enabled opposition political parties to take power. The Kolubara miners were briefly hailed as national heroes, but this by no means meant that the former opposition was about to abandon its anti-working class orientation. Among the first laws passed by the post-Milošević government was the new labor law, which erased the necessity for collective bargaining and made the labor market more flexible. The new privatization law abandoned the model which favored company employees and switched to the more conventional ways of direct sales to one majority owner, supplemented by limited giveaways to workers and the general public. The post Milošević political elite entered the new millennium under great pressure to catch up with Central and Eastern European states. In their eyes, the other former socialist countries were rushing

along the path of capitalist modernization while Serbia stood frozen under Milošević. Liberal commentators hoped that this moment of radical discontinuity with the previous system could be used to finally implement “real transition”, meaning genuine privatization, full opening to international markets, functioning institutions and the rule of law.

By this time, the first theoretical criticisms of the “shock doctrine” policies had already entered mainstream economics and political science. The ravaging effects of the policies of the early 90s in Eastern Europe made scholars and politicians rethink the role of government in transitional processes. The Anti-globalization movement was about to reach its peak in the highly industrialized countries and social mobilizations in Latin America gave birth to new governments which rejected the orthodox economic policies of the past two decades. The new establishment in Serbia was completely cut off from these developments. Its protagonists came from a different world – the Serbian opposition circles of the 1990s, where anti-communist, nationalist parties and Western sponsored, liberal NGOs held a complete monopoly over the political discourse.

Every post Milošević government opted for textbook neoliberal solutions in the economy. Any pretenses of pro-active industrial policies were given up. The companies from the state and social sector were targeted for quick privatization. The local manufacturing was supposed to be restructured and made competitive by foreign direct investments. Allegedly all that the government had to do was create a business friendly atmosphere and maintain strict monetary control – the markets would take care of the rest. This new economic outlook was greeted with almost the same enthusiasm from potential foreign investors, as it was the case with part of the local capitalists, who were ready to join the international flows of capital. Cocooned for a decade under Milošević, the most successful local businessman grew too large for the tight markets of SPS supervised state capitalism. In order to expand and legitimize their business, the ruling class in the making required access to international banking credits and the political green light for the buying up of profitable state companies. Milošević was cast-off and money redirected toward the former opposition parties.

The up-and-coming peripheral bourgeoisie therefore discarded the SPS solely in order to gain a whole range of political parties serving its interests. The working class, on the other hand, missed the historical chance of setting-up its own organizations. Thanks to its image as the alternate union, the ranks of *Nezavisnost* swelled moderately in the initial months after

October 2000. However, the union leadership was disoriented in the new political landscape. Like most of the non-governmental sector, the union lost much of the funding and logistical support it once received from the West. Also, the new authorities were implementing the program the union leadership officially stood for. They might have complained about this or that particular policy, but, in essence, this was the direction of change that the leadership of *Nezavisnost* had envisioned under Milošević.

The former state backed union was also not able to adapt to the new circumstances. Its leadership embraced a bit more of a critical tone towards the new government policies. But, instead of turning toward its membership for support, it continued to search for political sponsorship from the ruling parties. The problem was that the main post-Milošević political players were not interested in its services. Unlike the old SPS, the largest political parties of the former opposition had no ideological connection with labor politics and did not count on blue-collar workers as a significant part of their electorate. Imitating the Western European corporate model of social partnership, the new government set-up a body for tripartite negotiations between the government, labor and employers. Nevertheless, to this day, this institution remains an empty shell with no real authority over labor policies in the country. As a political topic, the position of labor was pushed back even further into obscurity in post-Milošević Serbia.

The union leadership kept appealing for a “meaningful” social partnership which would offer them at least some say in the shaping of industrial relations. The truth however is that unions have no political weight and the state can therefore easily ignore them. Between 1998 and 2010, trade union membership fell from almost one half to one third of the total labor force. The share of union organized workers in the private sector stands at a negligible 12 percent.<sup>20</sup> The apex of the two largest unions remains completely isolated from their base, and is consequently unable to mobilize the membership for any public show of strength. With weak and corrupt national leaderships, the union membership remains scattered in local branches, which have little contact with the central bodies and other union chapters, or autonomous, company-based unions, which don’t belong to any federation.

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20 Zoran Stojiljković, *Sindikati i zaposleni u raljama tranzicije i krize*, in Srećko Mihailović (ed.), *Kako građani Srbije vide tranziciju: Istraživanje javnog mnjenja tranzicije*, Friedrich Ebert Stiftung, Beograd 2010.

Altogether, there are around twenty thousand registered trade unions in Serbia today. During the 90s, workers employed in the state sector often automatically became members of the state sponsored confederation without choice. With the fall of the SPS, freedom to organize unions entered these companies, but the result was by no means a strengthening of the workers' negotiating position. It is not unusual for the workforce of one state company to be organized in ten different unions. Many smaller union organizations are nothing more than extended arms of the management which provide minor perks for its members, and atomize workers' representation. It is also fair to pose the question if the freedom of union organizing truly increased in the post-Milošević era? While workers in large state systems became splintered between multitudes of yellow unions, many foreign corporations entering the country do not allow independent union membership inside their factories. Similar practice can be observed in the growing sector of small, privately owned enterprises, where individual employers keep their workforce under constant surveillance and without any union representation.

The working class was thus left without a proper channel to make itself heard and force the new political elite to acknowledge its existence, if not as the principal social class, as was the case in socialism, then, at least, as one of the important pillars in society. The new paradigm of import-led economic growth, which neglected production, also added to the increased invisibility of industrial workers. Around the time that Serbia started with fresh efforts to integrate into the world economy the global markets had entered a recession. For more than two decades, the most advanced capitalist countries maintained their growth rates through the extension of household credit and speculative financial bubbles. For a moment, it seemed the bursting of the dot-com bubble, in 2000, could mark the end of the neo-liberal era. Nevertheless, fatal predictions proved to be hasty. The credit laced global economic upswing continued for eight more years.

This was especially the case in the countries of Eastern and Central Europe, where financial capital found fertile ground for investment after a decade of liberal economic reforms and push back of the general living standards. The value of real-estate went up and local banks were eager to give out credits denominated in foreign currencies.<sup>21</sup> The new authorities in Belgrade did not hesitate to jump on the moving train. In 2002, the government closed down the four largest state owned banks and handed

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<sup>21</sup> Dale-Hardy 2011, p. 252.

control over the financial sector into the hands of foreign banks. In the past decade, the local Central Bank resorted to printing of money in an effort to keep state companies alive, despite the plundering's by the management and the political elite. This practice led to hyperinflation and the impoverishment of large layers of society. Playing on the widespread fear of inflation, the new government adopted a restrictive monetary policy as the cornerstone of its economic policy.

The high interest rates attracted foreign credits and speculative capital from abroad. Another thing that made the inflow of foreign capital possible was the sale of the most profitable state sector enterprises. The resulting buildup of foreign exchange reserves enabled the maintenance of a strong dinar, a rise in the demand for imports and access to ever more credit. This model of growth based on the stable exchange rate, expansion of credit and a consumer boom swelled the profits of banks, import companies and Western exporters. Between 2001 and 2008, Serbia recorded an average GDP growth rate of 5, 4 percent. In the four years of the most intense boom, 2004-2008, real wages rose 10 percent yearly.<sup>22</sup> Nevertheless, while giving the new establishment some breathing space, this opportunistic model of growth created great structural disparities and prolonged many negative trends from the previous decade.

## Deindustrialization

The initial promise of neoliberal strategists was that the entry of foreign capital and privatization would restructure and modernize the industrial sector. In their vision, attracted by Serbia's comparative advantages, multinational companies would finally undertake the necessary changes the state was allegedly not able to make. They would buy up the manufacturing businesses, make them competitive through a cycle of fresh investment and start exporting to the world market. On the other hand, unlike the politically appointed managers of the Milošević era, the new local private owners would put an end to the plunder of the capital accumulated during socialism and put the machines to good use. By making common sense analogies with everyday life experiences, many workers tended to agree with this logic. Just as a worker takes care of his/her own house, the new owner would supposedly have an interest in maintaining

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22 Martin Upchurch and Darko Marinković, *Serbia from the October 2000 Revolution to the Crash*, in Gareth Dale, *First the Transition then the Crash: Eastern Europe in the 2000s*, Pluto Press, London 2011, p. 236.

the wellbeing of the factory.<sup>23</sup> After ten years of exhausting economic decline under the system of protracted state and social ownership, it was time to test the creative powers of market incentive.

As history shows, private entrepreneurs often excel in spotting temporary opportunities for profit extraction, but laying down the foundations for long term macroeconomic development was never their specialty. Left to their own devices, multinational companies, local tycoons and a whole array of smaller businessmen created a dystopian society, which had more in common with the previous decade of wars and sanctions than the bright capitalist modernity, once envisioned by anti-Milošević activists. Foreign corporations bought up the monopolies and safe profit makers such as: the banks, petrol industry, breweries and tobacco manufacturers. The large Serbian capitalists positioned themselves as middlemen between Western exporters and local consumers. Taking advantage of the strong local currency and credit expansion, they focused on buying import companies and retail chains. The banks also played it safe. They used the opportunity to charge high interest rates for consumer credit and speculated on the real estate market, with little interest for long term, developmental investments.

This left the majority of smaller and medium sized industrial enterprises in the hands of minor entrepreneurs. With fortunes tracing their origin back to the mafia capitalism of the 90s, these investors had no intention of reviving production. Instead, they counted on scavenging the leftovers of the social sector. Around 25 percent of all privatizations have been annulled because the new owners did not fulfill their end of the obligations from the privatization contract.<sup>24</sup> The plan of the investors was usually to suck the undervalued capital out of the companies through dubious schemes. In cases when the company was built on an attractive location, they aimed to dismantle the plant, get rid of the workforce and sell the factory grounds as real estate. As a result, even the minimum of production activity, maintained in the previous years, came to a halt. The workforce of these companies ended up in limbo – they were not unemployed,

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23 By the late 1980s, there was a great shift toward the ridiculing and belittling of social property as the cause of economic hardships in Serbian society. Private ownership was emerging as 'natural' and economically far more efficient to other forms of property. The working class did not remain immune to such interpretations. For instance, see the interviews with Pančevo brewery workers conducted by anthropologist Ildiko Erdei, in Erdei 2007, p. 96.

24 In the case of manufacturing sector the percentage of annulled privatization contracts climbs up to 29,4 percent.



yet their workplace ceased paying their wages or social security contributions. It was not unusual for a factory to be privatized two or three times in a row, just to find somebody willing to organize something resembling normal work processes.

The short economic boom in the banking sector, telecommunications and trade took place primarily in the big urban centers of Belgrade and Novi Sad. This display window progress enabled the politicians and media to ignore the deindustrialization of provincial cities. After twenty years of transition, Serbian industry is still not able to reach one-half of the value it produced in 1990. It is estimated that Serbian industry today employs 35 percent less people than it did during the last years of self-management.<sup>25</sup> In 1990, there were nine industrial centers in Serbia employing more than twenty thousand workers and seventeen cities, with over ten thousand of their inhabitants engaged in industry. Today only two cities qualify as “industrial centers” under the first criteria and four cities under the second.

Before the transition, manufacturing made up at least 30 percent of total GDP. Two decades later, this share has gone down to around a meager 14 percent.<sup>26</sup> In 1990, industrial plant capacity utilization stood at 69 percent. For the economists of that era, this was the ultimate proof of the inefficiency of the crisis ridden socialist economy. Under the *laissez-faire* ethos of transitional Serbia however, the plant capacity utilization index dropped down to a staggering 43.4 percent! Once concentrated in large strategic companies, the industrial working class was splintered into numerous smaller, decaying plants. In 1990, some 680 000 workers were employed in large systems of more than one thousand workers. In 2007, there were 157 000 workplaces left in these type of companies.<sup>27</sup>

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25 Inicijative metalskih sindikata za održivu industrijsku politiku Srbije, Industrijski sindikat Srbije, Beograd 2011, p. 13, [http://industrijskisindikato.org/userfiles/file/Odrziva\\_industrijska\\_politika\\_Izvestaj\\_IS\\_Srbija.pdf](http://industrijskisindikato.org/userfiles/file/Odrziva_industrijska_politika_Izvestaj_IS_Srbija.pdf)

26 If one adds mining, building construction, energy and water, the total share of industry in Serbia's GDP goes up to 21,8 percent. The EU average is 24,9 percent, whereas in Central Europe, the so-called successful transitional countries, such as Slovakia or Czech Republic, reach a significantly higher share. During the most recent economic boom industrial production usually contributed more than 40 percent of total value created in these economies.

