

**Making transition, remaking workers**

**Market and privatisation reforms in Bosnia and Herzegovina: the case of  
Energoinvest (1988-2008)**

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as a thesis for the degree of  
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## **Abstract**

This thesis focuses on the social transformations that accompanied market and privatisation reforms in the late- and post-Yugoslav space. It argues that in the historical shift from state socialism to the post-Yugoslav economic system, it was not only work relations that changed, but with them, the very meaning of work, productivity, and property; as workers' role in the workplace was remade, so was workers' identity. Focussing on the case of a prominent Yugoslav exporting company (Energoinvest) – which was embedded in global trade and a non-aligned economic world for much of the socialist period – it shows that a key intent of market and privatisation reforms from the late 1980s to the early 2000s was the (re)shaping of workers' identity. The thesis uses the space of the industrial workplace – as imagined by experts, organised by companies, and experienced and remade by workers – to provide a grounded case study to show how the reformulation of workers' identity has played out over subsequent economic transitions. Drawing upon oral history interviews, archival, and workplace material, the thesis claims that the three waves of privatisation and market reforms in Bosnia (in 1989, in 1997, and in 2002) - from the 'socialist path' to liberalisation, to 'ethno-neoliberal' privatisation - were not simply imposed from outside by hegemonic forces of western liberal markets, but were also shaped by indigenous economic thoughts and practices. These different modes of reform and privatisation represent different moments of contestations – over the meaning of 'work', 'worker', 'productivity', 'ownership', 'belonging' - between and within workers, managers, experts, local politicians, the global market and the international community. This co-existence of overlapping models of reform created hybrid post-socialist identities, which in turn contributed to shaping economic reforms and their implementations in workplaces.

By exploring the interactions between economic reform and identity-making, the thesis contributes to the fields of the global history of socialism, transition studies in Central- and South-Eastern Europe, labour and identity studies in socialist and post-socialist Yugoslavia, as well as post-conflict studies.

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## 0. Introduction

The aim of this research is to analyse the intersections of identity-making processes and economic reforms across major historical transformations: the dissolution of Yugoslavia and its global economic project; the war in Bosnia and Herzegovina; and post-war ethno-capitalist reconstruction. Instead of exposing a shift away from the (ideological) centrality of labour – as other studies have often assumed – this thesis will explore how these historical processes and ruptures these dramatic events reconfigured the workplace as a space of constant re-negotiation and interaction between (labour) identities on the one hand, and new ideas of market and ownership reforms on the other.

As such, the thesis charts the struggles over the meaning of work and the (symbolic) significance of the workplace, as entangled with economic reforms in a (post) socialist and (post) Yugoslav company. It investigates how a range of actors – from local experts to international advisors, to managers and workers themselves – tried to make sense and influence economic changes that followed one another from the mid-1980s to the late 2000s. Across three decades, these actors' ideas converged or diverged around different formulations of workers' roles as owners and/or producers in an increasingly market- and globally-oriented economy; simultaneously, these formulations overlapped with processes of identity-making from the top-down and bottom-up, as well as with the disruption or re-negotiation of a global orientation within companies. This entanglement of labour and ethnic identities, global and local concepts of development, socialist and post-socialist ownership models offered the ground upon which these different understandings of the meaning of work in a reformed industrial workplace could be appropriated or challenged by the workforce. As a result, the thesis explores the entanglements and intersections between processes of identity-making and economic reforms in the context of transition.

This research started in 2014, a year that saw the most significant popular uprising in post-war Bosnia and Herzegovina. These protests were hailed as having mobilised citizens beyond ethnic divisions against neoliberal economic

reforms, and privatisation in particular.<sup>1</sup> Protesters were enraged by decades of privatisation reforms that had brought the Bosnian industrial economic system to collapse. If one approaches the Yugoslav and post-Yugoslav economic history as an almost uninterrupted sequence of economic reforms, how have those who lived through them made sense of these transformations? How do the legacy of socialist values of work, principles of ethnic belonging, and new market values intersect within broader processes of globalisation and de-industrialisation? If we view the post-socialist condition as a turn towards increasingly neoliberal principles of socio-economic governance, questions arise as to how subjectivities shift in contexts of economic transformation. Further, could we extend a similar approach to past attempts at economic reforms, and how would the 'remaking of subjects' look in different historical contexts?

