

# Social Status and Class Identity of the Organized Working Class in Serbia

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**Abstract:** This article explores the relationship between the European identity of the organized working class and its class power in Serbian society. We understand the collective European identity of the organized working class in Serbia to primarily mean adherence to the European social model embodied in collective bargaining, that is, in a social dialogue among social partners: the trade unions, employers, and the state. The European identity of the organized working class in Serbia is also reflected in its support for the values of human rights, private property, the market economy, and multi-party parliamentary democracy. We understand “trade union power” to mean the extent of its capacity to achieve set goals. That is, how much the commitment and the efforts of the representative trade unions in Serbia: The Confederation of Autonomous Trade Unions of Serbia (SSSS/CATUS) and The Trade Union Confederation (UGS/TUC) “Nezavisnost” („Independence”) to join the European trade union movement and become members of the European Trade Union Confederation, the only representative European trade union organization and the recognized social partner at the level of the European Union, contributed to the more prominent role and a more remarkable power of these trade unions in Serbia. Our research is based on the critical discourse analysis (CDA) – discourse-historical approach (DHA), and economic history context.

**Keywords:** Social Status, Class Identity, Serbia, Working-class

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## 1. Introduction

According to the International Monetary fund reports, the global economy hit by the 2008 crisis is not showing signs of recovery [1]. Thus, in the contemporary global economic crisis and domination of neoliberal ideology in the international community, austerity measures characterize the economic and social policies of most countries in Europe. As a result of these policies and the absence of capital investment in several European countries, many jobs have been lost; the share of wages in the gross domestic product is declining while unemployment is rising. In turn, this led to a decline in trade union membership.

For example, as Joseph E. Stiglitz pointed out, trade unions collapsed in the US. In the past, they represented one-third of the American working force, but nowadays, only 12% of employees are organized in trade unions [2]. Rising unemployment and a dwindling number of organized workers in Europe brought about renewal and strengthening of

nationalist ideology and weakened European identity in Western, Eastern, and Southern Europe. In general, the main characteristic of the contemporary global economy is disconnecting between growth and employment. Economic growth is not leading to enough quality job creation, and deficits in decent work remain widespread. Trends of the current labor market situation show increase in working poverty and vulnerable employment [3].

For most of the 20th century, there was a vital link between the successes of the country and family finances. As the country got better off, so did working people. However, since 2010 link between the success of the country and the family budget has been broken. Weakening of the welfare state meant a lower outlay in state allocation for public utilities, loss of employment in public utility companies, and a lower level of service. Private initiatives and commercialization ran in parallel with this process while privatization became more prominent. For the working classes, it meant the loss of acquired economic and social

rights and worsening living and working conditions. With a robust syndical movement and developed civil identity ready to resist the neoliberal policies, strikes, and public protests were frequent. Transition countries of Eastern and Southeastern Europe had significantly lower resistance to austerity measures post-2008 economic crisis. The protests were fewer, with lower participation and less successful than in the developed societies of the European Union. Besides historical and cultural factors, the main reason is a pronounced superiority of capitalist interest over the weak, fragmented, and pauperized working class.

The more a country was indebted with the international financial organizations, whether on the EU periphery or outside of the EU, the more successful the imposition of neoliberal policy. Worker and civil protests were less efficient in such an environment [4].

Volatility within the capitalist system continued after 2008. The measures undertaken did not resolve the key causes of the capitalist economy crisis. Wealth concentration in an increasingly smaller circle of individuals with increasing pauperization of the global majority continued. Oxfam data suggest that the number of billionaires had doubled between 2011 and 2019 while their annual wealth increase reached 11%. This long-term inequality growth is reflected in the number of individuals possessing extreme wealth. In 2010 388 individuals possessed more than half of the total world population, while five years later, that number was reduced to eighty-five. In 2017 the forty-three wealthiest individuals owned the wealth larger than 3,8 billion of the poorest. In 2019, the year preceding the COVID-19 pandemic, just twenty-six richest persons owned wealth equal to the 3,8 billion global poorest [5].

The previously mentioned data on wealth concentration leads us to conclude that capitalism is simultaneously in a new crisis, somewhat occluded by the COVID-19 pandemic. The pandemic's beginning overlaps with the most significant crashes the world stock markets have ever recorded, much more devastating than the 1929 crash. Polemics and differing explanations of the nature, origin vectors of transfer, treatment, and consequences of the pandemic causing disease are still ongoing. The foreground is occupied by the medical aspects, which prevents a clear perception of its economic, social, political, and geostrategic aspects.

What is unique to the ongoing pandemic is that it hit the entire world simultaneously. An economic lockdown occurred on the 11th of March 2020. Behind the scenes, a clash of labor and capital continues, with advantages being on the latter's side. The solutions to the global crisis are being offered by the world's wealthiest, the global corporations, NGOs, and state agencies while the population suffers insecurity, precarity, enforced totalitarian control measures, health, and life perils. Imposed measures further atomize society and introduce novel mental and physical disorders with effects felt collectively. The nature of labor has undergone a radical change, and one must wonder how it will recover and advance in the 'new normal' and freshly imposed constraints.

Issues of health and safety in the workplace disguise the clashing interests of labor and employers. State and financial centers favor the latter in many ways. The former are worse off than they have been before COVID-19 struck. Workplaces are disappearing on a massive scale, and unemployment is increasing while labor market competition is growing. Costs of the crisis (economic, social, health, and political) continue to be transferred to lower classes and social groups, which are rapidly descending into poverty. The state is providing aid to employers with funds raised from taxpayers while reducing the social function through which it should protect the interests of the most vulnerable.

The labor market flexibility process has been accelerated and expanded, accompanied by rising economic inequality and privation for most of the population. Unions have been pushed to society's margins on a national and global level while novel ways of working and work relations emerge. Remote work has risen in prominence, creating more expenses for the employed than the employers. Whole sectors of utmost societal importance are being devastated, education, health, social work. The health care system was devastated even without the COVID pandemic and is barely functioning under strain. Those employed in tourism, hospitality, transport are under particular stress. While new jobs have been created, there are not enough to compensate for massive losses in employment. Either way, it can be said that working-class individuals in the center of the capitalist system are impoverished while those on the periphery of the system suffer even more. In such an environment, there are ever decreasing chances of being protected by unions.

Under globalization in declining national economies and welfare states, trade unions have to rely on international cooperation in seeking joint solutions to defend the rights of the working class. That cooperation is marked by attempts to strengthen the action capability of trade unions and joint efforts to increase wages, to be involved in the drafting of (European) labor and social legislation, collective bargaining (negotiating and signing of European collective agreements, implementation of legislation and collective employment contracts in the EU member states), employment, health, and occupational safety, improvement of living conditions, maintaining and promoting labor, social and union rights, fighting poverty, improving the position of foreign workers, youth employment, additional training, and retraining, promoting gender equality, recruitment of new members and coordination of strikes action activities, protests and other forms of industrial action.

Due to the objective position in the system of the international capitalist economy, trade unions are nowadays social organizations least affected by pronounced nationalistic ideology and mythology in Europe. Furthermore, as a distinctive group with developed class awareness, culture, and identity, the unionized working class also has a stronger European identity than other sections of societies' contemporary class structure in European countries.