27 Edvard Jakopin and Jurij Bajec, Challenges of Industrial Development for Serbia, in *Panoeconomicus*, Novi Sad, Vol. LVI, No. 4, 2009, pp. 507-525, <http://www.doiserbia.nb.rs/img/doi/1452-595X/2009/1452-595X0904507.pdf>

With the abandonment of the social safety net in the form of “forced leaves”, unemployment numbers spiked in the initial years of reinvigorated transition. By 2005, the unemployment rate had managed to pass 20 percent. It had sunk moderately by 2008, but, this was mainly due to changed statistical criteria and increased retirement rates. In situations where it was not able to revitalize the blocked factories or open new work places, the government engaged in the creation of various improvised social programs for the workers. One of the chief methods for taking care of the “superfluous labor” were programs which enabled workers to over bridge the work years they lacked to qualify for retirement. Others were encouraged to leave workplaces and start small private businesses with the help of severance packages. Nearly 28 percent of total employment in 2002 was in the informal sector and this percentage increased to 35 percent by 2007. Therefore, the main strategies for facing the crisis focused on different ways the workers could exit the official labor market, not fight for the maintenance of their jobs.

The general standard of living improved slightly in the post-Milošević era, through the stabilization of basic public sector companies, regular payment of pensions, a booming private service sector and the expansion of credit and trade. The percentage of citizens living below the poverty line halved from 14 percent, in 2002, to 6,6 percent in 2007. Basic infrastructure and services improved somewhat and supermarket shelves became full with imported products. A tiny layer of urban professionals, employed in the branches of foreign multinationals and local corporations, was created and became the flag bearer for further liberalization. The wages of state employees in health, education and administration rose faster than inflation. Yet, for the great part of the traditional working class, the regular job was still not a sufficient source of income. In order to make ends meet, workers continued to rely on the informal sector, severance packages, seasonal agricultural work and remittances from family members employed abroad. Many among the younger generation opted for a life of procrastination or emigration.<sup>28</sup> For the industrial working class, transition proved to be a horror without end. There was no stabilization, no rejuvenation, no settling under new circumstances. Instead,

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28 A sociological study from 2003 has revealed that in Serbia 77 percent of young (17-24), 64 percent of middle (25-30) and 41 percent of older (31-35) young citizens live in their parents' home. See: Smiljka Tomanovic and Suzana Ignjatovic, Transition of Young People in a Transitional Society: The Case of Serbia, in *Journal of Youth Studies*, Vol. 9, No. 3, 2006, pp. 269-285.

a great part of the population was living through a permanent crisis and was forced to adopt infinite number of makeshift solutions.

## **Collapse of the Neoliberal Model**

The global economic crisis brought a sudden end to Serbia's post-Milošević model of economic growth based on selling state and social property, drawing foreign credits and speculative capital, spontaneous growth of the service sector and import of manufactured goods. In the long run, the model was clearly unsustainable, since the economy started recording extremely high current account deficits and a mounting external debt. But, as long as there was a steady influx of foreign capital through privatizations and borrowing, the government was able to use its hard currency reserves to uphold the purchasing power of the dinar, prolong the consumer boom, gain access to new credit lines and maintain a facade of orderliness.

In reality, Serbia was constructing its own version of a speculative bubble on the periphery of the common European market. The credit-led growth attracted liquidity, but it made few investments in productive economic activities. The system was living on borrowed time. Nonetheless, all of the most powerful stakeholders in Serbian economy had an interest in maintaining this deception. The multinational banks and foreign manufacturers were able to boost their profits based on high interest rates and a short term rise in consumer spending. The largest Serbian capitalists borrowed great amounts in order to expand their business empires. On the other end, they made easy money with retail mark-ups on imported goods and rising real estate prices. The mid-range entrepreneurs and mafia businessmen were fattening their own pockets by taking out credits to buy underpriced companies and stripping them of any remaining value.<sup>29</sup>

Ironically, it was not one of these internal disproportions which triggered the economic downturn. Serbia started recording negative growth rates even before it had the chance to sell all of its profitmaking state companies. The crisis entered the country via The European Union – the sole entity which was supposedly able to bring stability and pull the Serbian economy out of the economic quagmire of the 1990s. In late 2008, with

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29 Mladen Perić and Đorđe Tomić, *Kako je rashodovano društvo? Strateški stečaj i njegova primena na postjugoslovenskom prostoru na primeru preduzeća Šinvoz*, in *jugolink. Pregled postjugoslovenskih istraživanja*, Vol. 2, No. 1, Summer 2012, pp. 78-97.

the first waves of the global financial crisis starting to reach South Eastern Europe, the Serbian banking system underwent a smaller scale panic attack, with a little over one billion euros of capital withdrawn from savings accounts and company deposits. In the course of 2009, the inflow of foreign capital was starting to dry up. At the same time, companies and citizens were expected to pay back some 4 billion euros of interest on private debt. The country found itself on the edge of economic collapse when foreign banks, which control over 80 percent of the financial sector, started moving capital to their parent banks and ceased extending new credit lines.

What prevented the collapse of the monetary system was a loan obtained from the International Monetary Fund, the usage of foreign reserves for protection of the national currency, subsidies to companies and citizens for further borrowing and the signing of an agreement with representatives of the main foreign banks which made sure a basic level of lending was maintained. Despite these measures, the growth of crediting in the economy came to a halt. The banks were wary of refinancing their clients or extending new loans to businesses. The fear of toxic debts on the world level and the slowdown of lending activity between the global banks was bound to reflect in Serbia. The foreign owned, liberalized banking sector went from being the main engine of economic growth to a transmission belt of global crisis inside the country.

The second bedrock of the new millennium transitional economic growth failed as well. During the first quarter of 2009, the inflow of foreign direct investments went down almost 50 percent in comparison to the same period of 2008.<sup>30</sup> The state had high hopes of scoring a good price for its telecommunications company. However, with the spread of the global crisis, the foreign bidders were now ready to buy only if the government cut the prices of its most valuable assets in half. US Steel, one of the rare foreign companies to invest in the industrial sector in the previous period, decreased its production volumes steadily from 2008, only to announce it was leaving the country altogether in late 2011. The GDP growth rates melted overnight. In the last quarter of 2008, economic growth still stood

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30 In order to sustain high levels of economic growth under the described model it is estimated that Serbia needs a yearly inflow of at least 3 billion dollars in foreign direct investments. During the peak years of privatization and economic expansion (2006, 2007 and 2008) the economy managed to surpass this figure or come close to it. In 2009 the foreign direct investments went down to a mere 1, 9 billion dollars.

at 5, 4 percent. In the first quarter of 2009, real GDP growth fell to – 4, 1 percent. It took one year before positive growth rates started to appear again sporadically, and even then, they ranged below 1 percent.<sup>31</sup>

In 2009, the country thus entered officially into a recession with persistent negative growth rates and a steady rise in unemployment. The unemployment rate, which was barely maintained under the threshold of 20 percent, and shortly fell to 14 percent, at the height of the economic boom, skyrocketed in the course of the crisis. In April 2010, it surpassed 20 percent, in the face of government pension programs, harsher statistical criteria and push of the workforce into last resort types of employment, such as agriculture or self-employment in the informal sector. It is estimated that between October 2008 and April 2010, the number of officially employed working people decreased by 370 000.<sup>32</sup>

Liberalized trade and insistence on the strong currency, which made Serbian exports relatively expensive in the world market, were already a great burden on the local producers. The narrow export focus on EU markets turned out to be an additional obstacle in the years of crisis. The recession in Western economies and the resulting fall in demand caused a 24 percent fall in the export of Serbian merchandise. With banks holding back on their credit activity, diminishing foreign investments and a cut back in aggregate demand, the economy came to a standstill. In February 2009, the real scope of the liquidity crisis was revealed when the government declared that the bank accounts of 57 000 enterprises, employing over 150 000 people, were blocked due to unpaid claims. As a consequence of the credit withdrawal, wage restraints and unemployment, local aggregate demand fell back as well. The IMF added oil to the fire by conditioning its loan with cuts in the state budget. The government froze wages in the public sector and the ensuing devaluation of the national currency decreased the purchasing power of general population even further. Interest on loans, tied to the value of Euro, became more expensive, thus putting a further squeeze on the already tight budgets of households and companies.

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31 Mihail Arandarenko and Sonja Avlijaš, *Behind the Veil of Statistics: Bringing to Light Structural Weaknesses in Serbia*, in Verena Schmidt and Daniel Vaughan-Whitehead, *The impact of Crisis on Wages in South-East Europe*, International Labour Organization, Budapest 2011, pp. 123-159.

32 *Ibid*, p. 144.

## Differentiating Peripheral Working Class

Before proceeding with an examination of the workers' reactions to this newest crisis, it would be useful to identify some of the basic sectors in the labor market today. What is the makeup of Serbian working class after two decades of restructuring and constant crisis? What are the chief cleavages between different layers of wage earners? The first thing that catches one's attention is the relatively high percentage of economically non-active citizens. In 2009, the share of active citizens stood at 49 percent of the total working age population. In comparison, the average share of economically active citizens in the EU countries that same year was 71,3 percent.<sup>33</sup> At the same time, more than 16 percent of the Serbian population, still registered as economically active, was officially unemployed.

This leaves the country of 6,5 million inhabitants above 15 years of age, with merely 2, 9 million officially economically active citizens, among which more than half a million were officially unemployed and only around 1,7 million were wage workers.<sup>34</sup> Keeping in mind that the number of pensioners reached 1,6 million people by the end of 2009, one can conclude that Serbia has almost 2 million citizens, between the age of 15 and 65, who either slipped into the informal the informal sector or remain long term unemployed with no personal income.<sup>35</sup>

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33 The explanations for this phenomenon were already mentioned in the text. The general low level of economic activity among the population must be seen against twenty years of social turbulence and economic decay. During this period, many workers slipped into the informal economy or exited the labor market and became dependent on remittances from abroad or went back to farming. Those approaching the end of their working age went into early retirement. Many former female workers retreated into household work. The youth unemployment and life of procrastination adds significantly to this high rate of inactivity. It is very rare for young people in Serbia to work parallel to their schooling. The employment rate for people between the age of 15 and 24 was a mere 15 percent in 2010.

34 Self-employed, entrepreneurs, farmers, helping members of the household and other categories, whose income is not obtained in the form of a wage, are official counted into economically active population.

35 Despite the fact that the majority of the population between the age of 15 and 65 are either unemployed or work in the informal sector, the text focuses on the officially registered wage workers as the group which is probably best positioned to organize and gain a political voice inside the society, whereas other categories remain "invisible" social layers to a large extent. Of course, this does not mean that in the future the unemployed and informal sector workers must remain marginalized and without a public voice. This depends to a large extent on the willingness of organizations rep-

To gain a more complete sense of proportion in the local labor market, one should further differentiate between wage workers and self-employed. Out of the total number of economically active population, over 20 percent were self-employed in 2009. Such a high percentage of people engaged in agriculture or small family businesses, in comparison to highly developed capitalist economies, or other transitional countries, must be understood in the context of the historical heritage of economic development in the Balkans and the breakdown of industry in the last twenty years. The number of self-sufficient, agricultural population, and workers, who obtained one part of their total income off the land, remained relatively high during the decades of socialist modernization. In the crisis years, this connection to the land always served as one of the main social cushions, with many workers falling back on small family holdings, which were never nationalized under the planned economy, to complement their official income.

During the last two decades, the spread of markets from below, the slow pace of entry of monopoly capital and the sizeable informal economy, were all factors which opened up space for many citizens to experiment with setting up of small family businesses. If one also keeps in mind the self-employed in the informal sector, it becomes clear that a sizeable proportion of the economically active population of Serbia cannot be classified under the traditional category of wage labor. One part of these individuals are stable small entrepreneurs striving to enter the exclusive club of more established businessmen. The majority however is made up of an unstable group of individuals oscillating between wage work and self-employment – a layer increasingly pushed back to wage work or lumpenization by market forces.

Among the 1,7 million officially employed, wage earning citizens, the main distinguishing line is the one between the public and private sector.<sup>36</sup> In 2009, close to one-third of wage earners were employed by the state. Those workers in state bureaucracy, health, education, police and public sector enterprises are considered to be the privileged part of the

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resenting officially employed citizens to open up to the grievances of wage workers in the informal sector and the unemployed.

36 It is estimated that out of these 1,7 million employees, some 384 000 are workers in manufacturing industries. See: Radna snaga: Skupovi stanovništva starog 15 i više godina prema aktivnosti polu i regionu, XI 2011, in *Ekonom: east magazin*, Belgrade, No. 609-610, February 2012, p. 64.

labor force. Their wages arrive on time and are higher than earnings in the private sector. Apart from this, the public sector workforce has high trade union membership rates, enjoys general labor rights guaranteed by law (holidays, parental leave, etc.). As a rule, this section of the workforce is not exposed to the more extreme forms of exploitation habitually encountered in the privately owned enterprises.