Finally, workers' role is often left out from historiographical accounts of economic reforms during socialism, as reforms are usually analysed as the result of negotiations between different social actors (typically, party elites, local representatives, and workers). What could we understand differently about economic transition if we studied it as a negotiation between different local and international groups, moved by diverse interests, intellectual ideas, expectations and identity formulations? Could this help us to go beyond a narrative of post-socialism as the triumph of neoliberalism imposed by international financial institutions? Could Bosnian workers have had a role in shaping market and privatisation reforms 'after the workers' states'?

In view of this, the thesis answers the following set of questions:

- i. How did economists, experts, managers, politicians and workers conceptualise work, ethnicity, belonging, ownership and productivity across three decades of transition?

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1 Larisa Kurtović. 'Who Sows Hunger, Reaps Rage': On Protest, Indignation and Redistributive Justice in Post-Dayton Bosnia-Herzegovina.' *Southeast European and Black Sea Studies* 15, no. 4 (2015): 639–59.

- ii. What role did identity play in discourse making and reform? How did these reforms and discourses influence how workplaces are experienced as spaces of both work and socialisation?
- iii. How did changes in the meaning of work, ethnicity, ownership and productivity shape workplaces and workers' identities over time?

These questions help us to understand the social dimensions of economic reforms by examining how historical events shape subjectivities, and how in turn these subjectivities contribute to shaping economic transformations. Further, they highlight how the struggle over the meaning of work also becomes the struggle to remake the identity of the worker, to cultivate mentalities, expectations, and values compatible with the economic vision laid out in the reforms. Finally, these questions also help us explain the lingering sense of collective workers' identity one can observe in contemporary Bosnian workplaces; the resilience of collective identities is a result of these complex processes of negotiation and reformulation of the meaning of work, rather than a 'nostalgic' look onto the socialist past.

By drawing upon a wide range of sources (from academic journals to company bulletins, to oral history interviews) the thesis identifies three major reform shifts (in 1989-1990, 1997-1998, and 2000-2002) that reframed the meaning of work in a globally oriented industrial workplace in Bosnia. As the thesis argues, workplaces became the space of negotiation of new ideas about work, motivation, productivity, and ownership; from the top-down and bottom-up, economists, managers, and workers conceptualised, implemented, appropriated or contested different models of reform – which in turn were based upon different understandings of who workers were, and what their role in reformed workplaces ought to be. This re-negotiation of the meaning of work was based on ideas of economic change, as well as on different conceptualisations of workers' identity; thus, reforms affected processes of identity-making. The strong sense of belonging to a community of employees, as well as to broader symbolic categories (workers as Yugoslav self-managers, global exporters, defenders of the workplace-homeland, ethnic citizens), meant that the workplace was also a space where identity and belonging were re-

arranged in relation to different ideas of reform. At the same time, because of the very nature of workplaces as spaces of discussion and interaction, bottom-up responses and workers' own conceptualisations of work, identity, and ownership featured back into the ways reforms were implemented.

As models of reform overlapped across three decades and co-existed with processes of identity- reconfiguration, hyphenated (post)-socialist identities emerged: from the workers-owners' identity of reformed socialism to the worker-veteran-ethnic identity of post-conflict reconstruction, to the identity of marginalisation and discontent in post-neoliberal privatisation. Although the salience of these different identity configurations changed across time, these remain 'nested', i.e. they are entangled and overlap; it is this entanglement, as the thesis shows, which still shapes the way workers make sense of transition in their workplaces.

