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Serbia Chronicle 3 – Serbian gendarmerie and police corruption

by SeConS

Belgrade, July 2013

150 people lose their job every day – Blic, 01.04.2013¹

El Nis and El Holding declare bankruptcy – Tanjug 18.07.2013²

'Zupe' employees start hunger strike, demand pay – Vesti online, 13.07.2013³

Bankruptcy declared by 27 companies currently restructuring – RTS, 24.07.2013⁴

SIMPO workers go on strike – Blic, 01.08.2013⁵



On the 13th of July, 27 employees from the Krusevac based chemical company “Zupa” started a hunger strike, demanding payment of at least five of the 24 minimum wages that the company owed them. Although a selected number of employees were protesting, meeting their demands would mean paying all of the 335 employees their salaries, which the state owned company did not have the capacity to do. In a letter to the Minister of Finance, the Mayor of Krusevac and other equity partners of “Zupa”, the managing director writes that the company does not have the capital to pay 30 million dinars in subvention, nor the possibility to meet the protesters other demands, which include a social program for employees leaving the company and speeding up of the privatization process. In spite of the inability to meet the

¹ <http://www.blic.rs/Vesti/Ekonomija/375025/Svakoq-dana-150-ljudi-ostane-bez-posla>

² <http://www.blic.rs/Vesti/Ekonomija/394236/U-stecaj-idu-El-Nis-i-El-Holding>

³ <http://www.vesti-online.com/Vesti/Srbija/328595/Zaposleni-Zupe-strajkuju-gladu-traze-plate>

⁴ <http://www.rts.rs/page/stories/sr/story/13/Ekonomija/1365686/Ste%C4%8Daj+za+27+firmi+u+restruktuiranju.html>

⁵ <http://www.blic.rs/Vesti/Ekonomija/396747/Strajk-radnika-Simpa>



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demands of the protesters, the hunger strike ended on the 17th of July. The compromise reached between the employees and the company, although not to the satisfaction of the workers, included a half months salary to 190 employees and even less to those who are on paid leave. In addition, the workers were made eligible to apply for a social program of 300 € depending on employee status.⁶

Although these types of extreme measures might sound astounding, they are not exclusive to this example. For instance, in 2012, numerous workers from the construction company “Ratko Mitrovic” and those of the “Ratko Mitrovic – Standard” went on hunger strike due to unpaid wages in April and September respectively,⁷ while in May of this year a hunger strike led up to larger protests among workers of the battery producing factory “Accumulator Factory Sombor”.⁸ Moreover, hunger strikes are just an example of the most radicalized forms of protests. Employee strikes have been widespread in Serbia in the past decade, almost exclusively with the same demands, that is, to receive unpaid salaries or to oppose restructuring initiatives. Examples include workers from firms such as the “Sombor – Accumulator Factory”, “Simko Sik”, “Jumko”, general strike of 26 road construction companies, and many more. Unfortunately, they often have little or no effect.

As an outsider, one might ask oneself why (as in the first example) employees worked for over two years without pay, why they went to such extreme measures to pressure the companies leaders and why they settled for a mere fraction of their demands? In order to understand these actions, which can be described as acts of desperation and powerlessness, one has to consider the position of industry workers in light of the broader trends in the country. Mainly, one has to look at what has happened to the thousands of industry workers who have lost their jobs in past decades and many of whom are now living on the brink of their existence. Then, one sees that holding on to a job, even when it is without any of the benefits that most people would attach to a workplace, is sometimes the only choice that they have.

De-industrialization and privatization in Serbia



Deindustrialization is a familiar social and economic process transforming countries around the world. In countries previously marked by socialist systems of organization, this process is often seen as an integral part of reform or ‘transition’. In Serbia, due to the political turn-of of the 1990s, deindustrialization has been rather radical. As a result of wars and international embargoes, when it was impossible to uphold a market and let alone keep up with technological interventions, the Serbian industry has been devastated. Simultaneously, little has been done in order to develop and build up Serbia’s industry again in the last decade. Between 2001 and 2011, 2.420 companies were sold in Serbia,

⁶ http://www.b92.net/info/vesti/index.php?yyyy=2013&mm=07&dd=16&nav_category=12&nav_id=733124

http://www.danas.rs/danasrs/ekonomija/okoncan_strajk_gladju_u_zupi.4.html?news_id=264593

⁷ <http://www.blic.rs/Vesti/Drustvo/342794/Radnici-Ratko-MitrovicStandarda-strajkuju-gladju>

<http://www.blic.rs/Vesti/Drustvo/318405/Radnici-Ratka-Mitrovica-prekinuli-strajk-gladju>

⁸ http://www.025info.rs/vest_6_desavanja_14351_hitna-pomoc-intervenisala-u-somborskoj-fabricsi-akumulatora.html,
<http://www.rts.rs/page/stories/sr/story/125/Dru%C5%A1tvo/1370438/%C5%A0trajk+radnika+fabrike+akumulatora.html>

leaving the development rate of the industry very low and its contribution the country's GDP barely above 20%. All in all, industrial production decreased by over 60% between 1989 and 2012.⁹ Today, Nikolic writes: "The Serbian industry is characterized by – the absence of a national development strategy, obsolete technology, lack of development projects, and in many cases, undefined privatization opportunities".¹⁰ Moreover, in cases when companies were bought up, measures were not taken to protect its industrial potential, but rather, companies were closed down bit by bit, leaving its workers without work. The global economic crisis which had profound impact on Serbia from 2008 has not helped the situation, showing the lack of an overall sustainable economic system.¹¹