Workers in the private sector should also be differentiated. Its upper layer consists of those employed in the corporate sector – multinational companies or the most successful local enterprises. These jobs are usually located in services (banking, telecommunications, trade, and retail), industrial monopolies (steel, gas) and branches with safe profit, such as tobacco and alcohol production. Trade union presence is relatively low among this layer of workers and conditions of work much harsher than in public sector. Nevertheless, these workplaces have been modernized and the favorable places these companies occupy at the top of the production chain enable them to extend regular pay checks. This part of the workforce can thus also be labeled relatively better-off in comparison to the majority of workers in the private sector.

On the lower end of the national labor market one finds two separate, but partly intertwined groups of workers. The first layer consists of people employed in small, privately owned businesses. The second group is made up of workers in former socially and state owned companies, in which the big capital had little interest under the dominant economic model. Those employed in small private businesses are the most vulnerable section of officially employed workers in Serbia today. They are exposed to super-exploitation, comparable only to that encountered by illegal wage earners in the informal sector. Whether in retail, different services or small manufacturing sweatshops, these workers are highly atomized with no trade union presence whatsoever. Their wages are low and irregular. The work environment is often highly repressive. Discrimination, blackmail, denial of basic labor rights and unpaid overtime are all very common. The market position of these businesses is highly unstable and fluctuation between different workplaces is high, thus making employee organizing highly unlikely.

The latter group consists of those workers left behind in large and mid-sized companies bypassed by new investments. Usually found in the manufacturing sector, these companies were once important points in the industrial network of socialist Yugoslavia. Some of them remained in social or state ownership, still waiting for potential buyers to this very day. The



majority however went through one, or several, unsuccessful privatizations, each one making their position more difficult. These workers are faced with challenges of a specific type as their exploitation is not primarily the result of intensive labor processes at the place of formal employment.

For the last decade, if not longer, in most of these locations production was maintained at the bare minimum. The preservation of such companies had more of an indirect usefulness for the capital on the European periphery. There are no studies which could reveal the exact number and makeup of workers who stayed in these companies. However, keeping in mind the low level of wages, or the fact that many of these factories did not give out pay checks at all, for significant periods of time, it is safe to assume that a high percentage of this workforce had an additional source of income and used the formal workplaces in order to keep access to health system and social security. Workers from these factories moonlighted, worked in the informal sector or accepted part-time jobs with private employers.

Therefore, from the point of view of the new capitalist class, the main *raison d'être* for the maintenance of these factories was their role in lowering the price of labor in the broader market. Apart from being the steady source for socialization of labor costs for private businesses and lowering the overall average wage in the labor market, the central activity in this sector continued to be the relocation of capital accumulated under socialism into private hands. In the 1990s, before transforming into successful market entrepreneurs, the managers of state and social enterprises mastered the art of capital extraction from the companies they controlled, through unfavorable contracts made with the emerging private sector. In the last decade, the process of "liquidation of social capital" has been continued by small scale capitalists and aspiring fraudsters who understand that privatization is nothing else but a green light to suck out what is left behind of once successful industrial enterprises.

Trade union organizations survived inside these factories. Yet, without production, they lost orientation and any real bargaining power. Cut off from workers in other enterprises, with no attempts from the central government to reconnect former chains of industrial production, and no initiatives from the leaderships of trade union confederations to summarize their problems and propose joint solutions, the efforts of the trade union leaderships in these companies became focused on the survival of single factories by any means necessary. This was usually achieved through agreements with regional power holders who managed to keep the companies afloat with social programs, budget donations, arranged

privatizations and occasional production orders. This juggling was somehow maintained in the years of economic growth, but finally came to an end with the outbreak of the crisis.

## **Divide and Rule**

Looking at the labor market structure sketched above, the logical conclusion is that workers in the public sector were best positioned to organize the labor movement and potentially bring the workers' voice onto the political plane. It was the miners of state energy sector who organized the famous political strike which finally overthrew Milošević in October of 2000. The proportion of the total workforce employed in the public sector has remained stable under all governments despite privatizations.<sup>37</sup> The state also undertook limited, but crucial, investments in communal services, energy sector, education and health, in order to recover these services from the appalling conditions they were brought to after a decade of neglect during the 1990s. If there was any meaningful trade union negotiation in Serbia, which extended beyond single companies, it took place in the public sector, where collective bargaining on the sector-level became the norm.

With the economy going through a period of growth, workers in the public sector had the chance to press for a larger share in the created wealth and potentially pull the rest of the working class behind them. Nevertheless, the trade unions in the public sector proved unwilling to organize beyond strike threats or short term work stoppages in single professional branches. The trade union leaderships showed little interest in unifying the workforce across occupational lines, not to mention extending initiatives to workers in private companies. There was also not enough rank and file pressure which could have forced the trade union bureaucracy into more resolute activity. This passivity and closing-off in the public sector could be explained by two important dynamics in the labor market.

First, the post-Milošević political establishment was aware that it was standing on shaky ground in the first years of its rule. It was faced with great expectations and, apart from the upcoming capitalist class, and tiny urban middle layers, expecting to profit from the entry of foreign capital, the new political elite had no broader social base to lean on. From this position of weakness, it was forced to grant regular wage hikes to

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<sup>37</sup> As we have seen this was more due to the inability of the private sector to create new jobs than determination of the new governments to keep the state sector intact.

workers employed in the public sector, well above inflation and general wage increases in the rest of economy.<sup>38</sup> The new ruling parties learned their lesson from the 1990s. In order to stay in power, they had to spread the idea that the regular wages and perks of public sector employment depended on the maintenance of political stability and the existing model of economic growth. Second, the polarization of the labor market proved to be a great obstacle to working class unity. In situations where public companies had immediate access to the state budget through political clientelism, the trade unions found it easier to defend their workers' standard of living by focusing on negotiations with their own company management, instead of seeking broader alliances and collective agreements. With time, many state company unions left the two major confederations in order to form their own, separate union of public employees.

The private employers' associations were quick to exploit differences in workers' status. Instead of posing the question why those employed by the private sector lack the bare minimum of labor rights still preserved in public companies, big media focused on the difference in wages, nepotism and the alleged swelling of the state sector. Workers employed in the public and private sector were artificially placed in a position of rivalry. By the end of 2009, workers in railways, state telecommunications and energy sector began to demand an end to the one year long wage freeze in the public sector. Their initiatives were countered by an orchestrated campaign by employers associations' against the public sector, which allegedly lived off the private-run industries. The representatives of private capital argued that the crisis of liquidity was directly related to state hand-outs for its own employees. The leadership of the main trade unions made no effort to counter these divide and rule claims of the bosses.

At the same time, the private sector workforce was kept in check by the army of unemployed citizens below them. A public opinion survey earlier that year revealed that every third employee in the country lived in fear of being laid off. Approximately 50 percent of surveyed workers were even ready to accept a short term lowering of wage if that guaranteed saving the workplace.<sup>39</sup> The initial response of the private sector workforce to the crisis was not to mobilize in defense of their wages, but to retreat and give concessions amidst general insecurity. In contrast to the

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38 Arandarenko-Avljaš 2011, p. 133.

39 Pola Srbije bi radilo za manju platu, <http://poslovi.infostud.com/vesti/Pola-Srbije-bi-radilo-za-manju-platu/52/10196/>

state sector, where trade union coverage is around 60 percent, only 12 percent of workers in the private sector are union members. There are great hurdles still standing in front of labor organizing inside private companies. Many new local and foreign owners of industrial companies try to get away with union-free shop floor or company controlled labor organizations, whereas the emerging service sectors have no union traditions whatsoever. Whether employed in larger corporations or small businesses, the majority of private sector workers are in an unfavorable position to organize and get a hearing.

## Strike!

In this situation where the activity of workers from the public and corporate sector was brought to a halt in the initial stage of the crisis, the workforce from the “badly privatized” companies was pushed to the forefront of resistance against the government’s anti-labor course. The economic slowdown brought an end to the makeshift solutions which had enabled these factories to survive for the last twenty years. In the same way, the exit options, offered to this layer of workers in the form of side jobs in the private and informal sector, disappeared with the inevitable monopolization of markets and emerging liquidity crisis. On the other hand, unlike private enterprises in the service sector, a minimum level of labor organizing survived inside these frozen production halls. Another thing which was kept alive is the collective memory of socialism, understood as a better time when the working class held a prominent position in official ideology. The scenery was therefore set for an outburst of social discontent inside these forgotten enterprises.

In the course of 2009 and early 2010, the whole country witnessed strikes and protests in those sectors of the economy left idle by the ruling neoliberal policies. In the summer of 2009 alone, fifty instances of industrial action took place, involving around 32 thousand workers. During some days of that crisis ridden year, there were up to 30 parallel strikes taking place in various parts of the country. Most of these were strikes of long duration. In total, well over one hundred enterprises went through a strike during 2009.<sup>40</sup> Unfortunately there are no official statistics which

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40 Sindikati i socijalni dijalog u vreme krize: slučaj Srbije, Međunarodna organizacija rada (ILO), Geneva 2010, pp. 39-42, [http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms\\_168834.pdf](http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_168834.pdf)

could put this sudden burst of activity into proper perspective. However, it is very likely that Serbia has not gone through a strike wave of such magnitude since the breakdown of socialism on the late 1980s.

The ineffectiveness and disorganization of the trade union confederations might be one of the main causes for the weak position of labor in Serbia today. Yet, this state of affairs also proved favorable for the spread of militant action from below. With little control of trade union leadership over the local branches, there was nothing standing in the way of workers eager to take action. There is a remarkable resemblance between the dire conditions into which each of the abandoned industrial facilities was pushed after privatization. The same goes for the methods of struggle used by workers on strike. Here are some of examples of the state of Serbian industry and types of industrial action taking place on the ground in this period:

The “Partizan” leather factory, located in the city of Kragujevac, traces its roots back to the late 19<sup>th</sup> century. It is one of the oldest industrial facilities in Serbia. The factory went through two unsuccessful privatizations. As a result of an agreement between local politicians and the newest owner Slavoljub Rakić, the facility was sold for a price six times lower than its book value. Out of the plant’s total capacity of 15 tons of processed leather per day, the output after privatization was a mere 588 kilograms. Instead of expanding production, the new management started selling off the equipment and taking out unnecessary loans. On top of this, the owner was not paying the workers’ social benefits to the state causing a five year gap in the social security records of his employees. According to the president of the strike committee, when the workforce tried to negotiate with the management, the infamous owner dismissed them as “illiterate cattle”. In 2008, some 85 out of 115 workers went on strike. After being ignored for months, in the spring of 2009 they decided to radicalize their protests and occupy the factory.

In the southern city of Niš, the once successful textile factory, “Niteks”, was sold to a businessman Đorđe Nivović - a person who made his fortune in murky circumstances during the 1990s. From 2 400 workers in its heyday, the factory workforce had gone down to 800 by the summer of 2009. The remaining workers used to receive irregular wages of roughly one hundred euros, until the wage checks stopped coming altogether in 2008. The strike was officially declared in November of 2008, but the media took notice of it only in the summer of 2009, when 500 “Niteks” workers

occupied Niš city hall demanding unpaid wages and revision of the privatization contract.

In the city of Kruševac, the workers of the rubber factory, “Trayal”, also threatened to blockade to the local city hall in case the management and the government continued to ignore their grievances. They went on strike demanding the dissolution of their privatization contract. In 2006, the company with over 2 000 workers was sold to a Bulgarian firm promising to invest 25 million euros in new equipment. Three years later, “Trayal” was producing at 30 percent of its capacity, announced plans to sack 400 of its employees and stopped paying regular social security coverage for its workforce.

The “Gradac” screw factory from Valjevo entered into a strike in April 2010. It was privatized in 2006, when a local businessman, Dušan Sekulić, bought the factory through one of his firms registered in Russia. After sacking a number of workers under the excuse of reorganization, the new owner pushed the factory into bankruptcy. Not surprisingly, the main creditor, overseeing the bankruptcy process, was also a firm in Sekulić’s ownership. Around 160 workers organized a picket line in front of the factory building demanding seven unpaid wages. Apart from the wages, “Gradac” workers also lost access to the health system since their new management avoided the payment of employment benefits during the entire two years.

In Kragujevac, the workforce of the metal chains manufacturer, “Filip Kljajić”, physically prevented the police and court clerks from entering the factory and conducting an assets sale in a bankruptcy case. The workers barricaded themselves inside the factory building, demanding continuation of production. Employees of the former “Zastava” car manufacturer subcontractor “Zastava Elektro” were perhaps the most persistent and militant group of workers in this nationwide strike wave. In a campaign to make their voices heard, they occupied the local town hall, police station and the Privatization Agency headquarters in Belgrade. Between June and December 2009, they also organized nine consecutive roadblocks of the train tracks connecting Serbia and Macedonia. As a result, this important international railway connection was out of operation for twenty days in total.

