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federation,\(^{22}\) that is, a form of cooperation uniting the peoples of the region in a common purpose: to liberate the region from external dependency and internal strife, maximise the welfare of its peoples and make them the subjects of their own destiny. The experience of the Socialist Federal Republic of Yugoslavia is proof that the logic of market competition itself produces uneven development, and can only exacerbate existing inequalities between regions, fanning nationalist resentments. Hence the first step towards a new regional order is a break with the political economy of financialisation, and its defence of the value of money (debt) at the expense of the destruction of commodities, in favour of a political economy that promotes the welfare of labour by redistributing resources towards employment, welfare provision and living standards. The nationalisation of the banks and industry would provide the instruments for regional coordination of investment to tackle inequalities in development; for the establishment of mechanisms of regional solidarity and cooperation; and for a participatory economics in which sovereignty resides in the direct producers and local communities. It is time to make a transition from the transition.

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CHAPTER 3

**Workers and Unions After Yugoslavia**

*Marko Grđešić*

The working class has undergone huge transformations since the break-up of Yugoslavia. In the 1980s, workers were still living in a society where they constituted more than a third of the adult population and employment was secure. Official ideology saw blue-collar workers as the most vital part of the society, as 'self-managers' and producers who worked with their hands; official unions tried hard to demobilise discontent while organising small-scale social policy. If we switch to the present, the picture is one in which workers are much less numerous, with more of them unemployed, retired or working in precarious employment positions, while unions are smaller, independent and often irrelevant. The prevailing ideology no longer celebrates the creativity and simple honesty of an idealised worker but chooses instead to celebrate the entrepreneur, who is often on the other side of the class divide.

During this time, unions in the former Yugoslavia, as the organisational representatives of workers, have made the transition from sleeping giant to niche actors in a divided labour market. In the old regime, unions were present in every workplace, but their activity was restricted to paperwork and petty services to their members, most famously distribution of apples, pork chops, holiday gifts for children, and, for the lucky ones, holidays on the Adriatic Sea. From a membership rate of close to 100 per cent, unions have, in most of the former Yugoslavia, fallen to roughly a third of the employed workforce. They cluster in the public sector, utilities and large companies. They remain very weak in the new private sector, which they have been unable to enter and unionise, often due to employer resistance.
The story of self-management and its transformation in the former Yugoslavia has several unique twists. In some aspects, self-management improved the picture for labour, compared to the rest of post-communist Eastern Europe. For example, workers’ councils and social ownership of the economy gave workers a sense of empowerment and entitlement. These institutional innovations could have provided a basis for a transition to a corporatist or social-democratic model of economy. This was the case with Slovenia, where the old regime was transformed in an organic way in the early and mid 1990s. By the end of the decade, Slovenia began to look more and more like a corporatist economy, similar to Austria and Germany with respect to its industrial relations. Yet the last decade has seen a shift in Slovenia’s trajectory. Although it is often held up as a model for leftist policy, this may soon no longer hold true. Even if people in other parts of the former Yugoslavia are often envious of Slovenia, its living standards and social achievements, it appears that it is converging with the industrial relations model that has established itself in the rest of the former Yugoslavia, as the northernmost former republic dismantles its corporatist institutions.

More than two decades since the start of the transition to liberal democracy, it now matters very little that the socialist regime was based on the ideas of self-management and not on the more statist socialism present in the other countries of Eastern Europe. Yet, despite the fact that self-management is receding into history, it remains something of a conundrum even today. During the socialist period, the picture of self-management was heavily ideological, obfuscating its real potential in mobilising workers for conflict. Since the regime preferred to view Yugoslav society as organic and harmonious, it steered self-management practices into convoluted procedures with a conservative bias. When the transition to liberal democracy began, the picture of self-management began to change but remained just as ideological. For neoliberals, self-management is seen, in a simplified way, as a highly inefficient economic system that stymied economic dynamism and initiative, a humorous delusion of a failed regime. Both images have made it very difficult to begin a public reassessment of self-management that would make it possible to learn from the past. Instead, the self-management experience is swept under the carpet.