The European and working-class identity interrelationship of organized labor is particularly pronounced in East

European countries undergoing transition, including Serbia. However, trade union density in these countries is relatively low. Thus, two representative trade unions in Serbia, Confederation of Autonomous Trade Unions of Serbia (SSSS/CATUS) and Trade Union Confederation (UGS/TUC) "Nezavisnost", which have their representatives in the Social and Economic Council of The Republic of Serbia, gather less than one-third of employees.

These two representative trade unions in Serbia have been members of the European Trade Union Confederation since 2014 and cooperate with the Pan - European Regional Council (PERC) and with the ITUC/PERC Office for South - Eastern Europe. Even though the Socialist Federal Republic of Yugoslavia (SFRY) broke up in the fratricidal war between Yugoslav peoples, in 2011, the Regional Trade Union Council Solidarity was founded in Belgrade and a body that coordinating the operation of the biggest trade unions in Serbia, Croatia, Slovenia, Bosnia and Herzegovina, Montenegro, and Macedonia [6].

However, the commitment and efforts of the representative trade unions in Serbia to join the European trade union movement and become members of the European Trade Union Confederation, the only representative European trade union organization and recognized social partner at the EU level, did not contribute to a more significant role and power of these trade unions in Serbia.

## 2. Neoliberal Policies and Reduction of Worker'S Rights

The capitalist system passes through occasional crises. According to Immanuel Wallenstein, the world capitalist economy is a unified system. It is connected by unequal and spatially hierarchical division of labor, the center, semi-periphery, and system periphery. Today it faces a structural crisis [7] Branko Milanović exposing noted in his research that globalization contributed to an increase in inequality and poverty. Inequality is transferred inter generationally and creates a new sort of aristocracy. The crisis of 2008 uncovered the impossibility of the middle class to conceal a quarter-century of stagnating income through increasing indebtedness [8]. It is but one in a chain of crises of capitalism its inherent contradictions. Among the most important consequences of the 2008 crisis is the accelerated enrichment of a minority at the expense of majority impoverishment. Through neoliberal cost-cutting policies, the state assisted the financial and banking sectors and major corporations by quantitative easing while simultaneously destroying its citizens' essential material existence.

A reverse process occurs in industrial relations, reducing and canceling the existing, acquired labor rights. Earlier processes of deregulation, liberalization, privatization, labor flexibility, and union marginalization are intensified in developed capitalist countries and societies on the periphery of the capitalist economy. The societies in transition experienced this rapidly and in a brief period. Erosion of

labor rights and reduction of union power was additionally enhanced through privatization and associated deindustrialization. This assault of capital against workers and their acquired rights continued the neoliberal policies implemented rigidly and vigorously by Margaret Thatcher in the United Kingdom and Roland Reagan in the United States. In the last decades of the 20th century, they paved the way for a permanent dismantling of workers' economic and social rights. Their policy was a response to the crisis of capitalism that occurred from 1973-75, the essence of neoliberals being the protection of high capital. Both saw the welfare state, labor rights, and unions as their enemies. In the decade of their rule of (Thatcher 1979-1990; Reagan 1981-1989), the unions suffered blows from which they never recovered. The consequence of Thatcher and Reagan's reliance on the teaching of Friedrich Hayek and Milton Friedman were mass layoffs and drastic increases in inequality; all the while, actions were taken in the interest of the richest and smallest segment of the society [9, 10].

Here we quote Thatcher and Reagan's essential neoliberal policy elements, the essence of which is based on three principles deregulation, liberalization, and privatization [11].

Margaret Thatcher's point of departure was that: "There is no such thing as society. There are individual men and women, and there are families" [12]. No government can do anything except through people and people look to themselves first. The state should assist the poor to provide bare survival.

It follows from the quote that Thatcher supported a reduction of the role state plays in social policy. She particularly emphasized that the state was superfluous in regulating economic relations because the market is perfect. It has priority over the state and private property. The market enables perfect social advancement through its operation, while state control is unnecessary. Consequently, she focused her policy on reducing subsidies to state-owned enterprises and national systems and then privatizing them. Primary state income was significantly reduced, and monetary policy loosened, enabling major private corporations' assistance. Once customs duties were lowered, the foreign investment flowed, and the economy recovered.

Assistance to high capital was reflected in tax cuts as well. The highest tax margins were reduced from 83% to 40%, while the VAT was increased from 8% to 18% [13]. The latter had a maximum impact on decreasing the living standard of the working class and poorer sections of society. The tax reform Act of 1988 intended to equalize taxes for all, but the effect was legalized inequality and extended privilege for the wealthy. During Thatcher's term in office, the GDP rose by 23%, while personal wealth rose by 80%. Between 1979 and 1990, inequality measured by Gini coefficient rose from 0.25 to 0.34 [14]. As the Secretary of State for Education and Science in 1970, Margaret Thatcher withdrew free school milk from children over seven in 1971, earning her the nickname "Thatcher, the Milk Snatcher." [15]. She was triumphant in her first mandate, through victory in the Falklands war (1982), and her winning streak continued by

winning against the unions, strikers, state-owned companies, health, and education systems. The highly restrictive Employment Act was adopted in 1980, giving the newly established state agency power to enlist police forces from all parts of the UK against the workers. The decisive assault against the unions occurred between March 5th, 1984, and March 3rd, 1985 [16]. Miners' unions were the pillar of the syndical movement in the United Kingdom. Thatcher decided to privatize the mines, break up strong unions, and conduct an all-out assault against the welfare state and public property. She refused negotiation and used all means at her disposal, from information manipulation to physical force. After a year of attrition, the union resistance ended, and those who returned to work did so without a collective agreement with management. The Prime Minister's triumph was absolute, as evidenced by data showing 165 privatized mines before the end of her rule and 230,000 miners out of work [17]. Public sector employees were the next victims of Thatcherism. She had a particular pique against strategic industries which were heavily subsidized by the state. Margaret Thatcher privatized 50 of the most important state-owned enterprises and gained funds which she diverted to assist the privately owned ones [18]. An ancillary record win was union-busting which had primary representation in the public sector. Services were privatized to a remarkable level (public utilities, railways, postal services), while the break with the welfare state was rapid and radical [19]. Ronald Reagan followed a similar neoliberal policy [20]. One of the first moves he took was the elimination of food stamps. It was an indication of the rejection of the social function of the state. The core of his politics was the belief in the unlimited power of the markets and unfettered access to them. All the cost-cutting, freed-up resources and the possibility to print money were redirected towards the financial and defense sectors. The tax cuts he implemented like Thatcher were to the detriment of the working and middle classes. A significant win against public-sector unions was the break-up of the 1981 flight controller strike. Symbolically it was the harshest blow against a union (PATCO) and the syndical movement in the United States. Like the British prime minister, Reagan insisted on withdrawal of the state from the mediation between the employees and employers. They despised unions, collective bargaining, and collective contracts and let workers negotiate individually. Laws were adopted that made it harder to employ younger workers, forced to accept lower wages, and simpler to fire. In short, the path towards the cancellation of acquired labor rights was laid out by neoliberal policy.