Serbian workers therefore stepped outside the narrow confines of their production plants and went far beyond the action repertoire of a conventional strike. The conventional methods of work stoppage and gatherings

inside the factory premises extended to clashes with the bosses and the police, plant occupations, protests in front of the government agencies, blockades of public roads and local parliaments. Thus, observed from afar, this strike wave could appear as the deed of an emerging working class with a sense of purpose. Nevertheless, one should not draw hasty conclusions from the radical nature of these protests. In reality, the dividing lines between militancy and outright despair were very thin. Direct action was often not a result of a sense of strength and self-assurance, but hopelessness, isolation and frustration with the general disinterest in workers' grievances.

For instance, "Zastava Elektro" demonstrated great courage and organizational capacity. Its workforce managed to mobilize the entire local community behind the strike demands, and persisted with blockades of public spaces despite police pressures. Yet, it is indicative that many protesters blocked the railway by placing their bodies across the tracks as a symbolic act of "workers' collective suicide". The way in which they performed the blockades, as well as the arguments they used, shows a sense of powerlessness amidst all achievements. Other strikes reveal the same spirit of desperateness, or even readiness to inflict self-injury, in order to prove the level of injustice they endured and gain attention from wider society.

After months of strike and no resolution in sight, the workers of the "Partizan" leather factory went on a hunger strike in late March 2009. Only when the workers' health came into question did the media start reporting about the strike and state institutions offered mediation. In Valjevo, six workers of the "Gradac" screw factory crossed the picket lines and entered a hunger strike barricaded inside the factory, without any contact with the outside world. The rest of their colleagues in the strike lost communication with this group. Many feared the worst as the factory management cut the building water supply. The hunger strike lasted for an entire month before the negotiations continued with the intervention of the state.

In Niš, during a protest in the local factory, a group of workers separated from their colleagues and climbed on to the factory roof threatening to jump, if the management refused to enter into negotiations with them. Mirkan Kaličanin, a worker from Kragujevac's "Filip Kljajić" expressed this gloomy sentiment and the circumstances which nurture it quite well in an interview for "Politika" daily newspaper:

“They can kill me, but they will not kick me out of the factory. My wage is two thousand dinars. My wife ended up in the street after her company went bankrupt. My son is a student. I need eight thousand dinars only to cover the running costs for my house. If it comes to it, I will burn myself in front of the city hall.”<sup>41</sup>

A worker from the city of Novi Pazar, Zoran Bulatović, reached national headlines in April 2009. He was the representative of some 1 500, mostly female, workers of the “Raška” textile factory, whose employment status remained unclear for a decade and a half, since the company sent them on paid leaves back in 1993. After years of appeals, protests and a hunger strike, all of which remained ignored by media and the authorities, Bulatović resorted to drastic measures. Locked up inside the textile workers association, he cut a finger of his left hand to express protest and desperation. This horror story stunned the Serbian public. The media was full of pictures of a mutilated hand sticking through metal bars at the end of a dark corridor – a metaphor for the state of the working class in the last phase of the transitional journey. The government was finally forced to pay attention. Within days new threats of strike “radicalizations” from different parts of the country started to appear. Hunger strike thus became one of the most widespread methods of struggle in the course of 2009.

## Fighters or Victims?

Looking back at the sea of labor protest, the President of SSSS – Serbia’s largest trade union confederation – Ljubisav Orbović stated in 2010 that the country was not facing a strike wave, but rather an “uprising of an army of hungry, impoverished and oppressed citizens”.<sup>42</sup> As always, the trade union leadership was painting a dramatic picture of an unruly mass ready to explode any minute, as a way to gain importance and impose themselves as the middlemen. If those in power would only recognize them as worthy partners and extend certain concessions, the catastrophe could be avoided.

An additional motivation for such apocalyptic overtones was absolving oneself of any personal responsibility for the developments on the

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41 Bane Kartalović, Radnici dižu ustanak u Kragujevcu, in *Politika*, Belgrade, March 4, 2008, <http://www.politika.rs/rubrike/Ekonomija/Radnici-dizu-ustanak-u-kragujevcu.lt.html>

42 Srbiji preti pobuna gladnih, *Biz vesti B92*, June 13, 2010, [http://www.b92.net/biz/vesti/srbija.php?yyyy=2010&mm=06&dd=13&nav\\_id=438421](http://www.b92.net/biz/vesti/srbija.php?yyyy=2010&mm=06&dd=13&nav_id=438421)



ground. In reality, the government was not facing an upheaval, or even a general strike, but a myriad of radical, but unconnected smaller protests. One thing which could have potentially transformed these local struggles into a more organized, national movement was organizational back up from the trade unions. This support never arrived however. The protesters were forced to finance trips to protests in Belgrade from their own pockets and sleep on the street while the main trade union was renting extra office space to private companies. Nonetheless, Orbović's comment does touch upon an important question about the nature of these mobilizations. After years of social decomposition of the industrial working class, would it make more sense to view these protesters as workers or a declassified layer of impoverished citizens?

On the one hand, the collective memory of socialism made sure the protagonists still saw themselves primarily as workers. The image of the past as a better time serves as the source of self-respect for this group of workers. Regardless of it standing idle for years, the local factory remained a place of identification and pride. Even after multiple privatizations, the workers still saw the enterprise as something belonging to them. The preferred final outcome of the strike for most strikers was the renewal of industrial activity.

On the other hand, the methods of struggle showcased during these protests had little to do with traditions of the labor movement. In many cases the workers occupied factories only to turn themselves into hostages. Hunger strikes, self-mutilations and suicide threats carried more resemblance of the tactics of struggle inside of a prison than an industrial facility. With assembly lines remaining motionless for years, workers lost the most powerful weapon they once had in their hands – control over the production process. Even in cases when they recaptured the factory halls, it seemed that nobody cared. Neither the state, nor the new owners had any intention of using that space for manufacturing anyway. The “Gradac” factory incident, where the boss cut off the water supply while the hunger strike was taking place inside the building, is a good example. The workers were superfluous people – a burden inherited from the time of socialism which should be discarded together with the timeworn machinery.

Under such circumstances it is easy to see why self-victimization was the tactic most often utilized in the struggles. With no leverage over manufacturing as a profitable activity, the workers were left with violation of their own bodies or occupation of public spaces as the only tools which

could force the other side to enter negotiations. Many workers accepted the logic of dismantling as the only realistic way out of the difficulties they faced. They picked up pension programs and severance packages in return for letting the factory go under. Among those who insisted on the preservation of economic activity, there was great confusion over the direction of the struggle and possible solutions. For more than twenty years each social movement seemed to end up betrayed or defeated. There was no example of a victorious labor struggle to be emulated. No idea how to relate the positive collective memory of workers' self-management to the present situation. No clear sense of who the main opponent was. Was it the state, foreign corporations, local tycoons, the mafia or maybe the centralization of political and economic decision making in Belgrade? Was the crisis the result of too much *laissez-faire* capitalism or the inability of Serbia to transform quicker along the transitional path?

Each mobilization stemmed from a similar set of problems and showcased a common repertoire of direct action. Nonetheless, the actual goals, and the proposed ways for achieving those goals, varied from one factory to the other. In the absence of any overriding ideological orientation, the demands inevitably boiled down to various "practical" and "realistic" solutions under the existing economic and political set up. Most of the time, this implied a short term financial injection, enabling the bare survival of the factory and its workforce. The other solution was to find a new owner allegedly more interested than his predecessor in rejuvenating the work process. It was often assumed that foreign corporations are more sincerely interested in organizing production and protecting labor rights than the local mafia businessmen.

In "Zastava Elektro", a number of workers were convinced that the company lost a solid foreign partner thanks to the machinations of a local owner with political connections. The strike committee pitched the idea of a multinational corporation of its own choosing as a potential resolution for the factory status instead of the new local owner brought in by the state. Similarly, the workforce of "Filip Kljajić" rejected the government initiated bankruptcy procedure on the grounds that there was a private buyer in good-standing ready to invest in the firm. This skepticism towards the state, often seen as mere cover for murky local businessmen, was also present in "22. Decembar". In this factory, one section of the workers proposed that small shareholders take over the majority package of shares from the disinterested owner and reorganize production as

a new shareholding company. In the same vein, the struggle in “Trayal” was not organized around the trade union or the strike committee, but the small shareholders’ insistence that the state proclaims the previous privatization invalid and organizes a new privatization of “better quality”.

With orientation toward pragmatic, short-term solutions, focused on the specific case of each company, there was little potential for unified action by workers from different enterprises. Sometimes, companies such as “Zastava Elektro” managed to organize joint actions with other striking workers in the area. However, these were spontaneous coalitions which came to an end as soon as one factory would win some concessions. More often than not, labor struggles remained isolated. At one point, for instance, there were six strikes taking place in the city of Niš with no coordination or contact between them

One important exception to this rule was the struggle of pharmaceutical workers in the city of Zrenjanin. “Jugoremedija” – a company located in the northern part of the country, became the most well-known workers’ struggle in post-Milošević’s Serbia. Unlike all the other strikes, workers from this particular factory managed not only to regain control over their enterprise, but also to reorganize production activities without the loathed boss. This inspirational struggle stretched over five years. The dilemmas it faced during this time and answers it provided represent a microcosm of the challenges encountered by a large part of organized labor in Serbia today. Just because various mobilizations didn’t have clear political outlooks, doesn’t mean that they did not borrow and reproduce certain ideas present in the public realm that they found useful. The different ways in which workers of Jugoremedija defined themselves and their fight mirrors these contradicting influences quite well. For all these reasons, it is worth giving a closer look at this struggle and the ideas circulating around it.

## **Jugoremedija**

Zrenjanin, a city of some 80 thousand inhabitants, was one of the most developed industrial centers in socialist Yugoslavia. Located in the prosperous northern Serbian region of Vojvodina, which belonged to Austria-Hungary before the creation of a unified state of the South Slavs, the city was one of the rare manufacturing hubs in the Eastern part of Yugoslavia with a tradition of modern industrial production stretching back to the 19<sup>th</sup> century. The local economy utilized decades of strong economic growth after World War Two to develop and broaden its manufacturing potentials.

With food-processing serving as the foundation, the city managed to build up successful companies in the chemical, textile and metal industries.

In 1961, the local food-processing giant “Servo Mihalj” used Yugoslavia’s opening towards the world market to enter into a joint investment with the German chemical corporation “Hoechst AG” and domestic pharmaceutical enterprise “Jugohemija”. The result of this joint venture was “Jugoremedija” pharmaceutical company.<sup>43</sup> The new factory developed quickly. It specialized in the export of antibiotics, manufactured with Western technology, to Eastern European markets. By the end of the 1980s, Jugoremedija became the eighth largest pharmaceutical company in SFRY with a yearly turnover of over fifty million US dollars. During 1990s, the international economic blockade and disappearance of common Yugoslav market put the company under great difficulties. Nevertheless, with support of the state, the production, and even exports, continued, although in much smaller numbers.<sup>44</sup>

A part of the workforce seized the opportunity opening up during the final privatization law drafted under Milošević’s rule, in 1997, to purchase company shares and become majority owners of the factory, along with four thousand other dispersed shareholders. In 2001, Jugoremedija recorded a total turnover of around 28 million US dollars. The factory proved able to stand on its own and make a profit even in a liberalized market environment. In spite, or exactly because of this, the new authorities decided to include the enterprise into their privatization plans. In September 2002, the state sold its package of shares to a shady businessman Jovica Stefanović – Nini. Instead of fulfilling his promise to improve work conditions and invest in equipment, Nini focused all of his energy on gaining majority ownership over the company. The new management pushed the

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43 Legal arrangements for foreign business investment in socialist Yugoslavia were quite restrictive from today’s point of view. The foreign partner had the right to collect parts of the profits created by the company in proportion to the original investment, but, at the same time, it was not allowed any ownership rights and jurisdiction over the running of the company remained in the hands of local workers’ councils.

44 World Health Organization mentions the productive potentials of Serbia’s pharmaceutical industry as one of the main factors which prevented deeper deterioration of public health under economic sanctions in 1990s. With technological base inherited from socialist Yugoslavia and the majority of the companies still remaining under state control, the authorities managed to substitute the most of imported medicines with local production. See: Garfield 2001, p. 54. In the course of the previous ten years most of the local companies sold off their know-how, ceased manufacturing pharmaceutical raw materials and reoriented to the packaging of imported medicines.

factory into debts with a range of Nini's proxy companies serving as suppliers. The minority share package owner purged the representatives of small shareholders from the management board and gained majority ownership over Jugoremedija by converting accumulated debt into company stocks.