Despite several deeply detrimental trends, such as deindustrialisation, corrupt privatisation, impoverishment and war, workers have on occasion shown not only a capacity to collectively organise, but even a capacity for militancy. In several cases they have organised campaigns to save their companies from bankruptcy and suspicious privatisation, sometimes through factory occupations. Yet labour movements in most of the former Yugoslavia, with the partial exception of Slovenia, remain internally heterogeneous. Pockets of militancy and several very capable and motivated unions and unionists cannot compensate for the overall lack of organisational capacity and policy vision that the unions demonstrate on the aggregate level. Such hampered labour movements are also functioning in the context of weak states, weak civil societies and economic structures typical of the European periphery. Slovenia is a partial exception to this description, yet it has, since adopting the euro, begun to show some of the same symptoms that have hampered other countries in the region.

In order to break out of the equilibrium which is asserting itself across the former Yugoslavia, more than the current practices and ideas will be required. In particular, the ideological hegemony of neoliberalism has evolved to the point where neoliberal ideas and policies require no justification but are accepted as common sense. Workers and unions are ill-equipped to attack this development unless they can form a broader societal coalition of forces.

**Industrial Relations**

The industrial relations systems that emerged after the break-up of Yugoslavia have roughly the same contours in most of the former Yugoslav republics. Union membership is at around a
third of the workforce. According to data from EIRO,¹ the union membership rate is 44 per cent in Slovenia, 35 per cent in Croatia, 30 per cent in Bosnia-Herzegovina, 35 per cent in Serbia, 26 per cent in Montenegro, 28 per cent in Macedonia (for Kosovo the only reported figure is 90 per cent in the public sector). Union membership figures are much higher in the public sector than in the private sector. Employers are organised at roughly the same levels as unions. The membership of employer organisations is 25 to 30 per cent in Croatia, 30 per cent in Serbia, 6 per cent in Bosnia-Herzegovina, 24 per cent in Macedonia, 16 per cent in Kosovo, 65 per cent in Montenegro (the latter is a self-reported and probably highly inflated number). The one exception is Slovenia where the figure stands between 80 to 90 per cent. This is due to the fact that Slovenia relied on the chamber of commerce as the employers' representative in collective bargaining. However, recent legislative changes may lead to less organisation on the employers' side. In particular, the chamber's policy of obligatory membership for all companies has been changed in favour of voluntary membership.

There are few differences in collective bargaining in most of the former Yugoslavia. Collective agreements are signed predominantly at the company level. Sectoral bargaining exists but is weak. Several countries have nation-wide collective agreements but the full implementation of these agreements has proven difficult. As a consequence of such general collective agreements, several countries in the region have almost complete collective bargaining coverage, i.e. the percentage of employees covered by a collective agreement is close to 100: 96 per cent in Slovenia, 100 per cent in Bosnia-Herzegovina, Montenegro and Macedonia. Elsewhere, the collective bargaining coverage stands at around 60 per cent in Croatia and 55 per cent in Serbia. Since the economic crisis began, austerity measures have begun to chip away at the collectively bargained

security that employees, especially in the public sector, managed to secure. As a consequence, the collective bargaining coverage may drop further still. Minimum wage and working week regulation exists in all of these countries with the minimum wage set at between 30 and 40 per cent of the average wage (all data from EIRO).

Labour movements in the region continue to rely on the old trade union apparatuses inherited from the socialist period. Where the transition to liberal democracy was more successful, most obviously in Slovenia, transformations of the old union confederations were quicker. In Slovenia, but also in Croatia in the early 1990s, the old trade unions quickly became politically autonomous and began to forcefully push for collective bargaining. In other countries, for example Serbia, the old trade union confederation continued to align itself with the government, often to the detriment of the living standards of a large membership base.² Since the early 1990s, only in Slovenia has the main trade union confederation proved to be a consistently capable and strong actor. New trade union confederations have been formed in all countries in the region, mostly as splinter factions, but have much fewer members. Therefore, the large trade union confederations inherited from the socialist period remain important, even if they are often inert, bureaucratic and distant from their rank and file members.