This thesis approaches these questions and hypotheses by taking the specific case study of Energoinvest (Bosnia and Herzegovina), one of the largest companies in Yugoslavia, and traces its history through major economic transformations (from the late socialist market reforms of 1989-1991, to the civil war of 1992-1995, to the post-war ethno-neoliberal privatisation reforms). This company is particularly significant because it has been at the intersection of a variety of phenomena (privatisation, globalisation, marketisation, and ethnicisation) that have characterised the Yugoslav and Bosnian socio-economic milieu for the past three decades. It was within these processes of transformation that economic reforms, the meaning of work and workplace identities were reformulated.

First, since the late 1980s, Energoinvest has gone through three waves of privatisation reforms (in 1989, 1997, and 2002) - from the 'socialist path' to ownership reform to the ongoing 'ethno-neoliberal' privatisation. This trajectory offers a long-term insight into past and current debates over different ownership formulations, as well as how such formulations were appropriated or rejected within workplaces.

Second, this company was one of the largest in the whole Yugoslavia and was particularly significant for the country's economy and its global development. Here, the market was construed as a factor of economic

exchange, as well as an imagined locus of transnationality; here the Yugoslav (global) significance was to be established as a fore-bringer of both economic *and* ideological progress. This approach can offer a further point of entry in the uncharted field of labour and economic history of global industrial giants in socialist Yugoslavia. The experience of Energoinvest and its workers provides an alternative success story of socialist globalisation in the Yugoslav context, one that was shared by many other companies that still await historical investigation. Moreover, focusing on such a large globally engaged company allows a closer look into the way its workers were exposed to both the internal tradition and logic of self-management, as well as to the market logic of competitiveness and productivity.

Third, such a micro-perspective can give us specific insight into how top-down and bottom-up pressures to reform companies according to market laws played into a company of this kind. Moreover, the size of this company and its strategic importance for the country's economic development meant that economic reforms were conceptualised bearing in mind the needs of such company and its workforce. As a result, Energoinvest was at the forefront of reforms that were aimed at transforming the subject-worker following newly emerging models of economic transition. Even after the war, Energoinvest was at the centre of a model of 'ethnic privatisation', in part supported by its workers, which however completely fragmented the former global giant along ethnic lines. This form of privatisation puts this case study at the intersection with the fourth phenomenon of transformation, i.e. the process of ethnicisation of workplace and ownership relations.

As such, while restricting the spatial scope of the research, a focus on a single large company enables us to focus on multiple sets of reforms and to analyse it from a multiplicity of perspectives. The workplace as a space of investigation represents a 'meso-level' of interaction between top-down and bottom-up re-negotiations of identity and economic reform and thus contributes to the study of transition precisely by charting and analysing this interaction. Second, it gives a vertical rather than horizontal perspective, as it constitutes a central site of negotiation of federal, national and local views on economic change (particularly, market and privatisation reforms). Third, it de-centres the

geographical focus of transition studies in the former Yugoslavia: on the one hand, it brings the perspective of a country (Bosnia and Herzegovina) in the Yugoslav and European semi-periphery; on the other hand, it 'globalises' this experience, by focusing on a workplace that was at the same time a site of factual and symbolic global engagement.

This micro-perspective approach and the abovementioned set of questions aim to engage with three macro-areas in the literature. First, it contributes to transition studies by analysing the relationships of mutual influence between economic reforms and identity-making at the micro-level, by showing the complex local negotiations of reforms, and the persistence of alternative hybrid models in late-and post-socialist Bosnia. Second, it bridges the gap between labour studies and ethnicity-nationalism studies in the region, by illustrating the intersections of labour and ethnic identity across transition. Here, it speaks to the broad literature on post-conflict studies, by exploring the understudied negotiations between local processes of ethnicisation and international pressure for reforms in the context of (de-globalised) industrial workplaces. Third, it contributes to the expanding literature on global socialism by tracing the experience of globalisation and de-globalisation in a large socialist and post-socialist exporter; this allows to decipher how workers reconciled their socialist ideals with their aspirations on the global capitalist market, and how these aspirations shaped their understanding of socialism.