The transformation of the buyer into a majority owner was sketched out in the privatization contract. The workforce thought this transfer of ownership rights would enable new investments and raise the overall value of the company. In reality, exactly the opposite was the case. Parallel to the rise of debts, manufacturing activities started to die out. Valuable raw materials and finished products from the storage were sold off. Stocks were not being replaced any longer. It became clear that company was tobogganing towards bankruptcy. The first to sound the alarm were representatives of four thousand small shareholders inside the enterprise. They demanded a general shareholders' meeting which could elect a new management board, since the previous one was taken over by Nini through bribery, blackmail and discharges. According to them, the management board was changed against the wish of the original majority owners and therefore, all of its business decisions, including the conversion of debts into a majority share package, were illegal. Nini's management refused to hold a new general shareholders meeting and sacked three workers active in this initiative directed against the new owner.

In order to attract the attention of the media and other workers to their grievances, in December 2003, trade union leader, Vladimir Pecikozza chained himself to the factory gates, together with a worker and small shareholders representative Zdravko Deurić. Six more workers joined them in this symbolic action of showing how attached they were to the factory. A few days later, the largest trade union in the factory declared a strike, demanding the signing of a collective contract, higher wages, and an end to the mistreatment of workers by the management. The first strike in Jugoremedija ended in January 2004, with management agreeing to all of the workers' demands, including the renewal of employment contracts for the three discharged activists. One month later, the strike was followed up by a lawsuit against the new owner filed by the organization of small shareholders. They were questioning the legality of Nini's takeover of the majority share package without approval from other shareholders.

As one can see, from the first days of struggle two main protagonists stood up against the management. On the one hand, there was the initiative of small shareholders to win back their property rights over the

factory. This line of action focused on the fact that Nini took control over the factory illegally. Consequently, the small shareholders organization was determined to win back ownership over the factory in courts. On the other hand, there were the wage workers. Their main concerns were better work conditions, continuation of production and higher wages. The trade union became the organizational place for those who identified more with these issues.

It is vital to differentiate these two tendencies within the struggle. But it is also important to note how hard it is to draw clear borders on the ground between these two initiatives in the initial years. First of all, out of Jugoremedija's 350 workers, some 250 were at the same time stock owners. Shareholders who worked inside the factory had the strongest interest in preserving Jugoremedija's business activities, and therefore formed the organizational nucleus of some four thousand dispersed shareholders. Second, both groups had a common immediate goal – the removal of Nini and his management. The inherent difference in interests and tactics rarely came to the fore as long as they were faced with a common enemy.

Arguments stemming from one or the other line of action were used interchangeably, depending on the occasion. Sometimes the activists could gather more public support by presenting themselves as members of Serbia's humiliated working class. In other circumstances, they could appeal for property rights as small shareholders and demand that the state respects its own laws. The leadership was formally divided in two organizations – the trade union and the small shareholders organization. Nevertheless, in practice, these two initiatives worked together and shared a large part of their membership.

The last days of 2003 were marked by an election campaign in which the conservative Democratic Party of Serbia (DSS) tried to topple the liberal Democratic Party (DS), which had held the main levers of power since the overthrow of Milošević. The opposition discourse was shaped mostly by the yellow press which focused on corruption scandals with little discussion about the overall direction in which the economy and society were heading. The trade unions joined these opposition voices against the aggressively neoliberal government by staging street protests in the course of the year and demanding an end to "mafia privatizations". The conservative forces partly referred to labor dissatisfaction in their election campaign, promising revision of suspicious privatization deals. In March 2004, after the DSS came to power, the Ministry of Economy reacted to

grievances of Jugoremedija's workers and recognized that Nini failed to fulfill the investment obligations from the privatization contract. Yet, this recognition did not amount to much. In the next couple of months the state tried to avoid taking any action. It started passing Jugoremedija's case back and forth between different institutions and courts.

Activists in Zrenjanin had little illusion about the determination of the state to go back and revise the privatization cases it publicly recognized as being irregular. In March 2004, Jugoremedija workers blocked The Privatization Agency's premises in Belgrade, insisting that the initial signal from the Ministry of Economy must be followed up with an official termination of the privatization contract. After conducting a series of protests and picketing of different state institutions the Privatization Agency finally decided to end its contract with Jovica Stefanović - Nini in May. Encouraged by this news, the workers stormed the factory trying to prevent any further dismantling of production equipment or theft of supplies while the final decision over the enterprise ownership was still pending in courts.

With the factory premises being effectively under workers' control, the management refused to hand in the specification on minimum production requirements to the strike committee. Instead, it attempted to persuade the workforce to disperse by offering a full work wage in return for staying at home. For the workers this was not an option. They had gone too far with their struggle to simply return home and leave the factory standing idle. Since they had control over the entire plant, the workers realized they might as well try and organize production on their own. The realization that they are able to run the factory without the executives gave the workers the additional self-esteem and willpower to continue the fight.

Once the management realized that it had lost all control over the workforce and the enterprise, Nini and his associates hired a private security company with the idea of taking Jugoremedija back by force. What ensued was a series of confrontations between the workers and the management-led goon squad in the course of summer that year. Control over the factory switched back and forth between the workforce and the management. As soon as one side managed to enter the building, a counter attack would follow. Some 250 men and women brawled with seventy members of private security equipped with batons and dogs.<sup>45</sup> The work-

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45 The equal participation of women was one of the main characteristics of Jugoremedija's struggle. Female workers were always present in the front rows at demonstrations and formed an integral part of the protest leadership.

ers were far from helpless victims. They armed themselves with rocks and threw water bombs at the security. The guard dogs were disabled with the help of diuretic chemicals. Parallel to defense of the factory circle, the strikers increased pressure on the state. Organized protest trips to Belgrade became more frequent during that summer. The government building was now included in the list of picketed institutions. Parts of the Privatization Agency (*Akcijski Fond*) were occupied again since it had proved hesitant to follow through with the termination of Jugoremedija's privatization contract after publically admitting its fallacy.

The tug of war around the factory was supposed to end in August after negotiations between the strikers and the management resulted in what seemed as a compromise solution. The management was allowed to return to Jugoremedija and resume production until the courts made the final decision on the ownership dispute. In return, all private security personnel were supposed to be withdrawn from the factory grounds and the workforce was free to organize their own guard service. However, on August 16, before the compromise agreement could be put in practice, the management captured the factory in a surprise attack of 120 private security guards. The workers tried to retake the building, breaking through the police cordon around the factory and entering into an open fight with the hired thugs. The local police managed to separate the two sides, but the situation remained tense with both groups remaining in the factory circle. On August 19, the standoff ended when new police forces were deployed from Belgrade. Upon the arrival of these special units of riot police, workers started to applaud, convinced that the police would make the intruders leave the plant. However, it soon became clear that their orders were different.

The management stayed in the factory while the strikers were forced to retreat. In the factory circle Jugoremedija activists were now surrounded by hired goons, local police and the special riot squad. During the night, two strike leaders – Stevan Budišin, the president of the strike committee, and Zdravko Deurić, a skilled worker and representative of the small shareholders – were called to local police station for questioning. Upon arrival to the precinct, the strike leaders were told that they were under arrest. The next day, police banned all public gatherings in the proximity of the factory. The arrested workers were placed in solitary confinement where they began a hunger strike. Once word of this act spread, fifteen of their colleagues entered a solidarity hunger strike by locking themselves



into the city trade union building. In the meantime, twenty-six strikers still remaining inside the factory were kept in the company canteen under guard of private security. Approximately 140 workers were fired in the following weeks. The strike and factory occupation were violently crushed.

Despite the odds Jugoremedija workers remained combative and persistent. As soon as in September they had organized occupation of Zrenjanin's town hall assembly room, demanding the vile owner be kicked out and the sacked workers be returned to the factory. The mobilizations continued for two more years attracting the interest of media and critical intellectuals. The struggle of Jugoremedija became a well-known cause not just inside Serbia, but internationally. In 2006, a petition in support of Zrenjanin workers was signed by Noam Chomsky, Naomi Klein and numerous trade unionist leaders from around the world. Finally, after years of organizing in the factory, on the streets and the public pressure, the authorities had no choice but to give in and fully implement termination of the privatization contract. In spring of 2006, Jugoremedija was legally returned to majority ownership of the small shareholders. In March 2007, a general meeting of four thousand shareholders elected a new management board with strike leader Zdravko Deurić at its head.

## **Workers as Property Owners**

Jugoremedija's workers played the role of pathfinders for the Serbian labor movement. No other example of workers' struggle showed such longevity, independence and self-determination. The pharmaceutical laborers from Zrenjanin did not settle until they had regained control over their factory and revived production. In the process, they managed to raise matters of crucial importance for the working people in Serbia today. Jugoremedija's workforce was among the first to point towards workplace harassment and the murky nature of the privatization process – topics of little concern inside a country whose establishment was hysterically trying to catch up with the neoliberal developments in Eastern Europe.

Independent unionism, workers self-organization, the equal position of female employees, the right to strike and the right of public gathering – these were just some of the basic workers' rights that Jugoremedija's battle shed light on. With experience gathered in the course of their far-reaching battle, activists from Zrenjanin were in a position to become a pivot for other working class initiatives inside the country. They made important

conclusions each step of the way – from realizing how disinterested the main political parties are in labor issues to seeing how the police defend the interests of bosses. Maybe most importantly, they managed to raise themselves above the role of victims who stretch out their arms expecting help from the outside. By insisting on self-discipline and independent organizing, Jugoremedija workers transformed themselves into conscious social actors who seek creative solutions of their own making.

Of course, the answers Jugoremedija's activists came up with were conditioned by the limited structural openings presented to them by the historical circumstances of transitional Serbia. Surrounded by weak trade unions, the virtual absence of political parties basing themselves on the traditions of labor politics, and general lack of pro-working class discourses in the public speech, workers in Zrenjanin pragmatically borrowed ideas from different, often contradictory, strands of thought they found helpful for arguing their case. For many liberal commentators inside the country, Jugoremedija's actions presented a dangerous threat – the surviving ghost of workers' self-management which could potentially sabotage the very success of catching-up with the West.<sup>46</sup> Similarly, for many observers on the left, this struggle was a sign of local working class rediscovering its radical socialist traditions.<sup>47</sup> However, in order to remain fair to the workers and their efforts, one should try to avoid projecting his/her own fears or wishes onto Jugoremedija.

As we have seen, an element of ambiguity about the workers' own social and political identity was present from the start. The core of all mobilizations consisted of some 180 employees who used the last privatization law favoring workers' shareholding to purchase company stocks. This group could thus position itself and build broader alliances in two directions. One option was to put the emphasis on their position as wage earners and gain the support of the non-shareholding colleagues, workers

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46 See for instance the way in which "Vreme", a renowned opposition printed media during 1990s, reported about Jugoremedija, Miša Brkić, *Klasna borba za tuđu fabriku*, *Vreme*, 709, August 5, 2004.

47 This was especially the case with international sympathizers who often automatically placed Jugoremedija's experience in historical continuity with socialist Yugoslavia's self-management traditions. See for instance: Milenko Srećković and Ivan Zlatić, *Deindustrialisierung und ArbeiterInnenwiderstand in Serbien*, in Anna Leder (ed.), *Arbeitskämpfe im Zeichen der Selbstermächtigung: Kollektive Gegenwehr in Frankreich, Deutschland, der Schweiz, Österreich und Serbien*, Promedia Verlag, Vienna 2011, pp. 195-221.

in other factories and international left-wing activists.<sup>48</sup> The second option was to play the role of small shareholders and lean on the support of four thousand small stock holders (many of whom were family members, pensioned former workers and neighbors), other initiatives for workers' shareholding in the country, critical liberal intellectuals and even some sections of the state. The practice of the first five years of struggle inside the bewildering social realities of Serbian peripheral capitalism only entrenched the workers' belief that they could maintain their double status as wage earners and capital owners in the market. To overcome this duality, Jugoremedija activists signed all protest proclamations as a joint group under the name "workers-shareholders".

Even if the faith of individual workers in personal and collective development along capitalist lines remained fragile, the general values, propagated from the top, led Jugoremedija's activists to embed their grievances into officially accepted lines of criticism. In the situation where the dominant discourse associated socialism with backwardness, experience of workers' self-management with favoritism, and working class politics with complacency, any effort to take public action under the banner of workers' rights was open to all kinds of malicious attacks. Jugoremedija's workers were dismissed as "Stalinists", "self-managers", "commies" and pawns of secret interests trying to pull the country back into the past. Workers-shareholders were thus under great pressure to frame their protest as a cause serving the projected interest of the majority of citizens of a liberal society, and not standing in the way of Serbia's progress toward anticipated capitalist modernity.