Union fragmentation is an especially chronic problem. Ideological rivalries between unions are rare, but distrust and personal rivalries between union leaders are rampant. Unions have been side-tracked by struggles over union property inherited from the socialist period, as well as struggles over the exact

¹ EIRO (European Industrial Relations Observatory), at http://eurofound.europa.eu/eiro.
number of members and their legitimacy to bargain collectively as defined in representativeness laws. However, the most obvious problem for unions is their clustering in the public sector. New medium and small companies in the private sector are virtually union-free. Instead, unions have adopted the approach of lobbying for national legislation or national collective agreements to provide some protection to employees in the private sector. Yet implementation is patchy and oversight by state officials and inspectors is weak. Furthermore, even this amount of protection may be rolled back relatively quickly, as the economic crisis has shown. Unions do not have the organisational strength to mount large drives in the private sector and when they have attempted to reach new members they have often met with employer resistance which the state has done little to curtail.

The clustering of unions and collective agreements in the public sector has led to a segmented labour market of insiders and outsiders. Labour codes in most of the former Yugoslavia offer substantial protection to those with indeterminate contracts, which has led to a drive, on behalf of employers, to remove labour market ‘rigidities’. Quantitative scores for employment protection legislation are slightly higher in the region than the OECD average. Given the comparatively generous severance packages and notice periods stipulated in labour codes, most employers have avoided creating new jobs with indefinite contracts and have embraced fixed-term contracts instead. This division between insiders and outsiders corresponds, in its broad contours, to a division between old and young workers, the public and the private sector. Those outside the protected ‘core’ workforce can more easily be hired and fired. Slovenia is not exempt from this trend. In fact, the percentage of workers with fixed-term contracts is higher in Slovenia than elsewhere. According to Eurostat, in Slovenia around 19 per cent of all employees have fixed-term contracts, while in Croatia the figure stands at 13 per cent, in Macedonia at 14 per cent, and the EU average is around 14 per cent.4 The segmentation of the labour market has led to an increase in anti-public sector rhetoric. Workers in the public sector are demonised as parasitic and lazy. Unions have proved timid in their reaction to this offensive and have not positioned themselves as defenders of all employees, whether they work in the public or the private sector.

**Strikes and Protests**

Workers and unions have at times shown that collective mobilisation is not only possible but is an effective way to influence politics. For some countries in the region, the 1990s were a period of political instability in which the transition to liberal democracy was incomplete and imperfect. In Croatia and Serbia, unions were among the most important social actors in the democratisation process. For example, in Serbia, the trade union confederation Nezavisnost not only pushed for collective bargaining but also adopted a resolute anti-war stance. In the immediate lead-up to the fall of Serbia’s leader Slobodan Milošević in 2000, it was a worker protest, specifically in the national electrical utility, that was crucial.5 In Croatia, a large protest in the centre of Zagreb, organised in 1998 by unions, was a key event that led to the downfall of the nationalist government. Given the weakness of political parties and the practical impotence of parliaments, it was often unions that became the most consistently pro-democratic social forces. This contribution to democratisation is yet to be fully acknowledged.

After the relative consolidation of liberal democracy in the region, worker protests did not disappear although they changed in form. Given the more permissive political context of the 2000s and, just as importantly, given accelerating privatisation

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companies now depends not only on a volatile political and legal context in which they have few allies, but also on their ability to find business partners to whom they can sell their products. The wave of factory occupations and company-level activism in the former Yugoslavia bears some similarity to the Latin American movement of ‘recovered factories’ (fábricas recuperadas), but workers in the former Yugoslavia have not attempted to establish parallel economic structures. The highly uncertain future of such worker-run companies is exemplified by Jedinstvo, a metalworks company in Zagreb, where only two workers became managers and owners and have to conduct business with conventional companies.

