

# Yugoslavia: Union leaders order bank workers to end occupations

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Union leaders last week ordered workers to end their weeklong occupation of several Yugoslav banks. The *Institute of War and Peace Reporting* has described the occupation as “the biggest social protest in the country’s history”.

The protests followed the January 3 closure of four of Yugoslavia’s largest banks. Beobanka, Investabanka, Beogradska Banka and Yugobanka were all closed with the loss of nearly 10,000 jobs. Another 600,000 workers whose companies are linked to the banks face an uncertain future.

On the day the closures were announced, protests erupted in the Serbian capital Belgrade and spread rapidly throughout the country, surprising the government and unions. Within hours of the closure announcement the headquarters of Investabanka was taken over by 800 of its 1,300 workers, while 300 employees at Beogradska Banka occupied the company’s headquarters.

Provincial bank staff also joined in the action. Twenty workers at Investabanka in Vranje and 54 employees in Nis went on hunger strike, whilst in Lazarevac, 190 bank workers locked themselves in at the local Beobanka branch.

The decision to liquidate the banks was taken by the “G17 plus” group of Yugoslav economists who are working with the International Monetary Fund and World Bank to implement a rapid structural adjustment plan. The group includes Yugoslav deputy Prime Minister Miroljub Labus, who is also chairman of the Agency for the Rehabilitation of Banks, Mladan Dinkic, governor of the National Bank of Yugoslavia and Bozidar Djelic, Serbia’s Finance Minister.

Prior to the occupations the unions had tried to channel the workers’ anger into pressuring Yugoslav President Vojislav Kostunica to veto the liquidation.

But Kostunica is hardly an opponent of the structural adjustment programme. He came to power on a programme largely written by the G17 economists for his Democratic Opposition of Serbia coalition, in the October 2000 elections that lead to the ousting of former Yugoslav President Slobodan Milosevic.

One month after Milosevic was deposed, IMF Managing Director Horst Köhler had said that the restructuring and reduction of state banks through branch closures and privatisation was key to the structural adjustment programme. Governments, he continued, should pay attention to the social consequences of restructuring and cushion the effects with “effective, affordable social safety nets”.

In May 2001, the Yugoslav government sent a “Letter of Intent” to the IMF. Signed by Labus, Dinkic, Djelic and Moroslav Ivanisevic, Montenegro’s Minister of Finance, the letter assured the IMF that the governments of the Yugoslav federation and its constituent republics were fully committed to the liquidation or privatisation of 28 insolvent banks.

In September, the Yugoslav government reported back to the IMF on its progress. Of the 28 banks, four were subsequently declared healthy, six needed further supervision, 11 could be saved (including the four now liquidated) and seven had been liquidated.

In the same month, the IMF carried out its first review of the proposals contained in the “Letter of Intent”. The review states that the Yugoslav monetary authorities favoured rehabilitation of the banks because they were “systemically” important. The IMF and World Bank staff, however, wanted all but one or two of the 28 banks to be liquidated. Shigemitsu Sugisaki, IMF deputy director and acting chairman warned the Yugoslav government that it was “important to decide expeditiously on the resolution of the banks”.

Meanwhile, behind the scenes, the government and unions were working jointly to ensure the plan was implemented. At the end of December, Milan Alemijevic, chairman of the Serbian Financial Organisations Trade Union (SFOS) said he had asked the Serbian government not to sell the banks for “peanuts” and to organise a social programme for those who lost their jobs.

Milenko Smiljanic, chairman of the Serbian Labour Unions repeated Alemijevic’s appeal for a social programme. “The mere fact,” he continued, “that some people have been left jobless stirs in me, as a labour unionist, feelings of resistance and dissatisfaction”. However, he warned the bank staff not to count on workers’ solidarity because while “the Serbian economy was for years struggling against crippling interest rates that nearly destroyed it, the bank sector employees did not complain but instead lived well, unlike most of the workers in the republic”. He ended by calling on the government to prepare social programmes for workers in the remaining state enterprises.

Knowing that the unions had accepted the basic premises of the IMF restructuring programme, Kostunica gave his approval to the bank liquidations. Rankovic was forced to resign because, according to Mladan Dinkic, “he had given employees false hopes when he said that there was a possibility of suspending the bankruptcy proceedings in the four banks.”

As soon as the workers began their occupations, they were isolated by the union. On January 11, as the government ordered police cordons around the banks, Alemijevic announced that the receivers had been allowed in to the last occupied bank—the headquarters of Investabanka—and that the union had insisted that a “handover be carried out”.

The following day, the IMF announced their latest loan to Yugoslavia, commending “the authorities courageous decision to close four large insolvent banks” and carry out “important steps in bank restructuring”.



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