Their status as shareholders also played a role in shaping the sense of collective identity of the group. The fact that part of the workforce owned a percentage of the company did not change these workers' social position. As we have seen, during the 1990s, with underdeveloped financial market and overall insecurity of ownership rights, shareholding carried little significance for the employees. By the time of the first strike, Jugoremedija's shareholders had received a single meager dividend payment. Therefore,

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48 Domestic left wing groups also extended their support to Jugoremedija, but their small size, marginal position and lack of influence made it highly unlikely that workers spot them as an orientation pole in the struggle. One notable exception was "Pokret za slobodu" (Freedom Fight) – a group of activists inspired by the ideas of Noam Chomsky and Z Magazine. The group started publishing reports on various strikes and undertook the mission of connecting strikers from different corners of the country. See: [www.pokret.net](http://www.pokret.net)

there was no significant difference in material status between Jugoremedija's ordinary workers and those who purchased stocks. However, the officially propagated ideology of private entrepreneurialism and small business in post-Milošević Serbia gave a new symbolical value to shareholding. Jugoremedija was a profit making pharmaceutical company, in much better shape than manufacturing enterprises in other sectors such as textile or metalworks. The workers were well aware of this. The company had perspective in the market. There was a belief that, if they managed to cling on to the ownership, maybe, in the future, the stocks might serve as tickets for greater social mobility for them or their children.

Faith in the potential long term benefit from owning company shares comes across clearly in interviews conducted by sociologist Nebojša Popov with three leaders of Jugoremedija's mobilizations. Like many of their colleagues, these three workers were no strangers to small business endeavors. The two most active trade union organizers and the leader of the small shareholders mention how they were running private businesses, next to their regular jobs, until stricter regulations and big capital forced them out of the market. The spirit of private did not enter the workforce exclusively from outside the factory. Zdravko Deurić, the small shareholders organizer and unofficial leader of Jugoremedija's protest, mentioned trade union seminars as the first place where he came into contact with entrepreneurship ideas.<sup>49</sup>

Therefore, market friendly concepts among the working class were not only promoted by the ruling ideology, or opportunities for side income in peripheral capitalism. Over time, it also became the norm inside the institutions of organized labor. With the disappearance of local traditions of labor politics, and no coherent ideology of resistance they could lean back on, the trade unions started to rely on the ideas circulated in seminars financed by EU accession programs, Western trade union foundations and non-governmental organizations. Many workers were thus acquainted with liberal economic ideas and practices of private initiative and risk taking. If pro-market discourse was the dominant logic around which the whole of Serbian society was being reorganized, with no visible alternative concept on the horizon, the leadership of workers-shareholders tried to master this language and use it to their advantage.

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49 Nebojša Popov, *Tragovima jednog štrajka. Hleb radnički/akcionarski*, in Nebojša Popov (ed.), *Radno mesto pod suncem: Radničke borbe u Srbiji danas*, Službeni glasnik, Belgrade 2011, pp. 47-51.

## Expressing Class Struggle in Liberal Terms

There were two main mediating institutions which opened up to Jugoremedija's struggle and helped fit workers' grievances into the prevalent economic and political notions. The first one was the Anti-Corruption Council, a government advisory body which proved highly vigilant in trying to uncover connections between the political establishment and big business. This fairly independent expert agency was among the first ones to extend support to Jugoremedija by writing reports in which it explained the workers' case and exposed the illegal arrangements of the new owner. However, the Anti-Corruption Council did this from the specific standpoint of a government body making sure that the ongoing reforms were conducted in accordance with the laws of the country and revered standards of highly developed Western democracies. Its reports focused on the formal issues of Jugoremedija's case such as: the legality of the privatization's proceedings, investment obligations of the new owner and most importantly – the recognition of property rights of small shareholders.

The Council's director, Verica Barač, was a frequent guest speaker at public meetings organized by Jugoremedija's workforce. The support of an official institution amidst the sea of attacks and general disinterest of authorities was of special importance for workers-shareholders. The strike leadership used this opening and quickly adopted the seemingly non-political theme of 'battle against corruption' as a shield against denunciations. In public statements, the spokespersons of Zrenjanin's workers-shareholders were now placing the struggle into the context of the broader liberal discourse on efforts to introduce the rule of law into Serbia. The conflict inside Jugoremedija, they insisted, was not the one between the workers and the boss. There was an attempt to portray it mainly as a clash between the minority and majority owners of the company. Replying to constant accusations that they are trying to revive workers' self-management, Zdravko Deurić stated:

“This whole noise makes no sense. Whatever any of us might personally think about self-management, it is a thing of the past, and now it is used in order to create ideological fuzziness around the ownership issues. They are trying to portray workers-shareholders as backward elements of society – not as someone who is fighting for ownership rights, but as exponents of a dangerous ideology”<sup>50</sup>

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50 Koreni mira - Intervju sa Zdravkom Deurićem, Pokret za slobodu, <http://pokret.net/cms/index.php?page=koreni-mira---intervju-sa-zdravkom-deuricem>

The second, and probably the single most important, ideological influence on Jugoremedija's workers-shareholders came from "Republika" journal and its *spiritus movens* Nebojša Popov. During socialist Yugoslavia, Popov was affiliated with "Praxis" – a group of Marxist humanist intellectuals which tried to develop criticism of bureaucracy from the positions of the so-called "New Left". In his writings, Popov researched industrial action under workers' self-management and the Yugoslav 1968 student movement. After the break-up of the country, Popov remained firmly opposed to political currents based on ethnicity. But, like most of the former members of left dissident circles, he abandoned class approach in analysis. Instead, "Republika" focused on promoting the politics of civil society and the rule of law. In Popov's view, the Serbian working class indulged itself into nationalist populism in the late 1980s. Therefore, the immediate current task for labor is to pass through a kind of civil catharsis which would make the workers realize they were misled and transform themselves into critical political subjects.<sup>51</sup>

Popov was very distant from the primitive anti-communism shared by much of Anti-Milošević opposition circles in the 1990s. Nevertheless, like them, he also saw Serbia's attempts of modernization through markets, parliamentary democracy and opening to the world economy as mimicry staged by entrenched parochial interests. The problems faced by the majority of the population, according to these views, were not the result of Serbia's integration into the world market. Quite the contrary, the historical task still ahead was the construction of much idealized functioning democratic state and proper adjacent civil society.

The principal way to achieve this was a closer association with the European Union and its institutions.<sup>52</sup> The strike was thus interpreted as the fight for respect of property rights and the freedom of each individual to freely pursue his/her interests. In this way, Jugoremedija was implicitly attached to the liberal political heritage of the opposition movement, from

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51 See for instance the discussion between Popov and the metal workers trade union leader in the late 1980s and one of the founders of 'Nezavisnost', Milan Nikolić, in Nebojša Popov (ed.), *Radno mesto pod suncem: Radničke borbe u Srbiji danas*, Službeni glasnik, Beograd 2011, pp. 13-32.

52 In the summer 2011 the European Commission mentioned suspicious privatizations, explicitly naming Jugoremedija's example, as one of the obstacles standing on the way of Serbia's closer association to the European Union. This news enforced the image of EU as an external agent of change and political force which would allegedly break the power of local economic monopolies and introduce the rule of law.

the early 1990s all the way to the toppling of Milošević. Years after the regime change, nationalist politicians, mafia and local tycoons were allegedly still blocking true reforms. From this point of view, Jugoremedija's workers stood at the helm of a civil society movement from below, against economic and political monopolies. Popov hailed from Zrenjanin, which made the whole case even closer to his passions and feeling of civic responsibility. As a publically recognized intellectual, he was a recurrent guest speaker at workers-shareholders' gatherings while the analysis of the strike, published by Republika, was regularly reprinted in Jugoremedija's internal bulletins. The influence of Popov and his journal can be detected in Jugoremedija's more assertive usage of political notions:

“For years we fought to remove the regime under which one could kill and pillage without penalty. We had hoped that the year 2000 brought a turn toward a normal society and a normal state. Our hopes were bolstered by promises of a new Constitution which would mark a clear departure from the old era, and create foundations for the rule of law. We, workers-shareholders, are a new phenomenon in society which came into existence in the course of privatization – a process that was supposed to abolish social property and turn Serbia into a member of the club of normal countries - places where the right of private property is sacred. Things turned out quite differently. Workers-shareholders cannot exercise their ownership rights because of the individuals who stand in the top levels of power hierarchy and wealth in this society...”<sup>53</sup>

The citation above clearly shows how in the absence of labor politics, the strike adopted many normative assumptions propagated by the liberal democratic activists of Serbian civil society. Apart from placing the workers' protests in the general explanatory frame of evolutionary road from totalitarianism toward democracy, “Republika” blunted the class instincts of Zrenjanin's blue-collars further by promoting a new vision of society based on small property owners. From a tactical concept used pragmatically by the workers inside Jugoremedija, the pages of “Republika” now started endorsing workers shareholding as a universal model for solving the plight of labor and revival of Serbian industry. The state was called upon to recognize that workers can act as successful managers and achieve results in the market. Supposedly, workers participation and employee shareholding were highly developed practices in the United States and Western Europe.

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53 Zdravko Deurić, Šta hoćemo mi, radnici, akcionari i građani, in Republika, Beograd, Vol. XIX, No. 352-353, March 1-31, 2005, <http://www.republika.co.rs/352-353/09.html>.

Consequently, new laws were required, which opened up space for companies in majority workers' ownership as a new form of economic organization, more effective and responsible than single private owners.<sup>54</sup>

This vision could be vaguely related to the more market-inspired interpretations of workers' self-management under Yugoslav socialism. However, with full private ownership rights, free market of capital goods, capitalist labor market and functioning institutions of trade in financial derivatives, the idea that workers' owned shareholding companies could function next to the corporate sector was highly unlikely. In a transitional economy, where political power is fixed on expanding the influence of the market, this type of institutional reform would most probably not lead to more workers participation. It would more likely serve as a stepping stone toward deeper penetration of capital into all pores of society, further atomization of the working class and a faster slide down the path of neoliberalism. Cruder visions of this strategy gained ground inside Jugoremedija. As Republika reported, Vera Gvero, a former employee and stock owner made an appeal in a meeting of company shareholders to the gathered workers not to sell their shares. Instead, she insisted, they should start reasoning as majority capital owners in capitalism and try to imagine what a joy it must be to receive dividends. "Then we could also start resembling Western societies", she concluded.<sup>55</sup>

## Forging New Political Consciousness

In many ways the victory of Jugoremedija's workers was a pyrrhic one. They managed to overturn the privatization decision, but this act did not serve as a milestone which opened new vistas for questioning privatization as an inevitable path. The termination of factory sales contract was done in the name of a more virtuous privatization, which would allegedly benefit society as a whole – a contribution to equal market chances for all, against corrupt practices conducted in the interest of big monopolies and the mafia. Zrenjanin's pharmaceutical factory was also the first instance of workers reviving the production process based on self-organizing. However, in the same vein, it must be recognized that Jugoremedija

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54 Mohora Doru, O radničkoj participaciji i upravljanju privredom, in Republika, Belgrade, No. 468-469, January 1-31, 2010, <http://www.republika.co.rs/468-469/14.html>

55 Olivija Rusovac, "Jugoremedija" – kuda i kako dalje, in Republika, Belgrade, No. 414-415, October 1-31, 2007, <http://www.republika.co.rs/414-415/13.html>



failed to introduce any new institutional forms of workers power. The management was dismissed, but the old corporate business structure of a shareholding company remained intact. The positions in the management board were now filled with workers and former strike leaders who stood much closer to the workers reality.<sup>56</sup> The new management thus pledged to grant much more influence to the trade union. Still, the right to participate in business decision-making was based on the ownership of capital as opposed to employment or some other explicitly political criteria (workers councils, neighborhood committees, the trade union, etc.).

The price which Jugoremedija workers paid for their return into the factory was a partial co-optation of the meaning of their struggle into the ruling ideological realm. Yet, the wider perception of workers' efforts is never one-sided and successfully controlled. For some members of the working class, the belief that property ownership in the market is the only way forward might have been strengthened for some time. Nevertheless, for the majority, the main association with Jugoremedija remained radical action and the notion that privatization is theft in principal.<sup>57</sup> The actual content of the emulated liberal concepts could differ when used by workers or civil society activists. For many blue collars, workers participation or workers' shareholding were different code names for an old idea, formed under socialism – that of society based on labor, in which the working class occupies the most prominent place.<sup>58</sup>

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56 The new managerial board very much reflected the occupational base of mobilizations. It consisted of three skilled workers and one pharmaceutical technician. An economist from the Anti-Corruption Council was asked to join the board as the only "specialist" previously not employed in the factory. The leader of Jugoremedija's mobilizations, a skilled worker, Zdravko Deurić, was elected to the position of a general manager.

57 According to recent public opinion surveys 44 percent of population thinks that privatization is "pure robbery", 27 percent believe it is necessary but badly conducted, 26 percent of people do not know how to evaluate the process, and only 3 percent of surveyed citizens is of the opinion that privatization was implemented correctly. See: Srećko Mihailović, *Priča o tranziciji ili naracija o našim beskrajnim menama*, in Srećko Mihailović (ed.), *Kako građani Srbije vide tranziciju: Istraživanje javnog mnenja tranzicije*, Friedrich Ebert Stiftung, Beograd 2010, p. 25.