## **0.1 Literature review**

This thesis seeks to bridge the gaps between three bodies of literature: identity studies; economic transition studies in Central and Eastern Europe; and the emerging research on global socialism and its decline. It highlights the centrality of workplaces as core sites of interactions of the processes described in all three bodies of literature: identity-making, privatisation and market reforms, and global entanglements in the socialist and post-socialist world. The research thus makes an original contribution to this literature in three ways: first, it reinserts class and labour identity within the study of identity-making in the former Yugoslavia. Rather than viewing labour identity as a feature of a long-gone socialist past, subsumed within a context of ethnonational polarisation,

the thesis explores the new hyphenations of class and ethnicity, as they emerged within a workplace experiencing transition. Second, it illustrates the salience of labour identity in the formulation of alternative or hybrid models of transition, by arguing that market and privatisation reforms were also shaped by a bottom-up contribution of workers and managers. This argument challenges a narrative of transition in Central and Eastern Europe as the triumph of top-down (neoliberal) pressures to reform, by showing how these ideas were at times challenged, at times embedded in the local tradition of reforms. Rather than discussing transition as a 'defeat' of alternatives, the thesis will show how different resistances to international mainstream models of transition formed multiple sets of hybrid reforms, whose implementation came to overlap in a Bosnian industrial workplace. Finally, the thesis contributes to situate the case of a large Bosnian industry within the global context of socialist economic expansion, and subsequent post-socialist marginalisation, de-industrialisation and de-globalisation. While tracing the declining trajectory from socialist global giant to collapsing privatised structures, the thesis shows the significance of 'the global' in employee's image of their workplace, and its persistence in a dramatically transformed context.

### **0.1.i Transition, market reforms, privatisation**

This section defines the chronological framework of this thesis, and questions the two terms that recur most often in the literature addressed: 'transition' and 'neoliberalism'. In the last ten years or so, historians and anthropologists have criticised the widespread understanding of transition as a teleological shift from socialism/communism to capitalism. Many of these works prefer to use the term 'transformation', to signal their refutation of a teleological view of transition as a mere adaptation to global standards of market capitalism.<sup>2</sup> In this context, it has

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<sup>2</sup> Which has been questioned by recent literature on transitology, see Marie Lavigne. 'Ten Years of Transition: A Review Article.' *Communist and Post-Communist Studies* 33 (2000): 475–83. Ines Priča. 'In Search of Post-Socialist Subject.' *Folks Art Croatian Journal Of Ethnology and Folklore Research (Narodna Umjetnost Hrvatski časopis Za Etnologiju I Folkloristiku)*, no. 1 (2007): 163–86; Adrian Smith. 'Imagining Geographies of the 'New Europe': Geo-Economic Power and the New European Architecture of Integration' *Political Geography*, no. 21 (2002): 647–70; Sabrina P. Ramet. 'Trajectories of Post-Communist

become particularly problematic to use the word 'transition', as it reifies a supposedly universal socialist or post-socialist condition and presupposes a superiority of the 'ideal-typical conceptions of the West'.<sup>3</sup> Conversely, these epistemological debates tend to question the very idea of a post-socialist condition as fundamentally different from the socialist one.<sup>4</sup> Yet, the term transition offers one advantage: it is short and all-encompassing, and offers the possibility of charting multiple hybrid processes and identities; while the thesis will question the very idea of a linear path of transformation, it will at times use the term 'economic transition' to encompass major market reforms, privatisation, and their effects on industrial workplaces.