### **3. The Social Structure, Class Awareness, and the European Identity of the Working Class in Serbia**

The working class in Serbia is predominately made up of the unemployed and those working in the informal economy. Many workers have slipped into the grey economy or left the

job market altogether, relying on family members' remittances working abroad or going back to farming. Those who were near the end of their accrued work time have taken early retirement. Many female workers have withdrawn from the job market and focused on doing work within the house. There is a high percentage of citizens in Serbia who are not economically active. The percentage of economically active citizens in the total working-age population in 2009 was only 49%. At the same time, the average percentage of the European Union workforce for that same year was 71, 3% [21].

In 2012, the population of Serbia decreased to 7,200,000 inhabitants, approximately 1,700,000 of which were retirement pensioners and about 720,000 unemployed, which were circa one-third of the entire and more than 40% of the adult population. Thus, the share of these two groups in society doubled in 20 years. They now make up more than 50% of the population of Serbia. Some sociologists see the retired pensioners and the unemployed as distinct social classes, separate stratified groups that have ever-increasing influence in the functioning of Serbia's social system [22].

Apart from the economically inactive population and those self-employed in the grey economy, an additional 20% of the workforce is farmers and small entrepreneurs. This group is volatile because the market flows drive them towards wage labor in an economic crisis.

Among the 1,7 million economically active inhabitants whose primary source of income is wages received from the officially registered employers, the mainline that divides them is the difference between those employed in the public sector and those employed in the private one. The state employs one-third of the employed workers. The public sector workforce has a proportionally elevated level of trade union membership. In contrast to the public sector, where the trade union membership is 60%, only 12% of the workers in the private sector are members of a trade union [23].

The dramatic downfall in the number of unionized workers in Serbia began in 2000 when 40% of the employed were trade union members [24]. This drop resulted from the loss of one million jobs in the process of privatization of the social capital in Serbia until 2015 and the loss of confidence in trade unions by parts of the working class. According to the research conducted in 2010, only 15% of the employed had confidence in the trade unions, while 46% of the interviewed did not trust the trade unions [25]. The rate of trade union organization in Serbia today is estimated at 23-25% and is constantly decreasing.

According to the research conducted in Serbia, 63% of the organized workers, trade union activists, and leaders have a positive attitude towards the EU. Thus, the working class with the highest-class awareness also has a pronounced European identity [26]. We understand that the collective European identity of the organized working class in Serbia primarily means adherence to the European social model embodied in collective bargaining, that is, in a social dialogue among social partners: the trade unions, employers, and the states. The European identity of the organized

working class in Serbia is also reflected in its support for the values of human rights, private property, the market economy, and multi-party parliamentary democracy.

The concept of identity in Sociology is a multidimensional one. Ethnic affiliation and social class are considered the critical conditioners of social identity. Social identities are manifold and include a collective dimension. Shared identities having common goals, values, or experiences as a unifying center can create a significant base for establishing social movements such as the organized labor [27].

In this research, we begin with the approach to the multidimensionality of the cultural identity of social groups (classes). "Class can be defined as a broad grouping of individuals sharing economic resources that powerfully shapes the ways of life they can live." [28].

Based upon the inquiry into economic indicators of Serbia's working-class in the economic system in transition based on privatization through Foreign Direct Investment, we will attempt to establish using the economic history method, the correlation of European Trade Union Confederation (ETUC) affiliation of the representative trade unions in Serbia, and their capacity for national action.

The restoration of capitalism and the collapse of the workers' state in Serbia, same as elsewhere in Eastern Europe, brought about an ideological confusion in the minds of the majority of the working class. It led to the trade union members losing the integral and transparent social and individual orientations and realistic aspirations. The crux of the working class's disorientation lay in the drastically worsening of its financial situation and the process of privatization.

The suicide mortality rate (per 100,000 populations) is an apt indicator of the worsening position of the working class and its ideological and social disorientation in Serbia and Eastern Europe in general.

Immediately after the collapse of the communist socio-economic system in Eastern Europe, privatization of social capital, and the disintegration of the Socialist Federative Republic of Yugoslavia (SFRY), Czechoslovakia and the Soviet Union, the suicide mortality rate in 2000 was 56.2% in Russia; 50.69% in Lithuania; 43.18% in Belarus; 36.80% in Ukraine; 34.38% in Latvia; 32.26% in Hungary; 32.19% in Slovenia; 29.22% in Estonia; 21.26% in Croatia; and 20.91% in Serbia [29].

It has decreased significantly since. Nevertheless, these countries are still among the ones with the highest suicide mortality rate in the world.

A collective and individual disorientation of the working class was especially evident in the wave of significant strikes in Serbia between 2009 and 2010. Workers of almost all unsuccessfully privatized state-owned enterprises went on strike, among them: the leather industry Partizan in Kragujevac, the textile factory Niteks in Niš, the car tire factory Trajal in Kruševac, Zastava Elektro in Kragujevac, the metal chain factory Filip Kljaji in Kragujevac, the screw factory Gradac in Valjevo, the Topola Livar Group foundry in Topola.

More than 25% of the population in Serbia today lives below the poverty level, and the minimum wage is a little more than 1 EUR per hour, while the unemployment rate is around 20% and more than 40% among the youth.

On the other hand, a widely held opinion in Serbia is that privatization is theft, and the new owners are thieves. According to the research done in 2004, one-third of the citizens perceived privatization as theft, and only 9% of the interviewed thought positively about privatization. They mostly had an unfavorable opinion of the new owners, the capitalists. One-third of the interviewed thought that most new owners became rich through illegal means, almost a fourth of those interviewed thought that almost all new owners became rich illegally and dishonestly [30].

In research conducted in 2010, 44% of those interviewed thought that privatization was outright theft and only 3% of the interviewed thought it was a necessary reform measure that was generally implemented well [31].

In the course of the transition, three waves of strikes occurred. "While statehood and national issues dominated, the strikes were rare and the demands modest." [32] The first wave took place in the second half of the nineties, the second during accelerated privatization in 2003 and 2004, and the third between 2009 and 2001. Each one was less effective than the one preceding it, while all were ineffective compared to the strikes in socialist Yugoslavia [33]. The third wave of strikes is synchronous with the end of the privatization process and demonstrates the working class's disorientation, fragmentation, and powerlessness.

The demands of the workers in enterprises that did not initiate the privatization process demanded the following: back pay, other remaining remuneration, production restructuring, signing and implementation of collective agreements, postponement or initiation of privatization, prevention of bankruptcy, production restart, severance packages, and assistance for redundant workers, payment of social and health insurance benefits. The workers of 'Ravanica' company in Čuprija revolted against forced privatization [34]. The Agency for privatization forced the successful company into privatization. The workers defended their rights and the company's management, protesting in Belgrade for 47 days, beginning in August of 2009. They forced the government to abandon the process. The union, political support from the local government, and other companies contributed to the workers' success.