58 See for instance the article of Jugoremedija's worker and company management board member, Branislav Markuš, in which he is attempting to defend the historical legacy of workers' self-management. In the article he talks about being a member of Jugoremedija's last Workers Council in former Yugoslavia and interprets workers' shareholding as a contemporary form of self-management, Branislav Markuš, *Najveći je kapital pravo na rad*, <http://www.ravnopravnost.org/NW004.html>

Workers were not just passive recipients and conveyers of different ideas circulating around them. In the process of using borrowed concepts they also molded them and inserted fresh, concrete meanings into abstract notions. What at first might have seemed as a safe-channeled, conventional form of grievance often took unexpected turns or evolved into more ambitious lines of action. For instance, the trade union of Zastava Elektro exerted pressure on the government to put them into contact with a foreign corporation of their choice, adopting the widespread assumption that foreign investors would act more responsibly than local businessmen. However, their demands did not stop there. They also insisted that workers' representatives take part in negotiations between the corporation and the state, as an equal third party with most interest in the well-being of the factory. Workers were therefore quick to seize all opportunities to find connections to various official procedures and interpret them from their particular vantage point. In most cases, such autonomous conceptions and initiatives was the result of the exchange of ideas between strikers from different companies. Once they came together, workers had the opportunity to compare experiences and start developing their own analysis of the crisis.

In November 2004, Jugoremedija entered the Union of Workers and Shareholders of Serbia – a network of stockholding workers who were denied their rights in different companies. The main demand of this initiative was the introduction of laws which would enable a different type of privatization based on distribution of public company shares to the population, as well as the impartial treatment of small shareholders in the process of transformation of ownership rights. On the other hand, the platform called for the right to work, right to organize a strike and right of public gathering. Like Jugoremedija, the initiative thus showed full accordance between demands in favor of small property owners and wage earners, both of which were seen as one common entity. The envisioned way to achieve these goals was for the state to start respecting its own laws and property rights of all citizens, no matter how big their possession was, as the cornerstone of successful transition towards markets and democracy.

With the Jugoremedija worker Zdravko Deurić at its head, the Union soon realized it could not simply rely on the state to take equal consideration of demands from different social groups, regardless of their financial standing and consequently the leverage exerted on the political system.

The Union had to propose authentic political mechanisms which could give voice to workers-shareholders. At that time, the pages of *Republika* carried theoretical discussions about missed opportunities to set up a Constitutional Assembly in Serbia after the toppling of Milošević. The workers-shareholders' group took up this idea and launched its own demand for a Constitutional Assembly.

Again, vague civic initiatives gained class character and democratic potential by being co-opted by the blue collars. Workers-shareholders envisioned themselves as one of the main carriers of this process, with influence over the writing of the new Constitution and direct control over their own representatives in this new legislative body.<sup>59</sup> It was potentially a far-reaching demand, avoided even by the political currents which identified most radically with the legacy of the popular movement against Milošević. With the labor movement as its main exponent, the demand for a Constitutional Assembly could have potentially returned working class to the center of the political life of the country and given new life to the idea of the necessity for labor to have an organized political.

The alliance of small shareholders from various companies proved to be unstable by nature, as workers from different companies resolved their share portfolio issues in different ways and ownership over the stocks was easily bought and sold. The Union eventually disbanded, nevertheless, *Jugoremedija* kept looking for a political platform, only now, the focus became more local. In 2007, *Jugoremedija*'s activists initiated the founding of "Ravnopravnost" – a political party which tried to base itself on the workforce of Zrenjanin's former industrial companies which went through failed privatizations. In 2008, *Ravnopravnost* entered the city council and immediately broached the issue of other disputed privatizations in the city, especially the grievances of the meatpacking company "BEK" and train cars workshop "Šinvoz", as cases where workers also appeared in the role of partial shareholders. The local parliament was forced to form a work group for the investigation of privatization procedures in "Šinvoz", with the representative of *Ravnopravnost* at its head. The group's conclusions backed up the main grievances of Šinvoz, and the report was passed unanimously by all political parties in the Zrenjanin parliament.

This was an obvious success of blue collars' decision to enter political organizing. Faced with well channeled pressure from below, the local

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59 Popov 2011, p. 74.

politicians were forced to cede and allow the passing of a parliamentary report in favor of workers in struggle. Forming a political organization which relied on social movements from below brought results. However, the conclusion that Ravnopravnost drew from the fact that other parties backed their initiative was somewhat different. The leadership started to differentiate between the potential of local and national politicians to help the workers' cause. Since they stood closer to the electorate, the local branches of national political parties were allegedly potentially more interested in reviving industrial production. The main problem was corruption at the top, and disinterested politicians concentrated in Belgrade. Consequently, Ravnopravnost picked up the theme of political decentralization and greater autonomy of provincial legislative bodies to implement their own strategies of local industrial revival. In this way, the party took a step away from the original theme of class based politics and came close to well established neoliberal ideas about state decentralization as a way toward more functioning markets.

In 2009, the government passed a new law, according to which each political party had to gather 10 000 votes in order to remain registered. Ravnopravnost decided to maintain its gains in the local parliament by fusing into a newly established Social Democratic Party of Serbia. The party was an attempt by the regional leader Rasim Ljajić, from the ethnically mixed Sandžak region, to broaden his influence by occupying the non-existent political space of center-left. As the head of the Ministry of Labor and Social Policy, Ljajić was the main person responsible for mediation between the workers on strike and bosses on behalf of the government. For a moment, it seemed that Ljajić was ready to use his increased visibility among the working class to fill the vacuum on the left and steer workers dissatisfaction toward his new party.

This, however, proved to be a false assumption. The Social Democratic Party of Serbia remained a small and sterile electoral party clinging to the mantle of The Democratic Party. At the party founding congress Zdravko Deurić tried to present an action platform which called for opening to various social mobilizations from below. The party apparatus blocked Jugoremedija's leader from addressing the delegates, and even prevented the distribution of his written speech among the participants. Entering Lajljić's party proved to be a dead end street. The activities of Ravnopravnost as a political party gave way to a citizens' initiative of the same name which gave up on political organizing and focused on educational

work and spreading awareness of the workers-shareholders' struggles inside Zrenjanin instead.

By 2008, Jugoremedija had managed to stabilize production under the new management. It was trying hard to maintain itself in the pharmaceutical market as a company run by workers-shareholders. This position only strengthened its identity as an initiative fighting for the rights of small property owners. Despite the focus on workers' entrepreneurialism and private property, Jugoremedija's activists remained dedicated to the support of other workers in hardship. Regardless of where the factories were located, and whether the workers owned their company's stock or not, Jugoremedija was ready to extend unconditional solidarity to anyone engaged in struggle. In an article written in April 2008, Deurić touched upon the issue of solidarity, revealing one of the main obstacles in the construction of a new labor movement:

“In the course of the 1990s, in the decade of wars, economic sanctions and crisis, Serbian society was corroded by fear, distrust and selfishness. After 2000, since the beginning of transition in the direction of capitalism and democracy, instead of the renewal of stability and relations of trust and support among colleagues, the top levels of financial and political power are sending us the message that solidarity is not a virtue any longer, that each one of us has to fight for self, that everyone else is our enemy because those who arrive first at the finishing line are entitled to everything, leaving those behind without basic rights”<sup>60</sup>

The strike wave of 2009 opened new possibilities for initiatives across factory gates. Through the work of activists from The Freedom Fight group, workers from Zrenjanin's companies made connection with the most militant struggles taking place in Serbia at that moment, such as Zastava Elektro and Raška textile factory. In August, they formed the Workers' Protest Coordinating Committee (WPCC). The WPCC inherited the legalistic views from Zrenjanin. Its founding document mentioned corruption and a centralized state as the main problems faced by the workers. Accordingly, the main political demands launched by the platform were for an impartial privatization process, consistent with the rule of law, and greater autonomy for regional authorities to control their own funds and attract potential investors. Nevertheless, in comparison to previous

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60 Zdravko Deurić, Hodaćemo korakom najsporijeg, Pokret za slobodu, April 2008: <http://pokret.net/cms/index.php?page=hodacemo-korakom-najsporijeg---u-ovom-pohodu-moramo-brinuti-o-poslednjem-u-koloni>

initiatives on the national level, the WPCC had a more pronounced blue collar character. It consisted primarily of representatives from the factory strike committees and trade unionists, as opposed to previous initiatives, in which activists gathered primarily as shareholders. Some of the slogans launched by this initiative marked a clear move closer toward more traditional working class concerns.

Deindustrialization and unemployment emerged as chief concerns. Survival of production was now seen primarily as a necessary step to protect industrial workplaces, not a way to promote alternative business models in the market. Secondly, the trade unions, collective agreements and the tactic of social partnership, which were topics of little concern for Jugoremedija and small shareholder initiatives, now came under scrutiny. The WPCC launched fierce criticism of the trade union leaderships which did little to assist strike actions and, at times, even sabotaged radical initiatives from below. Furthermore, the platform dismissed “social dialogue” between the state, employers and the trade unions as a smokescreen and demanded that the government recognize strike committees as the main negotiators. Finally, the chief enemy of labor was starting to become more tangible in the workers collective imagination. During previous years the opponents remained murky and numerous (mafia, the state, political parties, corrupt businessmen). Now, large local capitalists, emerging under the common name “tycoons”, became the prime target of popular anger.<sup>61</sup>

The main function of the Committee, however, remained solidarity in action, hands-on advice to new factories entering the struggle and attraction of the media spotlight to single isolated strikes. The leadership of striking workers from “Trudbenik” construction company, for instance, was caught up in a dragging legal dispute with the new owner and the Privatization Agency, at the time it entered the WPCC. The owner was blocking all attempts for an independent revision of the privatization contract and the state claimed it has no right to impose the revision agency of its own choosing without the agreement of both sides in the dispute. The Committee saw this as management’s tactic to tire out the striking workers and advised the strike leadership to give up its efforts to find a suitable revision agency and focus on pressuring the Privatization Agency instead. Trudbenik started to picket the agency in downtown Belgrade, demanding that it terminate the privatization agreement. Representatives of other

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61 See: Pokret za slobodu, Informator o radu Koordinacionog odbora radničkih protesta, 2, October 2009.

factories from the platform extended their solidarity by addressing “Trudbenik” workers in front of the Agency and urging them not to give up.<sup>62</sup>

Sharing the experience of previous strikes therefore proved crucial for further development of the movement. The more successful methods of struggle were passed on to new layers of fighting workers across the country. Many mistakes of the past were now avoided. Still, The WPCC was not set up as a durable labor institution, or the nucleus of a political organization. It was a place where the strike committee leaders could exchange ideas, extend solidarity in the heat of the struggle and come into contact with institutions ready to hear labor grievances, such as the Anti-Corruption Council. Calls for solidarity and the coordination of actions remained abstract notions with little grounding in concrete material interests which could introduce much needed cohesion into the movement. Consequently, the Committee failed to establish any clear internal structures or democratic control over its work by the workers base. Most factories that succeeded in resolving their pressing grievances in one way or another simply left the Committee, seeing no usefulness for its existence beyond the critical moment. After the strike wave of 2009/2010 was over, the WPCC practically disappeared along with it.

## Epilogue

The persistent global crisis of capitalism is starting to rearrange the political and economic landscape of the Balkans. In Serbia, where transitional social dynamics turned out particularly dragged out and bewildering, the last four years introduced new clarities. It took twelve years for Milošević’s autocratic regime to fall. This event opened possibilities for new directions of social development. What ensued was a more resolute movement down the path of market reforms. Now, after twelve years of neoliberal orientation, Serbian society has reached yet another critical juncture. Many of the dilemmas described and confinements faced by the social actors do not exist any longer. The fundamental processes taking place behind the social reality are coming out in the open. Power relations inside society are becoming ever more crass. The dominant ideas of the past two decades are being exposed as ideological dogmas, not corresponding to real life economic practices, nor the real interests of the overwhelming majority of the population. These concepts are not able to offer

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62 Popov 2011, p. 74.

an adequate explanation of mechanisms which created the crisis, thus, they also fail to provide a valid model to overcome it.

The old concepts are therefore losing power. Still, it remains unclear just which new ones will take their place. To a great extent, the outcome of this battle of ideas will be determined by the activity of different social actors, not least the working class. The everyday practices in the sphere of work and the accumulated experiences of social struggles in transitional Serbia keep reaffirming the tension between the workers and the employers as the fundamental social contradiction, which remains a constant in all market economies. The class conflict seems to resurface over and over again after the ideological frameworks of nationalism, “Europeanness” or some other abstract construction run out of steam. At the end of the day, members of the working class are not being spared by their bosses, the state or the market mechanisms, whether they are Serbs or non-Serbs, pro-European or nationalists. They are forced to struggle for their own right to work and live a decent life.