Concerning chronology, the thesis also draws upon critiques of transitology in Central and Eastern Europe. Historians have questioned an overemphasis on 1989 as 'the' major breaking point in recent history, signalling the 'end of history' or prematurely closing the 'short century'.<sup>5</sup> This thesis goes beyond a view of 1989-1991 as a 'big bang' moment of radical change and rather proposes to examine continuities across ruptures.<sup>6</sup> Throughout the thesis, the use of the

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Transformation: Myths and Rival Theories about Change in Central and Southeastern Europe.' *Perceptions* XVIII, no. 2 (n.d.): 57–89.

3 Michael Burawoy and Katherine Verdery, eds. *Uncertain Transition: Ethnographies of Change in the Postsocialist World*. Rowman & Littlefield Publishers, 2000, p.15.

4 See the debate between Thelen and Verdery: Tatjana Thelen. 'Shortage, Fuzzy Property and Other Dead Ends in the Anthropological Analysis of (post)socialism.' *Critique of Anthropology* 31, no. 1 (2011): 43–61. Elizabeth Dunn, and Katherine Verdery. 'Dead Ends in the Critique of (post)socialist Anthropology: Reply to Thelen.' *Critique of Anthropology* 31, no. 3 (2011): 251–55; Chris Hann. 'Beyond Otherness: With Reference to Hungarian Villagers, Academic Colleagues, Gypsies, Eastern Europe, Socialism, and Anthropology at Large.' *Max Planck Institute for Social Anthropology Working Papers*, no. Working Paper 132 (2011): 1–19; See also Norbert Petrović. 'Framing Criticism and Knowledge Production in Semi-Peripheries: Post-Socialism Unpacked.' *Intersections* 1, no. 2: 801-02.

5 Francis Fukuyama. *The End of History and the Last Man*. New York: Free Press, 1992; Hobsbawm, Eric J. *The Age of Extremes: The Short Twentieth Century, 1914–1991*. London: Penguin Books, 1994; George Lawson. 'Introduction: The 'What', 'When' and 'Where' of the Global 1989.' In *The Global 1989: Continuity and Change in World Politics.*, edited by George Lawson, Chris Armbruster, and Michael Cox, 1–24. Cambridge: Cambridge University Press, 2010.

6 See Zsuzsa Gille. 'Is There a Global Post-Socialist Condition?.' *Global Society* 24, no. 1 (2010): 9–30; Andrew Gilbert. 'The Past in Parenthesis: (Non)post-Socialism in Post-War Bosnia-Herzegovina.' *Anthropology Today* 2, no. 4 (2006): 14–19. Sharad Chari, and Catherine Verdery. 'Thinking between the Posts: Postcolonialism, Postsocialism, and Ethnography after the Cold War.' *Comparative Studies in Society and History* 51, no. 1 (2009): 6–34.

prefix 'post' (post-socialist, post-war) should be understood as just a way to loosely frame a chronological framework (after 1991, and after 1995 respectively), rather than defining of a significant break with the past. Although these are significant historical moments, they do not imply a complete caesura with the socialist or pre-war time. Indeed, to understand the nature of these transformations it is necessary to employ a *longue durée* approach, and understand the history of transition as not just marked by rupture moments, but characterised by the long-term legacy of multiple waves of reform.

Another term that has often come to overlap with the 'post-socialist condition' is that of 'neoliberalism', associated with the transformations that characterised post-socialist countries in transition during the 2000s.<sup>7</sup> By adopting a critical view of 'transition' as a process of constant re-shaping of hybrid market-ethnic privatisation reforms, the thesis challenged the 'one-size-fits-all' employment of the term 'neoliberal' – often an all-encompassing expression used to define the different formulations and shortcomings of global capitalism.<sup>8</sup> 'Neoliberal transition' will be explored as a culturally and socially constructed concept, as opposed to just a historical process. Its use as an often-unquestioned trope in the post-Yugoslav context<sup>9</sup> has led to overlooking all the processes of (re)negotiation of alternatives from the top-down and bottom-up, as the thesis and literature review will show. Hence, the thesis explores the specificities of the post-socialist condition in light of the continuities with the socialist past, along what I define as the Yugoslav 'long 1990s': from the first major 'transition' reforms of 1988 to the 'neoliberal' privatisation of 2002 and the financial crisis of 2008. The thesis thus disentangles the term 'neoliberal transition', by exploring the hybrid permutations of market and privatisation

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7 Jože Mencinger. 'Transition to a National and a Market Economy: A Gradualist Approach.' In *Slovenia: From Yugoslavia to the European Union*, edited by Mojmir Mrak, Matija Rojec, and Carlos Silva-Jáuregui, 67–82. Washington, D.C: The World Bank, 2004.