The unions clashed in PIK Zemun, a company in bankruptcy proceedings. In April of 2010, 185 workers protested, demanding 24 months of unpaid wages, 12 months of unpaid retirement benefit payments, and severance packages while denounced by the general public. The most radical protests occurred during the strike organized by TK Raška from Novi Pazar. The company was not producing as it was undergoing restructuring; by April of 2009, there were 60 months of unpaid wages and retirement benefits. A hunger strike began in union offices. The government ignored the strike, and a worker named Zoran Bulatović cut off the tip of his finger. At the end of 2009 and the beginning of the

following year, primarily the female workforce protested by engaging in hunger strikes and threatening self-immolation. They demanded the money from a promised severance package that disappeared into thin air while the government, unions at large, local authorities, and the media did their best to ignore them completely [35].

The best-organized strikes were also the most successful ones, protests by the students, taxi drivers, and lawyers. Students demanded lower tuition costs and relaxed conditions for the transfer of unfinished modules from semester to semester. Taxi drivers and lawyers blocked courts and streets for months on end, refusing to pay imposed higher taxes and fees and VAT system-linked payment terminals. In the end, the government folded and accepted all the demands, just as in the case of strikes in the national Telecom and the national Power distribution grid.

The majority of strikes occurred in the freshly privatized companies, where the most common worker demands were: reviews of the privatization contract, severance payments, continuity of the production process, unpaid wages or the balance of remaining back pay, payment of mandatory benefits, severance and social assistance packages, annulment of privatization, change to majority ownership or a new buyer for the company, protection of workers' rights (as well as minority shareholder rights) and prevention of bankruptcy. Factories were blockaded (Niteks, Partizan, Magnohrom), local administration buildings (Niš, Kragujevac, Kuršumljaja) and primary communications (Beograd-Niš railway, Niš-Priština highway). Companies Trajal in Kruševac and Magnohrom in Kraljevo, purchased by foreign owners, were deliberately driven into ruin while their workers frequently protested or went on strike due to abandoned production, unpaid wages, or benefits. Domestic ownership did not guarantee a smooth end of privatization, Zastava-Elektro from Rača, GIK Prvi Maj and 7 Juli from Kuršumljaja, Partizan from Kragujevac, Budimka from Požega all failed. The protests went on regardless of the weather, from -10 C below to +40 degrees. Except at the local level, there was no general workers' solidarity like in Niš and Kuršumljaja. The government supposed to be the guardian of the privatization process protected the interests of the new owners rather than those of disgruntled workers.

The specificity of these strikes was that the halt in production was followed by occupations of factories, rallies in front of government institutions, occupation of local parliaments, blockades of traffic, public institutions, railways, and clashes with the owners and police. Hunger strikes followed these long-lasting strikes; workers resorted to self-inflicting injuries and threats of suicide as means of protests.

The representative trade unions failed to support these strikes. During these strikes, "a collective memory of socialism as a better time" was articulated. The workers demanded that the production activity of the privatized enterprises be continued, but it was also evident that there was an ideological confusion over the direction the struggles and solutions to the problems should take. "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? [34]."

#### **4. Trade Unions, Industrial Actions, and Privatization**

In November 2011, during the protests, the biggest trade unions representing utility services were against introducing public-private partnerships in the utility services. It was the first time that organized workers explicitly spoke out against the policy of privatization.

Several thousand people participated in protests organized by three Unions (UGS Nezavisnost, SSSS, and Sloga). The goal was to remove proposals of the Law on communal services and the Law on public-private partnerships. The demands were delivered to the relevant ministries and the Serbian president. The protesters emphasized that there was no public consultation, expert opinion, and those of representatives of the public utility companies were disregarded. Criticism of the government was due to the speed with which the laws were pushed through the parliamentary procedure (overnight). Union leaders believed that the government held them in contempt; there was no clause for 10-year special collective agreements, and the Socio-economic advisory council was not allowed to review the Law. In such was they were bypassed and denigrated as social partners.

The President of the Communal housing employee's union of Serbia clarified the essence of the protest demands: We have awakened and defeated fear. We will pursue our goals until the end. Our demands are honest and humane. To preserve what is most important in Serbia-the waters, forests, energy resources. We are here today to stop plunder and stop the Law communal services and public-private partnerships, the partnerships that entail slavery. Wherever foreign capital entered, the prices of public utilities rose, and the quality of services dropped, disease and epidemics followed. The lives we are leading are not dignified [35]. In such a way, they stood up against the privatization of the public utility companies on behalf of the employees and the general public, articulating the need to protect the common good and public interest.

They specifically emphasized the danger and consequences that privatization entails and illustrated with international cases. Among the many banners carried by protesters was a slogan: "Today we are hungry-tomorrow we will be thirsty!" The union leaders demanded that the state retain 100% ownership of the public utilities like the water supply, sewer system, remote heating, tram, and trolley public transit, and cemeteries. This demand countered the proposed law. The unions collected 110,000 signatures to call

a referendum against these laws [36].

Although the representatives of the representative trade union Confederation of Autonomous Trade Unions of Serbia (SSSS/CATUS) bluntly declared to be against the model of public-private partnership in the utility sector, it contradicted the previous and subsequent stands of the mentioned trade union on the introduction of private capital in the public-utility enterprises [37].

Thus, the different stands of the above-mentioned trade union bear witness to the ideological confusion in the modern workers' movement in Serbia.

Regardless of the opposition on the part of the unions against the privatization of public utility companies, changes and amendments to the Law on Public Utilities were adopted towards the end of 2016 (Official Gazette no. 88/2011, 104/2016), providing for the introduction of public, private partnerships in public utility enterprises. These included water supply, public lighting, road maintenance companies, etc. The law envisaged that local governments could contract with companies providing water supply, heating, garbage disposal, public lighting, graveyard maintenance, road maintenance, streets, and park maintenance (Article 9). Out of fifteen services listed, nine could be contracted out to concession holders of natural resources in public ownership, six based on capital investment under the public-private partnership model.

The Law envisages that private companies entering through a concession or a public-private partnership the system of water supply, public lighting, maintenance of public use spaces, production and distribution of heating, road maintenance, street and park maintenance, cemetery, and market management, can charge the citizens of Serbia for their services.

The burden of maintenance of public utilities was shifted by the government through this Law onto already pauperized populace. At the same time, the 'entrepreneurs' close to the government were allowed profits on the backs of the working-class families.

Erosion of the industrial production capacity and socially owned capital transpired in Serbia through privatization, flowing to the private buyer, the consultancies, and the state bureaucracy. 4.3 billion RSD was paid out to various consultancies between 2001 and 2011 [38].

The privatization process in Serbia, which was a vital component of the neoliberal project, brought about the ruin of many factories and the near-total de-industrialization of the country.

By 2002, several domestic development banks (i.e., Beobanka, Investbanka, Beogradska Banka, Jugobanka), which have extended credits to the industry at low interest, were deliberately driven into bankruptcy by the government. These four banks covered 70% of the assets in the banking system of the Federal Republic of Yugoslavia (Serbia and Montenegro) at the time. They were liquidated as a part of an International Monetary Fund (IMF)/World Bank directives that sought the liquidation of all but two of the twenty-eight domestic banks. With this move, the space for a vast banking

takeover of the domestic financial services sector opened (none of the foreign banks had a developmental role). The IMF and the World Bank supported this economic reform.