Considering the above, it not hard to understand that deindustrialization and privatization has also had enormous consequences for Serbia's industry workers. It is estimated that over 750.000 industry workers lost their jobs between 1990 – 2000, and an additional 300.000 since 2000. In the period between 2001 – 2007, the growth rate of total industrial production was only 2.2%, considerably behind to the GDP growth rate. Moreover, the growth rate of the manufacturing and extractive industry sector was considerably lower, 0.8 and 0.4% respectively.¹² Hence, the chemicle company „Zupa” is only one example of how this trend is manifested. The company started the privatization process in 2002, but due to unsuccessful negotiations, the company remained state owned with halted production. As a result, the number of employees in the company dropped from 1.400 to 335. New reconstruction and privatization process started in 2010, but they remain slow and as a result, the workers are suffering. But even though deindustrialization has had devastating effects and protests can until this day be seen across Serbia, workers have had little influence on the eventual outcome and the number of 'victims' is continuing to rise.

“Victims of the Transition”

So, why is this a human security issue? Although, deindustrialization and the closing of factories does not in itself mean that peoples' lives are existentially threatened, there are some characteristics of the deindustrialization process that, when coinciding with other factors of social exclusion (lack of networks and other sources of income), can have profound impacts on both individual, family, and community lives. Research shows that so called 'victims of the transition', people who lost their jobs during the transition, are one of the most vulnerable groups of poverty and hunger. Due to lack of job opportunities, qualifications and age, their position is worsened, with little or no perspective to get rehired.¹³ It is therefore not surprising that, when a TV reporter asks people what the destiny of former factory workers is, the answers are unsettling: "Difficult" says one man decisively, an older woman says in despair "Horrible, you can better buy a rope and hang yourself. You can't pay for the electricity, you don't have anything to eat, you can't live." And when asked about coping mechanisms, the answers are equally devastating: "Someone is begging, someone is stealing, all kinds of things", "They go through the garbage to find food" etc.¹⁴ The most vulnerable former factory workers are those living in rural areas and those who have children. The threat of social exclusion and hardships is here not only directed to the workers, but the victimization can be transferred inter-generationally to their children and turn into consistent states of poverty.



⁹ Adzic, S. and Jevtic, M. (2012). *Transition and Effectiveness of Industrial Policy. The case of Serbia.*

¹⁰ Nikolic, G. (2013) *Serbia's deindustrialization*: <http://www.akter.co.rs/weekly/kolumna/180-deindustrijalizacija-srbije.html>.

¹¹ Micic, V. and Zeremski, A.V. (2011). *Deindustrijalizacija i reindustrijalizacija privrede Srbije.*

¹² Savic, L., Boskovic, G. and Kostadinovic, I. (2010). *Characteristics and problems of the development of Serbian industry under transition. Economics and Organization 7(2): pp. 151 - 161*

¹³ Cvejic, S., Babovic, M. and Pudar, G. (2010). *Studija o humanom razvoju – Srbija 2010. Izvori i ishodi socijalnog iskljucivanja. Serbia: UNDP.*

¹⁴ RTV 1: "The case of factories ", broadcasted on 10th of June 2013.

Here it is important to mention that we are not only talking about economic hardships and extreme poverty. Although these might be the easiest to detect as direct threats, other factors also need to be taken into account: living a life in constant insecurity, inability to plan for your future or the future of your family, a loss of identity and position in society, large scale demographic shifts and loss of community, are just some of aspects that create a nexus of problems which can be high human security risks. Hence, the transformation is not only changing the whole economic system, but that it also creates “new categories of social individuals”.¹⁵ “Who am I? What is my life? Where have I spent the last 30 years of my life? I can’t get a job and I can’t get my pension!”, says one worker after losing his job. These are common feelings of insecurity and despair for many who have difficulty adapting to the new circumstances.

Workers still working in the industry know what the destiny of their former colleagues hold. As a result, they are even prepared to work without getting paid for the simple reason that they at least have some hope that the situation will change. Although numerous attempts at protests have been taken, against what many describe a dysfunctional, corrupt, and unlawful state, their powerlessness has been proven time and time again.¹⁶ The intention of this paper is not to make any large claims regarding the direction that need to be taken during deindustrialization, but to make a plea for a more in-depth understanding of the deindustrialization (as well as consequent actions) by delineating the human security aspects of the transition.

¹⁵ Erdei, I. (2007) *Dimenzije ekonomije: prilog promisljavanju privatizacije kao socio-kulturne transformacije*, u: Ristic, V. (ur.) *Antropologija postsocijalizma*, pp. 76 – 127.

¹⁶ *The case of “Jugoremedija” is the only example where workers were able to gain some leadership over the company during the controversial privatization process.*