8 James Ferguson. 'The Uses of Neoliberalism.' *Antipode* 41, no. 1 (2009): 166–84, p.173; Terry Flew. 'Six Theories of Neoliberalism.' *Thesis Eleven* 122, no. 1 (2014): 49–71. Stephen J. Collier. 'Neoliberalism as Big Leviathan, or . . . ? A Response to Wacquant and Hilgers.' *Social Anthropology/Anthropologie Sociale* 20, no. 2 (2012): 186–195.

9 As for example: Denisa Kostovicova, and Vesna Bojičić-Dželilović. 'Europeanizing the Balkans: Rethinking the Post-Communist and Post-Conflict Transition.' *Ethnopolitics* 5, no. 3 (2006): 223–41.

reforms that can be found between ‘neoliberal’ and ‘transition’. The term ‘neoliberal’ and its employment as a definition of a specific set of economic policies (privatisation, liberalisation, and marketisation) does not capture the hybrid economic formations that arose in the 1990s and 2000s. Bosnian post-socialism – and arguably any post-socialist context if analysed closely – is a particularly complex assemblage, where the legacies of socialist reforms, the disruptions of war, and the hybrid reforms projects that came out from the combination of ethnonational and neoliberal pressures, makes it particularly difficult to define such assemblage. For this reason, this analysis shies away from employing totalizing descriptions such as ‘neoliberal transition’ when discussing the complex post-socialist condition, as these divert us away from the multiplicity of hybrid economic formations, and away from the interactions between groups that shaped these reforms projects through time.

Regarding the historiography on the collapse of state socialism, quantitative analyses assessing transition in Central and Eastern Europe have focused on privatisation as one of the critical transformations introduced after 1989.<sup>10</sup> Most of these works concentrate on Poland, Hungary, Russia, and the Czech Republic, often leaving Yugoslavia aside.<sup>11</sup> The few authors who do include

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10 Joseph E. Stiglitz. ‘Quis Custodiet Ipsos Custodiet?’, Annual Bank.’ Paris: World Bank, 1999; David Lipton and Jeffrey Sachs. ‘Creating A Market Economy in Eastern Europe: The Case of Poland.’ *Brookings Papers on Economic Activity* 1 (1990): 75–147; Grzegorz W. Kolodko. ‘Transition to a Market Economy and Sustained Growth. Implications for the Post-Washington Consensus.’ *Communist and Post-Communist Studies* 32, no. 3 (233–261, 233AD): 1999. Stijn Claessens, and Simeon Djankov. ‘Politicians and Firms in Seven Central and Eastern European Countries.’ *World Bank Policy Research Working Papers* (November 1999): 1–31. Tito Boeri. ‘Learning from Transition Economies: Assessing Labor Market Policies across Central and Eastern Europe.’ *Journal Of Comparative Economics* 25 (1997): 366–84; David Stark and Laszlo Bruszt. *Postsocialist Pathways: Transforming Politics and Property in East Central Europe*. Cambridge: Cambridge University Press, 1998.