The state showed little appetite to maintain production in socially owned enterprises that employed many workers. Funds from the sale of factories were used to fill the state budget and purchase social peace while enabling an excellent infrastructure to be created so that the foreign investors could engage in Greenfield investments in the newly opened 'free zones'. These 'free zones' were characterized by working conditions that offer minimal pay, allowing foreign investors to use cheap labor (cynically referred to as 'comparative advantage' by local neoliberal economists).

There was a marked increase in labor protests due primarily to the non-payment of wages and benefits or because of layoffs. There were over thirty strike actions throughout the country in the period 2000-2009. Many of them had taken on radical forms, including factory occupations, railways blockades, city-hall, and police station takeovers, sleep-ins, boss-napping, hunger strikes, even a case of self-mutilation. In these actions, workers sought to prevent shady privatization deals from occurring or trying to save their jobs and enterprises from bankruptcy following such privatizations. The main concern of most workers in these actions was to ensure the continued payment of salaries, compensation, etc., upon which their survival and those of their communities depended. Many of these strikes were organized at the factory level, with little input from the mainstream unions in Serbia.

Many strike committees came together to form a Coordinating Committee (CC) for Workers Protest in Serbia (CCWPS). The Strike Committees that joined the CC represented workers from three cities and five branches of industry (electrical components, pharmaceuticals, rail-products, food-processing, and confectionery products). One of the groups in the CC, the workers of Zastava Elektro from the city of Rača, organized a protest in front of the headquarters of Serbia's Privatization Agency in Belgrade on 11 August 2009. Protest demand was a request to the Privatization Agency to annul a damaging contract of privatization sale of Zastava-Elektro, to a consortium headed by Ranko Dejanović [39].

A protest was held outside of the Ministry of Justice on the 24th of December 2013, organized by employees and debt holders of Trudbenik, Rekord, Vizahem, and Srbolek companies. Employees and debt holders from Jugoremedija in Zrenjanin, Belgrade-based Montaža, Tri Grozda, and other companies privatized through bankruptcy proceedings, Učitelj Neznalica (an NGO) and Civil Alliance joined their initiative [40].

Although the Law on privatization carried a possibility for workers to purchase the property of socially owned enterprises in which they worked and had built, the outcome was that state apparatus deliberately made it impossible. An ideological-political battle against "the specter of self-management" was openly conducted. This government policy was at its most blatant in the privatization of the Veterinary

Institute in Zemun. Determined effort on the part of the workers' consortium in the attempt to buy 70% of the socially owned capital failed and testified to the arbitrary suspension of the Rule of Law by the oligarchy in Serbia's privatization [41].

The outcome of privatization in Serbia was the deindustrialization of the economy. The government of Serbia had to draft a re-industrialization plan in 2011, that is, a document entitled Strategy and Policy of the Industrial Development of the Republic of Serbia during 2011-2022. This document assumed that socially owned and state enterprises are inefficient, and that private property was the most efficient form of the property, so that the process of privatization and restructuring needs to be finalized as soon as possible [42]. Even though it was apparent that privatization had led to the devastation of Serbia's industrial capacity and decline in the number of industrial workers, the government pushed on with privatization for reasons that were ideological and not economic.

The privatization process or restructuring had led to a loss of capital in 153 companies in restructuring and 419 companies under the aegis of the Privatization Agency by 2013, according to Saša Radulović, the Minister for Economy at the time. The value of companies was lower than the value of accounts payable. "300,000 jobs were lost." [43]

There were 275,000 industrial workers in 2014, while their number was 998,000 in 1989. The number of workers in industrial production dropped to that from 1955 and was slightly higher than the number of industrial workers in Belgrade alone (245,390) from 1990.

Intensive industrialization through socialist planned industrial development based on domestic accumulation proceeded in Serbia beginning in 1947 (The first five-year plan) up to 1984. Average industrial growth rates were 7.9%. Agricultural production fell below 50% of the total economic activity; thus, the population making a living from agriculture fell below 50%. Serbia went from being an agricultural producer to being an industrialized country. Before the start of the privatization in 1990, industrial production made up 31% of the Serbian GDP, while in 2014, the share fell to 19%. In 2013 industrial output fell to 38.4% of the 1989 output [44].

The President of the Construction workers Union Duško Vuković emphasized the following in the interview published in *Politika* daily on 2nd of May 2015: "The status of the majority of the workers in Serbia today is a unique version of the neo-liberal concept of society and economy getting ever nearer to the slave-owning model rather than social-relational one. Due to under-developed mechanisms of state control and application of legal regulations, the worker is at the bottom of the hierarchy for settlements. Already minuscule salaries are not paid out; there is a mass evasion of taxes, retirement benefit, and medical insurance payments so that workers are denied their constitutionally guaranteed right to primary medical care and pensions."

A considerable number of employees in construction, retail, and hospitality work hours longer than allowed by law in

regular or overtime shifts, while the wages for overtime are not increased for excess time worked, night shifts, or shift work. Union representatives are demonized if they initiate dispute proceedings, and blank resignation statements are pulled out and filed. Fear has grown among the workers as they know that their chances of getting hired again have been diminished, so they endure improper and exploitative working conditions.

## 5. Changes to Employment and Social Legislation and Their Effect on Workers

The speed and ways in which employment and social legislation changed in Serbia depended as much on internal factors as it did on international centers of financial and political power. The influence of the latter became more pronounced after 2000. It appeared that it was necessary to speed up liberalization and labor market flexibility through changes to employment law while reducing the state's role in industrial relations regulation. Occurring at the same time, albeit at a slower pace, was the process of reduction of the social role of the state. According to the concept of social changes based on neoliberal policy, care for the individual, the family, and the scope and quality of public utilities shifted ever more away from the state.

Changes to the aforementioned legislation were adopted in the name of European values aimed at European integration of the country. Many of them were contrary to stated goals and meant lowering standards and regulations below the established social and economic rights levels. The most significant characteristic of these legislative reforms was the disconnect with the social welfare state from the period of socialist development. The reforms were implemented in systemic laws (employment, economic partnerships, privatization, retirement benefits, social insurance, public health care, family, and labor law) and their terminology. Two key trends in the liberalization of labor and social care laws followed. One, a notable reduction of socio-economic rights through the Labor Law (*Zakon o radu-ZOR*), the other concerning changes to a complete set of laws, limiting their reach. Increasingly faster changes to laws on employment, unemployment benefits, pensions, disability benefits, health care, and childcare benefits meant the reduction of rights of workers and citizens [45–49].

Workers' protests and strikes against the amendments and additions to employment and social laws had the lowest efficiency in Serbia and neighboring countries. Weak unions with no adequate strategy on how to deal with the transition being one of the reasons. The second being the absence of genuine political organizations that protect the interests of the working class. A third reason is the nature of the ruling political and economic elites, whose interests are more in common with the interests of global capital rather than the progress of the national economy and society. In such conditions, the possibility of competent resistance to the



reduction and loss of work and social rights is minimal. We will briefly list only the most relevant social and economic rights endangered in Serbia in the last 20 years.