The exact volume of strikes is difficult to gauge. Data collection is poor in all of the former Yugoslavia, including Slovenia. In 2009, when the economic crisis hit the region, the number of strikes increased, most notably in Serbia, but also in Bosnia-Herzegovina. According to the little data available, strike levels appear to be relatively high. For example, in Serbia in the summer of 2009, a total of forty-five companies with 30,000 workers went on strike.7 In Croatia, data on the mandatory mediation of collective disputes show that industrial conflict is far from absent (data from EIRO). There were fifty-two cases of mediation in 2008 (twenty-five were settled), eighty-eight in 2009 (twenty-nine were settled) and 122 in 2010 (sixty-five were settled). Strikes in manufacturing are often motivated by late payment or non-payment of wages, often for as long as six months, while strikes in the public sector are motivated by a push for higher wages. The education sector has been especially lively. Most countries in the region have adopted strike laws that require complicated procedures if the strike is to be legal at all. This makes striking unattractive to workers. Furthermore, strikes lose much of their power in a setting in which owners and managers may not be at all interested in continuing production. Instead, many workers have turned to street protests and attempts to attract media attention.


7 Figures from OECD and SSSS, at www.sindikat.rs.
Although strike and protest levels appear to be moderately high, it should be mentioned that they occur in a public climate and political environment that show little interest in worker struggles. The partial exception to this is Slovenia, which will be discussed shortly. The bar for successful campaigns is set very high, so that only workers with sufficient resources or community support can achieve the required levels of activism. Furthermore, all of these protests have been defensive in nature. Workers have either demanded that their back wages be paid, that corrupt privatisation be stopped, or that their rights in collective agreements not be cut further. Very rarely have workers gone on the offensive and attempted to expand their rights and influence.

The Slovenian Exception

Slovenia presents an exception to much of the trend described above. Yet it is also important to emphasise that it is a partial exception. In the early 1990s a moderate political elite attempted to build a corporatist or social-democratic economy akin to the economic models of Germany and Austria. They initiated a process of top-level tripartite bargaining and signed a series of social pacts that regulated wage policy as well as other policy areas. This process was not free of union pressure or of employer resistance, but overall, the governments of the 1990s proved receptive to labour’s demands. In a period when the independent Slovenian state was just being built, when the Yugoslav market disappeared and the uncertain accession process to the European Union began, an atmosphere emerged that made broad consensus viable and facilitated collective bargaining and concertation. The government was at the time

headed by Janez Drnovšek, a politician whose patience with and acceptance of union demands has been unmatched since.

The Slovenian economic model relied on gradual reforms of the welfare state, tripartite bargaining with the chamber of commerce as the employers’ representative, and modest privatisation which, in the manufacturing sector especially, favoured insider coalitions of workers and managers. All segments of this approach have been attacked in recent years. In particular, mandatory membership in the chamber of commerce was suspended in 2006. If more and more companies opt out of the chamber system, the required level of membership for collective agreement extension (for sectoral agreements) may be in jeopardy. Should this occur, collective bargaining may quickly become decentralised until it is restricted to company-level bargaining. In the public sector, on the other hand, collective bargaining has remained centralised. In short, the direction in which Slovenia is heading is the industrial relations system as it exists elsewhere in the region.

The peculiarity of the initial transitional years seems difficult to replicate. Once economic growth not only returned but transformed Slovenia into a de facto developed country, and once membership in the EU was secure, the atmosphere of crisis that facilitated the initial episode of corporatist policy making disappeared and the conditions for the Slovenian alternative path unravelled. ‘Gradualism’, the Slovenian model of transition that was opposed to shock therapy, was criticised and openly attacked by economists and politicians on the right. Membership of the European Monetary Union has worsened the position of Slovenian exporters, the industrial backbone that was crucial for the growth of the 1990s.