11 For this literature, see: Maxim Boycko, Andrei Shleifer, and Robert W. Vishny. ‘A Theory of Privatisation.’ *The Economic Journal* 106, no. 435 (March 1996): 309–19; Marek Dabrowski, Stanislaw Gomulka, and Jacek Rostowski. ‘Whence Reform? A Critique of the Stiglitz Perspective.’ *Centre for Economic Performance London School of Economics and Political Science*, September 2000, 1–26. Grzegorz Ekiert and Stephen E. Hanson. *Capitalism and Democracy in Central and Eastern Europe: Assessing the Legacy of Communist Rule*. Cambridge: Cambridge University Press, 2003, p.28, 250; Ulrich Klaus Preuss, Claus Offe, and Jon Elster. *Institutional Design in Post-Communist Societies: Rebuilding the Ship at Sea*. Cambridge: Cambridge University Press, 1997, p.197.

former Yugoslav countries bring the sole example of the Slovenian transition<sup>12</sup> or group the other post-Yugoslav republics separately.<sup>13</sup> This view denotes an underlying assumption of there being an established 'transition path' from where post-Yugoslav republics divert – except for Slovenia. The reason for this is perhaps to be found first in the historical exceptionalism of Yugoslavia, a socialist country with some aspects of a market-based alongside a state-planned economy; and, second, in its dissolution, which triggered a conflict that interrupted the transition reforms of the late 1980s.<sup>14</sup> Such assumptions have affected the study of post-socialist transition, as it has been noted that:

'the former Yugoslav republics have been largely excluded from the comparative analysis of post-communist societies, as if the outbreak of war was an indicator that these societies were simply outside the pale, rather than being extreme examples of processes occurring elsewhere in the region'.<sup>15</sup>

Political economy research on transition often tends to group countries in 'successful' and 'unsuccessful' cases of transition. Particularly for the case of privatisation, different chronologies of reforms (1989-1990 for Poland, Czechoslovakia and Hungary, late 1990s-2000 for former Yugoslav countries) entailed different outcomes. For example, Uvalić and Svejnar assess the cases of the Czech and Serbian privatisation as two extremes of, respectively,

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12 Stephen Crowley and Miroslav Stanojević. 'Varieties of Capitalism, Power Resources, and Historical Legacies: Explaining the Slovenian Exception.' *Sage* 39, no. 2 (2011): 268–95;

John Haltiwanger, Hartmut Lehmann, and Katherine Terrell. 'Symposium on Job Creation and Job Destruction in Transition Countries.' *Economics of Transition* 11, no. 2 (2013): 205–19.

13 Hartmut Lehmann and Alexander Muravyev. 'Labour Market Institutions and Labour Market Performance What Can We Learn from Transition Countries?' *Economics of Transition Volume* 20, no. 2 (2012): 235–69.

14 At the same time, including Yugoslavia in the framework of studies on 'communist countries' leads to a distortion, if not misinterpretation, of Yugoslavia's economic model as belonging to a communist framework. This can lead to a rather inaccurate understanding of the current issues faced by former Yugoslav countries as ascribable to the consequences of a communist legacy. See for example Ivan Iveković. *Ethnics and Regional Conflicts in Yugoslavia and Transcaucasia*. Europe and the Balkans International Network. Ravenna: Longo Editore, 2000.

15 Stephen Crowley and David Ost. *Workers after Workers' States: Labor and Politics in Postcommunist Eastern Europe*. Boulder, New York, and Oxford: Rowman & Littlefield, 2001, p.5.

successful and unsuccessful transition, citing the delay of reform, the inability to attract foreign investment a decade later, and stronger effects of de-industrialisation and globalisation as causes for such a stark difference.<sup>16</sup> In this context, Bosnia is often put together with countries such as Romania and Bulgaria, as examples of the most disastrous implementations of transition reforms; the war of 1992-1995 and the subsequent international protectorate have diverted the country's transition from what arguably is the traditional path: political democratisation and market liberalisation of the economy.<sup>17</sup> This understanding of transition experiences as successes or failures – though useful for producing comparative studies as well as assessing the general progress of reforms in post-1989 Central and Eastern Europe – tends to overlook the differences that exist within these countries, and does not fully question the normative categories of success and failure that are employed. For example, the privatisation reforms in Serbia or Bosnia are widely considered to be a failure according to a set of established indicators (speed of reform, revenue, ability to attract foreign investors to name a few); however, there have been cases in both countries where workers have become private owners of their companies.<sup>18</sup> Even if these companies at present are in a very dire economic situation, and are risking bankruptcy, considering them as failed examples of privatisation does not allow us to understand different conceptualisations of success/failure. For instance, workers might view as a major achievement that of being shareholders of their factories, even if that has not solved their factory's financial situation in the end. Here, micro-studies are vital in understanding what categories do workers employ in making sense of transition, and what kind of expectations are in turn formed upon these categories. In turn, this understanding is fundamental to analyse how identity and self-understanding shape reforms, and vice-versa.