While still being a guaranteed constitutional right, the right to work has been severely undermined in practice [50]. Replacing the former socially owned means of production is the prominence of private property, while the socially owned property has been removed from the Constitution and the Labor Law. Workers of Serbia are privatizations biggest losers having lost the largest number of workplaces and all employment-based rights [38]. They are isolated, made to compete with one another, and socially marginalized. The rest of the workers are condemned to merciless competition and exploitation regardless of how much dignity remains in their labor.

Labor-related legislation shift in terminology is reflected in removing the word 'worker' from the Labor Law. Two new terms are in use, the first 'employee' and the second 'engaged on tasks without employment.' [51]. These terms are systemic and entail varying social and economic rights proceeding from performed work, allowing intense exploitation to extract higher profits faster. The changes to Labor Law proceeded under the intense pressure of international financial organizations and foreign investors. The state, as one of the three social partners, performed the role of the switch operator that caused the most damage to the interests of the working class.

With the goal of labor market flexibility, the regulations for lying off workers have been significantly loosened. The accompanying flexibility, i.e., adequate compensation and care in the interim period, did not follow for those seeking new employment. Such an arrangement is not possible in an environment of high structural mass unemployment and declining state outlays for benefits. Flexibility is possible in wealthy countries with low unemployment, developed economies, and progressive taxation models supporting the welfare state. None of those conditions exist in Serbia. The disappearance of the role of protector for the weaker social partner reflected the withdrawal of the state from industrial relations.

Articles 240-264 of the Labor Law refer to collective agreements and social partners, but these have been abolished with the law being implemented. Collective bargaining and social contracts are crucial features of industrial relations in developed European countries. In Serbia, they are marginal. Collective contracts exist only in a few branches of the public sector. In the private sector, they are infrequent at the cost of the workers.

The employer's power has been strengthened in all areas regulating industrial relations: working hours, wages, performance, disciplinary proceedings, and end of the contract (Articles 165 and 179). Workers are not consulted, nor do they decide on working hours, organization, or distribution of work. The employer has the final say, and the workers are excluded. Some of the bylaws are contrary to the constitution, international best practices, and conventions but are still practiced.

Abolishment of the 8-hour workday is the most apparent degradation of workers' rights. This development of civilization is being annulled in Serbia only a century after it was achieved through workers' struggle and made binding during the Kingdom of the Serbs Croats, and Slovenes in 1919 [52]. Workers' rights have been derogated to the XIX century level. Full-time labor and a 40-hour week still dominate as the primary form of employment in developed European countries [53].

Labor Law undermined all of this in Serbia by regulating the conditions for part-time work and other non-standard types of employment. The period of part-time employment was extended from two to three years again, to the detriment of employees (Article 37). There are no limits to the number of contracts during this period of years and the number of contracts in one or multiple companies for the more extended total period. This is counter to the European practice, and the Directive 1999/70/EC dated 28<sup>th</sup> of June 1999, regarding the framework agreement on part-time labor. Many stipulations reduce the rights of part-time employees—the right to annual leave, sick pay, severance pay, union, and legal employment protection. The Law does not guarantee the same rights to part-time and full-time employees. The situation is that most employees in the public sector work part-time for years [54].

The worker's right to negotiate his pay is unprotected in Serbia because the employer sets pay levels, putting the worker in a position of weakness. A collective agreement can provide further benefits, but the agreements have been marginalized under the same law. The right to be informed and consulted regarding safety at work has also been endangered through a separate law protecting the interests of employers. Implementation of the law brought on further difficulties for the workers. The claims of 'Europeanisms' of such a law are baseless as nothing is as cheap as a worker's life in Serbia. Employers are not held liable for compensation or criminally in cases of workplace incidents and deaths [55].

Labor organization that includes work-time breaks, weeks, and annual leave has been fully liberalized, favoring the employer. As we have previously stated, the Labor Law allows working days longer than 8 hours. Breaks have been reduced to 30 minutes, and conditions and length of annual leave have been reduced (time accumulated in working years counts towards the length only for the current employer). The existing regulations have been interpreted loosely and are a constant source of strife and conflict of interest, endangering labor, and human rights of the private sector employees [56]. It is a frequent incident involving foreign investor companies.

Additional financial compensation proceeding from employment has been reduced since 2014: compensation for accumulated work from 0.5% to 0.4%, severance for redundant workers (applies only to years spent with the current employer), retirement severance (from three to two average monthly wages). Liberalization proceeded in a direction diverging from European labor practices. This is evident in the lack of penalties in Labor Law for failure to pay the monthly wage to employees [57].

Such a failure is a criminal offense in other countries.

Following this practice, the law envisages no penalties for failure to pay mandatory retirement and disability benefits, savings for the employer while harm is transferred to the employees. Harm is also caused to the state, but it was the same state that passed a law allowing wages to be paid without accompanying benefits. Eventually, the aggrieved workers cannot retire or retire with a pension that is less than what it should be [58].

Labor Law marginalized the role of unions within enterprises, specifically by excluding the consultation requirement for the drafting of by-laws regulating labor relations, wages, ending of employment contract, and disciplinary proceedings. Other laws made this even more difficult by making the labor dispute process unnecessarily complex and not favoring the workers [59]. There is still no indication that specialized and efficient labor tribunals will be established.

Serbia's Labor Law exorcised workers' councils from the enterprises because the self-management was rejected ideologically, legislatively, and in transition practice of the Serbian society. At the same time, there was no adoption of the instruments and solutions of developed European countries. Article 205 of the Labor Law stipulates that workers councils can be established in companies of fifty or more employees. They are not mandatory, however. Not only do workers councils exist in certain EU countries by acceding to the EU, but every new member state must also establish them and cooperate at the regional level. The workers' councils are an achievement of civilization that is not a priority of the Serbian elites.

The Labor Law has reduced sick pay. At a later stage, foreign investors disputed even this reduced right. Right to compassionate leave (paid and unpaid) has also been reduced, etc. The Law regulated conditions banning women pregnant women and post-partum women from particular work but allowed the employment of minors. The Law on Dual Education has legalized the exploitation of children [60].

Reduction of rights and financial entitlements for pregnant women and mothers has been legalized through the Law on financial aid to families with children. This Law is contrary to the Convention 183 of the ILO on the protection of Motherhood. The Law raises the requirement to entitlements during pregnancy, maternity, and compassionate leave (sick childcare). Women are entitled to take this type of leave only if they have worked for 18 months (12 months previously). The amount of entitlement has been increased, but there is no lower limit [61].