Unions have attempted to stop or soften the new neoliberal push. In this they have had a fair bit of success. Large union protests in Ljubljana in 2005 and 2007 defeated some proposals,

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such as the flat tax (which exists in Bosnia, Montenegro, Serbia, Kosovo and Macedonia, but not in Croatia). Unions have also been able to stop certain measures through referendums. They have successfully organised several one-day general warning strikes (in the public sector) in order to combat cuts in benefits and wages, most recently in April 2012 and January 2013. Popular discontent exploded in the winter of 2012 with large protests motivated by a variety of grievances in several Slovenian towns. The diffuse character of this discontent has made the protests, though impressive in size and not without a palpable sense of drama, mostly without real consequences. Unions participated as one strand in this protest movement but were unable to offer a proactive agenda. The general thrust of the demands has been one of opposition to corruption and chronicism. Politicians and political parties are attacked *tout court*: all politicians are the same, and all are corrupt. There is also a dose of nostalgia for the early 1990s when Slovenia won an independent state and began to establish the rule of law. The popular cry is that Slovenians must return to the year 1991 and rebuild the system, which the elites have usurped.

A progressive leftist agenda may be compatible with such vague but widely disseminated popular opinions. However, such an agenda has not yet emerged. Though Slovenian unions are livelier and more capable than unions elsewhere in the region, even they have not been able to come up with an appropriate response. Yet, given the fact that right-wing elites and employers are dismantling the system that the unions tried very hard to build in the 1990s, the unions will be faced with a choice of sitting future battles out or turning towards more militant solutions.

**Self-management Then and Now**

There has been a massive ideological shift since the break-up of Yugoslavia. This shift does not matter quite as much when it comes to the relevance of markets, since Yugoslavia had already experimented with markets in the 1960s. Instead, the crucial change is the place that blue-collar workers occupy in the hegemonic discourses of each regime. The ideology of socialist self-management celebrated the worker as the foundation of communist society: as a producer who uses his hands and manual labour to create tangible products and commodities. All other groups in society lived off the back of manual labour, as its superstructure or its appendage. Furthermore, each worker was, at least on paper, a 'self-manager', i.e. a citizen of the economic democracy that the regime wanted to build. The reality, of course, was different, since the Party's distaste for, and desire to control, autonomous organisation trumped the ideological goals of industrial democracy. Even so, the regime's institutional changes, such as workers' councils and social ownership of the economy, not only moved the country away from the Soviet model of socialism but also gave workers a real sense of empowerment, entitlement and, when reality did not correspond to their expectations, a powerful sense of frustration.

Current regimes in the countries that have emerged in the former Yugoslavia have no ideology which could be called formal or official. Even so, neoliberal ideas have become so pervasive that they occupy the same place that socialist self-management used to. According to this worldview, workers are remnants of a bygone era. They are no longer simple but noble producers but, at best, part of an anonymous mass of citizens each with the same vote every four years. The creative segment of society is located elsewhere, in the class of entrepreneurs who turn ideas into economic ventures. Workers depend on the good will of the new creative class. As workers, they are superfluous to the regime, where they once used to be the cornerstone. This Copernican revolution in ruling discourse has completely altered the rules of the game for workers and unions. They have thus far proved unable to find an alternative source of legitimation for themselves as workers that would give them more clout when they enter into conflict or negotiation with economic and political elites. There have been several attempts to find a new discursive grounding for workers: as workers who are also war veterans (Petrokemija in Croatia) or as workers
who are also shareholders (Jugoremedija in Serbia). None of these framings has proved sufficiently resonant.

Discussions of workers or of self-management have a hard time gathering momentum in the public sphere. Even when they protest, workers do not refer to self-management in any way. Some discussion has started within the more militant unions, but has not penetrated the core of the union movement. If elites bring up the topic of self-management at all, it is usually dismissed as an amusing quirk of the old system. To ask whether self-management achieved any worthwhile goals is taboo. Learning from the past is thus closed off. For neoliberals, self-management was hopelessly delusional in its ambition to blend economic democracy with economic efficiency. Nothing beyond a quick dismissive or satirical remark can be expected when public discussion turns to the subject.