In socialist Yugoslavia the industrial proletariat was caught between the liberal and collectivist interpretations of workers’ self-management. The former placed its hopes on the market to improve workers well-being, whereas the latter preferred political intervention. In the last two decades, this dichotomy was replicated in Serbia on a smaller scale through the ideas of workers’ shareholding, on the one hand, and the struggle for higher wages, better working conditions and control over the production process, on the other. In the years of impasse, these two lines of action seemed complementary. The lack of political parties willing to base their program on labor rights weakened any belief that political organizing could contribute to the workers’ struggles. On the other hand, the development of capitalist social relations was too slow and uneven to force small property owners to capitulate on the market in the face of stronger competitors. For many workers the only chance to raise their standard of living was to exit the factory floor and attempt to make it through private initiatives. Still, the system was strong enough to block all attempts of organized groups of workers-shareholders to climb the social ladder via “privatization from below”. It seemed impossible to undertake decisive movement in any direction. This stalemate is now slowly breaking.

The newest developments inside Jugoremedija reflect these processes pretty well. The difference of interests between the wage workers and shareholders started coming to the fore as soon as Jovica Stefanović – Nini



lost control over the company. The first divisions appeared among the shareholders. The organizing nucleus of shareholders employed inside the factory had the ambition to continue running the enterprise under the new management as a factory owned and operated by small shareholders. They made an appeal to other small owners not to sell their stocks. Yet, many individual shareholders were in desperate need of cash and the ownership structure inevitably started to change. This opened new space for speculations about hidden interests trying to take over the factory through purchase of small shareholders' stocks. The state contributed to the atmosphere of uncertainty by openly stating it aims to sell its part again to a new bidder. With 42 percent of stocks bought from the state, the prospective investor could then easily buy more shares from dispersed shareholders and become the majority owner. One way to motivate the shareholders not to sell their stocks was to promise a higher price of stocks in the future. The new management saw Jugoremedija's foreign business partner "Aventis" as a potential investor which could help the company raise its market value. However, it turned out that foreign corporations were not any less hostile to workers-shareholders' run companies than the Serbian state. Instead of showing understanding for Jugoremedija's new beginning, Aventis demanded quick compensation for license misuse done by Nini and threatened a lawsuit. The banks declined to extend credit to the ostracized company. The new management found itself surrounded by hostile market forces and little interest from the state to stand behind its alternative business model.

In the past, workers-shareholders could at least rely on support of the trade union and a large part of the workforce. The new management promised to keep all the employees, even those Nini hired to substitute the strikers and sacked workers. Initially, there was willingness among the workforce to accept lower wages in order to contribute to Jugoremedija's new beginning. However, after some time, the gap between the pure wage workers and workers-shareholders began to widen. The former were not ready to sacrifice all the way for a factory in the ownership of other people. In the midst of the economic crisis, the wages started to arrive late and employees were sent on paid leaves. Many workers must have started to question the correctness of direction chosen by the workers-shareholders. Maybe under a different, more professional management, installed by a private owner or the state, the factory could stand better chances in the market? The work collective was now divided and open accusations against Zdravko Deurić and his close associates started to appear.

Faced with an internal blockade in business decision making, one part of workers-shareholders decided to free themselves from the deadlock and advance Jugoremedija's competitiveness by pursuing an investment project under their control. In order to comply with new standards of production, Jugoremedija had to physically separate the production of penicillin from other pharmaceuticals. A group of workers-shareholders undertook an investment of their own and founded a new penicillin factory across the street from Jugoremedija. This new company was integrated into the production process of Jugoremedija, but, at the same time, it was in the ownership of one part of workers-shareholders which raised suspicion among the workers not involved in this venture.

Rumors started to circulate about the management misusing company funds for the personal gain of selected employees. Ravnopravnost reported that notable workers-shareholders activists received threats. Houses were spray-painted with intimidating messages and the general manager's car was set on fire. In August 2012, Zdravko Deurić and three other employees were arrested under accusations that they had abused Jugoremedija's medicine production licenses and overestimated the value of construction ground the new plant was built upon. The management and the core nucleus of activists saw these arrests as the latest attempt by the state to get rid of workers-shareholders and deliver the factory to big business. It remains to be seen how accusations against the workers-shareholders' management will hold up in court and whether Jugoremedija will continue production despite the pressures from all sides.

One thing is certain; the insistence on private property rights and free market has backfired. In most factories, the minority share packages of the workforce were easily bought up by investors or denied by court decisions. Jugoremedija remained the sole case where workers managed to run the factory through property rights for a few years. But, even such a remarkably well-organized group of workers eventually found itself in a dead end street. In the electoral race of 2008, the neoliberal political party G-17 started endorsing voucher privatization. The citizens were promised free shares of selected public companies with which they could trade on the financial market after privatization. It was this electoral promise, together with the arrival of a large foreign investment by FIAT, which helped the pro-EU coalition to gain yet another term in office. The distribution of free shares was soon scraped under the excuse of the global economic crisis, leaving the electorate with a bad taste in their mouths and cynical attitudes toward shareholding.

The economic crisis introduced some changes into the macroeconomic structure as well. In an attempt to decrease dependency on loans, the government started extending state grants and tax deductions to all foreign companies willing to invest in the tradable goods sector. Monetary incentives attracted a range of multinationals investing in manufacturing. Apart from state subsidies, the main attraction for these investors is cheap labor. In most cases companies try to prevent the organization of independent trade unions. For instance, Zastava Elektro was sold to “Yura” – a South Korean electric cable producer notorious for union busting techniques practiced in its plant in Slovakia. Illusions about the more benevolent stance of foreign multinationals in comparison to local entrepreneurs will soon disappear once these companies set up their shop floors. It is possible that, in the near future, these new, foreign owned manufacturing plants will replace the “failed privatization” sector as the next center of industrial action.

On the other hand, faced with the dead end of its decade long economic policies, the Serbian state was forced to go against neoliberal principles and renationalize a few enterprises threatened with extinction. Some work collectives were quick to pick up these fresh signals and start proposing solutions which involve a more active role for the state in the economy. For instance, in 2010, the strike committee of “Topola Livar” foundry asked the government to convert its debts, made by the private owner toward the public sector suppliers, into state ownership over the factory. Furthermore, the foundry workers insisted that the state enabled favorable loans for the company to settle other obligations made by the irresponsible private owner and restart the production process.

Topola Livar’s orientation is indicative of a widespread disillusionment with pro-market reforms. As late as 2009, many factories on strike were looking for *laissez-faire* options in the market as the only exit out of years of standstill under state appointed directors. The global economic crisis shattered the already thin hope that privatization and further integration into the EU would contribute to the restoration of jobs and economic development. In November 2011, the largest trade unions in the public utilities sector organized a protest against the introduction of public-private partnership into communal services. This protest was groundbreaking in two ways. Firstly, it brought together the largest trade unions around a common cause. Secondly, it was the first time that organized labor positioned itself explicitly against the privatization policies and

counterpoised general prosperity to profit making. As the trade unionist Milan Grujić stated at the protest:

“Today we say to the arrogant government to abort the new Public-Private Partnership Law, because the way it is put together, it would bring the loss of thousands of work places, higher prices of public utilities and the stagnating of investment in infrastructure. It would introduce water shortages, higher disease rates and a lower quality of life. The politicians realized a long time ago that money is power. Therefore the ruling parties started transforming communal services into profit oriented companies overnight...Like parrots they kept repeating the mantra about fast integration into the European Union. In reality they were fast only in fulfilling their own interests. The firm alliance of politicians and tycoons condemned this country to years of imprisonment”.<sup>63</sup>

This feeling that the neo-liberal model of development has reached its limits was also reflected in the political sphere. One of the most interesting developments in Serbian party politics in recent years is the return of The SPS. The party is now depicted as a reformed pro-European party. Still, The SPS gained popularity in large by challenging the dominant idioms of the past decade. In the recent general election campaign of spring 2012, The SPS talked about big systems in state ownership as the backbone of economic recovery, the parasitic nature of the banking system and autonomy from IMF prescribed solutions. No matter how opportunistic the motives behind these new watchwords might be and regardless of whether The SPS has any intention of actually implementing such measures, the fact remains that they are opening new windows of opportunity for organized labor. Just like they did in previous years with the language of civil liberties, workers will adopt these new publically acknowledged notions to support their grievances. The question of the political tradition from which the labor movement draws its ideas and argumentation is a crucial one. The language of social justice and defense of workplaces has the potential to unite much wider layers of working class than insistence on the rule of law and private property rights.

Upon coming to power, the new government formed by the conservative party, the SNS (Srpska napredna stranka), in which SPS holds the position of the Prime Minister, started conducting an investigation of

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63 Protest pamphlet, Protest upozorenja: Beograd, 10 Novembar 2011. godine, 5 minuta do 12h, Trg Nikole Pašića – Vlada Republike Srbije, “Danas gladni – sutra žedni!”

a number of privatization cases where there are indications of foul play committed by the previous governments. “Pokret za slobodu” used this opening to mobilize part of the workers involved with the WPCC and launch their own suggestions for battle against privatization mischiefs. On the protest organized in September 2012, marchers from ruined factories demanded the active participation of workers’ representatives in the ongoing inspection of factory sales since, as they said, politicians might abuse this campaign for their own interests and clashes inside the elite. Furthermore, the protest called for state to pay reparations to the affected companies, as it had allowed destruction of workplaces without proper control. The compensation should be given in the form of investment in new production. Finally, workers demanded for the list of investigated companies to be expanded, since, as they stated, the mistreatment of social property was not accidental, but systemic.<sup>64</sup>

These demands announce the possibility of new labor platforms with much sharper insights into the very nature of the transition and the political order. The conclusion of Zdravko Deurić’s unmade speech at the founding of Social Democratic Party of Serbia in January 2010 remains relevant today more than ever before: “...it was proven that small and isolated groups, no matter how combative they might have been, are not able to transform the economy, society and the state – to reshape the system. Indeed, this can be successfully done only by larger and stronger political parties, trade unions and citizens’ initiatives with clear ideas.”<sup>65</sup>

Most of the initiatives described in this text were steps in this direction. Their chances for growth depended in large part on the ideology they adopted. The underlying assumption throughout the text was that the workers would stand better chances in their struggles if they relied on the universal set of notions which shaped the modern labor movement internationally, such as: class solidarity, redistribution of wealth, curbing of the markets, independent political organizing and ambition to take control over the processes of social reproduction and transgress the market. Yet, the activists in Serbia could not lift themselves above the historical era they were born into. The breakup of socialist Yugoslavia represented a major cultural and material setback for the working class. Inside the impoverished country, left isolated on the periphery of the EU, the social

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64 Radnička protestna šetnja, Srbija – zemlja slobodnih, nikad zemlja robova, 14. september, Pokret za Slobodu, [www.pokret.net](http://www.pokret.net)

65 Popov 2011, p. 270.

dynamics of the last two decades were easily interpreted as a great lag behind the alleged global prosperity. This worldview opened wide space for the influence of liberal ideology.

In the previous period workers did their best with the hand they were dealt. But, times are changing now. Liberal ideology, based on the primacy of the interest of the individual and supremacy of private property, is passing through a crisis together with the capitalist economy. Just as the market economy cannot offer a sufficient number of workplaces, the ideology which stemmed from it is not able to extend sufficient explanations, nor solutions, for exit out of the crisis. Just like many banks and states of today, the bourgeois society, as the frame within which the market operates, is facing bankruptcy. In one form or another, labor issues are returning to the political scene. It remains an open question whether new organized labor will stem from the transformation of the old unions or the merging of grass root local initiatives as happened in Zrenjanin. Whatever the case might be, the working class in Serbia has a new chance to establish independent, democratically structured, organizations with their own body of ideas and methods of struggle. The fact that most of the struggles which took place between 2008 and 2010 ended up in defeat could be seen as tragic only if we miss drawing the necessary conclusions for the future.

Connecting workers beyond their own workplaces comes across as the underlying theme for any future project. This joining of forces would have to be based on the democratically elected structures controlled by the workers themselves, in order to prevent dependency on individuals. Distinguished activists may come to the fore of the movement or step aside, but the structures must remain stable. Moreover, this type of workers' organization would have to rediscover the rich historical traditions of workers' movement in the region. Armed with its own program, the working class could assertively set its foot in the political scene and stop being dependent on support from the sympathizing individuals standing outside of the movement, borrowed ideologies and improvised solutions, which go against the interests of the working class as a whole. Organizing workers as a class, with a political program and clearly defined class goals, would finally unfasten the straight jacket of "pro-European", nationalist, or any other ideological variation of the present order, and open perspectives for the construction of a socioeconomic system in agreement with the real interests of the vast majority of the population.

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