The right to healthcare has been seriously compromised. Entitlements during sick leave have been reduced, and the public health system has been incapable of providing quality services to beneficiaries (97% of the population is covered) for a long time. The total appropriation for the health expenditure was 8.43% of the GDP in 20017, below the EU 27 level. The public or state portion of that is 57%, the lowest in Europe (next to Bulgaria's 52%). Serbia appropriated 5.1% of the BDP for health services, while the EU 27 appropriated 7.9% in 2018. Up to 40% of the health expenditure was from

"out of pocket" expenses [62]. COVID-19 pandemic stripped bare all the weakness of Serbia's public health system. It lacks investment for years on end, and the government participates in legalized export of human capital in the form of Physicians and nurses. Corruption is endemic, making health care inaccessible to most of the working class.

It is particularly interesting that the Labor Law deliberately omits the right of workers to information and consultation, professional development and training, profit sharing, and other forms of participation through employment. In such a way, those rights have been abrogated or annulled. The right to strike has been significantly reduced [63]. A separate law has regulated the right to strike in force since 1996, the secrete behind its longevity being the protection of the rights of the capitalists to the hilt at the expense of the workers' rights.

The concept of decent labor is essential when estimating the effects of the labor legislation, followed by measuring its implementation in practice. According to the ILO, the basic elements are the following [64]: 1) employment opportunities, full-time work; 2) adequate earnings and productive work, allowing the worker and his family a decent lifestyle; 3) decent working time of 8 hours per day; 4) combining work, family, and personal life and assuming non-discrimination of women and various types of assistance for the parents; 5) work should be abolished, i.e., slavery, enforced labor (child, migrant, inmate labor); 6) stability and security of work; 7) equal opportunity and treatment in employment; 8) safety of the work environment; 9) social security and protection, especially regarding challenging to employ, underpaid, unfit, or the unemployed; 10) social dialogue, employers', and workers' representation.

Based on these indicators, we can conclude that the labor legislation of Serbia is far removed from the norms of decent labor both formally and in practice.

To put it briefly, Serbia's market, labor relations, and social policy liberalization led to the loss of acquired rights, higher social inequality, and increased poverty. The policy led to greater competition among workers, increased exploitation through longer working hours, and intensified work. Legislative solutions put the employees in the private sector in a qualitatively unequal position compared to those in the public sector, those not in full-time employment, and the youth compared to those already employed full-time and the retirees. The protective role of the state decreased substantially, benefiting the owners of capital, reflected in the lack of implementation of already reduced legal requirements. At the same time, amendments and changes to the laws legalize and further diminish economic and social rights proceeding from labor. Furthermore, the neo-liberal concept of social policy in Serbia diminished the rights of the most groups most at risk (in terms of health care access, education, and social protection). Appropriation for entitlements has been reduced, lowering the quality and access to services for the larger social groups.

## 6. Collective Bargaining and the Social Dialogue in Serbia

The Labor Law repealed the formal obligation for collective bargaining in Serbia adopted in 2001 (*Službeni glasnik* no. 70/2001 and 73/2001). Amendments to the Law (*Službeni glasnik RS* no. 24/2005, 61/2005, 54/2009, 32/2013, 75/2014) made the labor market all the more flexible for the employers and the role of the trade union in adopting these laws all the more critical.

The social dialogue as the only adequate mechanism that could solve the rising unemployment, reduction of wages, and the tendency to reduce the acquired rights of the workers continually did not function was evident when the Labor Law was adopted in 2014. In a joint statement issued by the Confederation of Autonomous Trade Unions of Serbia (SSSS/CATUS) and Trade Union Confederation (UGS/TUC) "Nezavisnost" in October 2014, they said, "By passing an unsuitable Labor Law and Law on Pensions and Disability Insurance and other laws in the domain of labor and social legislature, the labor rights have been entirely abrogated, acquired rights of the employees and retirees have been reduced, the standard of living for them and their families has been reduced to stark physical survival.

The poverty rate has doubled in the last two years. More than 12.8% of the labor force will be unemployed in the first quarter of 2021, and the same number work without legal employment (the black economy), thus without any possibility of realizing their labor rights, and without basic health and safety working conditions.

According to a Labor survey conducted by the Statistical Office of the Republic of Serbia for the Q1 of 2021, unemployment has raised by 2.1% compared to 2020 a loss of 80,000 jobs with a continuously rising trend. There are 2.72 million employed in Serbia while almost 400,000 are unemployed. Most of those who lost their jobs during this period are over 55 years old and have only completed high school (50,000). Unemployment is higher for women (13.7%; 12.1% for men), while youth unemployment between the ages of 15 and 24 is 32.2% [65].

A substantial number of employed workers who work full-time working hours and achieve expected results receive a minimum wage lower than the so-called "line of poverty" for a three-member family, which means they cannot cover their basic existential needs. These "happy ones" who receive their minimal wages more or less regularly are often deprived of the mandatory social insurance that their employers do not pay and are thus not able to be treated when they are ill and cannot realize their pension or disability rights regardless of how long they have worked [66]. The General Collective Agreement (*Službeni glasnik RS* no. 50/2008, 104/2008, 104/2008) and the Annexes 1 and 8 (*Službeni glasnik RS* no. 8/2009) were published on 9 May 2008, and they stopped being valid on 17 May 2011 [67]. The General Collective Agreement has not been renewed. The subject of collective negotiations has become only individual, collective contracts.

The social dialogue that took place in the Social Economic

Council was practically suspended in September 2013. The activity of the Social Economic Council of the Republic of Serbia was renewed in 2015. It discussed at its sessions the issues connected with employment and regulating the system of labor and labor-legislature relations, establishing the maximum salary in the public sector that resulted in its 10% reduction, collective bargaining in the private sector and on branch levels, establishing the minimal cost of labor not reaching a consensus on this issue during the years 2015 and 2016, acknowledging the information on the results of the International Monetary Fund visit and revision of Stand-By Arrangement, etc [68].

The practice of tripartite bargaining is barely developed in Serbia. That was the most obvious during the process of the establishment of the minimum wage. The Social Economic Council, the body charged with an obligation to establish the minimum wage in Serbia, failed to do so in 2015 and 2016. At present, the minimum wage in Serbia is a little more than one euro per hour, as we already mentioned. It is lower than in China and Cambodia. About 300,000 workers in Serbia receive the minimum wage, and 60,000 do not receive any remuneration for their work.

The conservative government of the Serbian Progressive Party (SNS) and the Socialist Party of Serbia (SPS) advocate an economic development policy based on the model of foreign direct investments (FDI). In 2014 the government paid for an advertisement aired on CNN whose aim was to attract FDI, and it emphasized the high skill and low cost of labor in Serbia. Responding to this, the Confederation of Autonomous Trade Unions of Serbia (SSSS/CATUS) stated on 1 December 2014 saying: "It seems that the only thing that Serbia can offer the world is cheap labor. 'Invest in Serbia where you will get highly skilled labor cheaply' – is the message sent out by the Serbian government to foreign capital. The message is seen in the advertisement aired on CNN that invites foreign investors to Serbia. Such an insult to the working people in our country reveals the true background of the latest legislature. Furthermore, this shameful advertisement campaign just confirms the fact that the real aim for changing the Labor Law and other 'reforms' is the production of poverty, which, together with a high rate of unemployment, will pave the way for the coming of companies whose only goal is profit with minimal investment, that is, with cost of labor kept "as low possible." [69]

It is the dominant policy in Serbia to this day. Social dialogue is dead for all intents and purposes. Although the dialogue in which representatives of unions, employers, and the government has formal structures, the process is not functioning and has never been able to agree on the minimum wage in Serbia. After each round of fruitless negotiations, the minimum wage was always set by the government alone. The current minimum wage in Serbia is 272 Euros which is among the lowest in Europe. The socio-economic council set the minimum wage in 2018 (for 2019) for the last time; in the past two years, the government bodies set the wage level as no agreement was possible during the formal rounds of negotiations within the social dialogue.