The old regime is partly to blame for this since it never allowed open discussion of the realities of self-management but preferred to present a glossy ideological version. Additionally, the regime's tendency to over-regulate self-management made most of its practices convoluted and, because of this complexity, rather conservative. What it nevertheless did achieve was to give workers a sense of empowerment, relevance and, more concretely, an institutional platform that could be used in each workplace. Those are precisely the things that are missing in the current situation.

For a new generation of leftist activists, industrial democracy is a very attractive goal, especially its component of direct democracy and decentralised and autonomous decision making. Yet finding a place for direct democracy within the contours of the rather firmly established liberal democratic regimes based on representative democracy and a privately owned economy has proved elusive. Furthermore, this new emphasis on direct democracy is disconnected from the legacy of self-management. It is, as yet, too early to say if this new leftist agenda, forged mostly among students, civil society and the youth, can find an organic link to the Yugoslav past.

Outlook: Can Workers and Unions Forge a New Agenda?

Formulating a labour-friendly response to neoliberal hegemony is complicated by several structural factors. In particular, state weakness is a chronic problem in the region, with the usual gradation from the better organised north-west to the more chaotic south-east. Some states, such as those in Montenegro or Kosovo, are so weak that they are completely captured by particular interests and show a very weak capacity to organise public services, collect taxes and enforce legislation. The picture is much better in Croatia and Slovenia in particular but, even here, labour inspectorates are underfunded and understaffed. Therefore, even the basic implementation of labour codes or collective agreements cannot be taken for granted. Furthermore, the capacity of the state to pursue creative developmental solutions outside the neoliberal paradigm is hindered by weak state capacity.

For workers and union activists, mobilisation has often been problematic because of a lack of allies in civil society. Not only does state weakness mean that sometimes a solution will not be implemented even if all agree to it, but the weakness of

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civil society means that more militant worker activists have a hard time finding partners and support. This problem has been less acute in small towns where the community is easier to organise or where the local population is directly tied to the fate of a single company. Building a progressive leftist agenda will therefore have to be connected to building horizontal links and strengthening potential allies in society. Communication between such groups as, for example, blue-collar unions, farmer associations and university students is weak to non-existent, although each group has frequently mobilised by itself. There have been some tentative attempts to forge such links across social sectors, for example during the student occupations at the University of Zagreb in 2009, or in the 'Workers' and Punks' University' in Ljubljana.

And finally, the economic outlook for most of the countries in the region is not bright. The current economic crisis has additionally limited the scope of what is perceived as a viable policy. Most of these countries are located on Europe’s periphery and therefore cannot be incorporated into the European economy on favourable terms. Slovenia is the partial exception once again, since its light manufacturing sector has managed to insert itself into Western European commodity and production chains. Yet the loss of monetary sovereignty has hurt the export sector in Slovenia and since the mid 2000s it has, like most of its neighbours to the south-east, relied on domestic consumption, speculative construction booms and financialisation. Paradoxically, those countries that have more state capacity to pursue a heterodox developmental policy, such as Slovenia and Croatia, are also more constrained by the euro or the EU’s *acquis communautaire*. European integration laggards have, at least in principle, more room to pursue such policies but do not have the state capacity to do so.

If workers and unions are going to achieve any measure of success in the upcoming struggles with neoliberal doctrine they will have to reach out to other groups in society. Unions need first to reach out to each other, overcoming internal strife, then to workers with fixed-term contracts, and then to workers in the non-unionised sectors. After that, a progressive coalition of unions, farmers and the academic community should be considered. Should such a horizontal alliance be forged, whether with or without the support of a political party, all elites would surely pay attention. Without an effort to engage other actors, the unions will be doomed to a fate of defending an ever-shrinking set of rights.