At the beginning of June 2021, the unions demanded an increase in the minimum wage of 20%, which was rejected by employer representatives. They demanded a higher percentage of the tax-free portion of the salary instead and reduced income tax and mandatory benefits deduction. In addition, the employer demands were for a complete abolishment of taxes and benefits basis calculations on the minimum wage! Combined taxes and benefits deductions from the employer in Serbia are 61.8% [70].

Public opinion is manipulated via media to generate a perception of economic weakness, which justifies the push to suppress wages. Ljubomir Madžar, retired professor of the Faculty of Economics, points out that our economy is weak, so labor costs need to be minimal, and we should accommodate the employers and eliminate the taxation of the minimum wage portion salary, this being what they are demanding. It would improve the chances of those in peril, the poor, and make the business profitable: "It is highly desirable from a purely economic standpoint that labor costs be as low as possible in order to increase the accumulation potential of our economy. Domestic accumulation hovers around zero for years now, meaning that all the investment is financed through foreign accumulation, depreciation, and mainly through foreign direct investment - Madžar concluded." [71]

Thus, the merciless exploitation of the working class is seen as the main driver of the development policy of Serbia today.

Participation of Representative Trade Unions in the Process of Accession to the European Union

The Stabilization and Association Agreement between the European Union and Serbia was signed on 29 April 2008. That started the negotiations on integrating European values, standards, and norms in the public policy of Serbia with the aim of Serbia becoming a member of the EU. That normatively implies the implementation of European norms and standards in the realm of labor, economic and social rights of the employed and trade union organization. However, the actual practice in this field of social-economic relations in Serbia is moving more in the opposite direction from the European standards as the negotiations with the EU are advancing. According to the research on the stands of trade union activists and leaders conducted in 2014, 94% of the interviewed thought that the domestic practice was moving away from the European standards in regard to employment policies, 85% thought so regarding social policy, 83% thought so regarding worker's participation, 81% thought so regarding the social dialogue, 75% thought so regarding the protection of workers' rights and 68% regarding the influence of trade unions [72].

The EU- Serbia Civil Society Joint Consultative Committee (JCC) is one of the bodies set up within the Stabilization and Association Agreement framework between the European Union and Serbia. The JCC enables civil society organizations (CSOs) from both sides to monitor Serbia's progress towards the European Union and adopt recommendations for the Government of Serbia and the EU

institutions. The JCC understands the notion of civil society as encompassing organizations of employers, trade unions, and other economic, social, and civic interests.

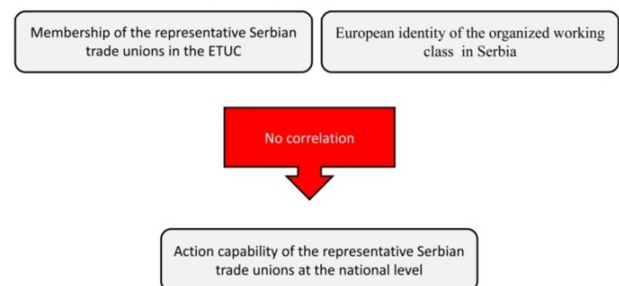
The JCC is made up of eighteen members, nine from each side, representing the EESC and Serbian civil society, and among them are Confederation of Autonomous Trade Unions of Serbia (SSSS/CATUS) and Trade Union Confederation (UGS/TUC) "Nezavisnost." [73]

The two representative trade unions in Serbia agreed and formed joint expert teams which would follow the integration process in five for the trade unions most essential fields that Serbia is negotiating with the EU: social dialogue, legislative-legal issues, economic issues – employment, social policy, and protection, health and safety at work. However, the Serbian government has not done much to involve the two trade unions in the negotiation process in an acceptable way.

Besides the support of the European Trade Union Confederation (ETUC), there is still no possibility for the representative trade unions in Serbia to participate in the bilateral screening of the negotiation Chapters, nor are they included in the work of the Serbian Negotiations Team. Based on a decision made by the government, only representatives of Serbian government institutions can take part in the negotiation groups. The Trade Unions consider that Negotiation Chapter 2, on the free movement of workers and Chapter 19, on social policy and employment to be the ones they are particularly interested in. Representative trade Unions can only be present at the so-called Debrief meetings held after bilateral screenings where the heads of the negotiation teams present the essential information.

It was evident that such a practice in Serbia has influenced the results of research conducted in 2014, where two-thirds of the trade union activists and leaders thought that the role of representative trade unions in Serbia's integration into the EU was negligible to nonexistent [74].

### ETUC AFFILIATION OF THE REPRESENTATIVE TRADE UNIONS IN SERBIA AND THEIR CAPACITY FOR NATIONAL ACTION



**Figure 1.** ETUC affiliation of the representative trade unions in Serbia and their capacity for national action.

## 7. Conclusion

The European conceptual identity of a class-aware and organized working class in Serbian either brought about the

establishment of a social consensus on the directions of the social-economic development in neither Serbia nor the affirmation of the trade unions as equal social partners with the state and the employers. Although the government of Serbia opened the negotiation process for EU membership and thus, began implementing European values, norms, and standards in the socio-political and economic system, the actual social practice in Serbia regarding the economic and social rights of the employed, the role of the trade unions in society, collective bargaining and social dialogue are far from the European practice. On the contrary, as the negotiations unfold, the marginalization of collective bargaining and social dialogue has become even more pronounced in Serbia.

Although the representative trade unions of Serbia, Confederation of Autonomous Trade Unions of Serbia (SSSS/CATUS) and the Trade Union Confederation (UGS/TUC) "Nezavisnost" have become members of the European trade union movement, that is, the membership in the European Confederation of Trade Unions neither contributed to membership increase and organizational strengthening of the named trade unions, nor to the strengthening of their social role and trade union power. As we have seen, the aforementioned representative trade unions proved to be completely unsuccessful in asserting themselves as significant partners with the state and employers in collective bargaining, passing systemic laws on work regulations, social and pension insurance, and negotiation process Serbian membership in the European Union.

The established close collaboration in the activities of the two representative trade unions undoubtedly contributed to a partial overcoming of the trade union fragmentation in Serbia despite the existence of numerous branches of trade unions that are not representative in Serbia (Confederation of Free Trade Unions, Industrial Trade Union of Serbia, Association of Trade Unions of Serbia "Sloga" and others).

The general weakness of the trade union movement, the inability to impose it as the social partner and protect the interests of the working class (the employed, unemployed, the retirees), has significantly contributed to the confused class awareness, ideological disorientation, and collective social and individual apathy of the working class in Serbia.

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