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16 Jan Svejnar and Milica Uvalić. 'Why Development Patterns Differ: The Czech and Serbian Cases Compared.' In *Institutions and Patterns of Economic Development*, edited by Masahiko Aoki, Timur Kuran, and Gerard Roland, 115–45. London: Palgrave Macmillan, 2012, p.116.

17 Fikret Čaušević. 'Bosnia And Herzegovina's Economy since the Dayton Agreement.' In *Bosnia-Herzegovina since Dayton: Civic and Uncivic Values*, edited by Sabrina P. Ramet and Ola Listhaug, 99–118. Ravenna: Longo Editore, 2013.

18 Branko Radulović and Stefan Dragutinović. *Case Studies Of Privatizations in Serbia*. Belgrade: National Alliance for Local Economic Development (NALED) and USAID, 2015.

Additionally, beyond the general lack of micro case studies, the literature on transition and privatisation does not address two significant aspects that featured in the Yugoslav and Bosnian case: firstly, the existence of projects of 'socialist' paths to transition and their persisting relevance even beyond 'failure' of reform. In fact, the political-economy literature discussing transition reforms in Central and Eastern Europe has tended to view the economic and market reforms of the 1990s as a generalised acceptance of the Washington Consensus, i.e. the belief in market force's abilities to solve social problems, with a few cases of resistance to it (most notably, Slovenia).<sup>19</sup> Being part of Yugoslavia, Bosnia as well is considered within this major 'transition' driven by a set of policies driven by Western economists at the beginning of the 1990s.<sup>20</sup> Recent literature has challenged the idea of there ever being a consensus around a unified neoliberal trajectory of transformation: on the one hand, the literature on Varieties of Capitalisms and Varieties of Neoliberalisms show the degrees of variations between countries.<sup>21</sup> In his 'Post-Soviet Social', anthropologist Stephen Collier gives a remarkable example of urban reforms in post-Soviet Russia as a liminal ground where the distinction between socialist-soviet and neoliberal modernity is blurred.<sup>22</sup> His analysis too moves beyond an understanding of neoliberalism – and the application of its norms in a post-socialist context – as an undiscussed product of the Washington Consensus.

On the other hand, historical research produced since the mid-2000s has proposed a new understanding of (neoliberal) transition as a phenomenon embedded in local economic thought, with experts engaged in debating

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19 Janos Martyas Kovacs and Violetta Zentai, eds. *Capitalism from Outside? Economic Cultures in Eastern Europe after 1989*. Budapest, New York: CEU Press, 2012.

20 Grzegorz Kolodko. *From Shock to Therapy: The Political Economy of Postsocialist Transformation*. Oxford: Oxford University Press, 2000, p.256; Milica Uvalić. 'Privatization Approaches: Effects on SME Creation and Performance.' In *Small and Medium Enterprises in Transitional Economies*, edited by Robert J. McIntyre and Bruno Dallago, 171–84. London: Palgrave Macmillan, 2003.

21 As illustrated in: Kean Birch and Vlad Mykhnenko. 'Varieties of Neoliberalism? Restructuring in Large Industrially Dependent Regions across Western and Eastern Europe.' *Journal of Economic Geography* 9 (2009): 335–80.

22 Stephen Collier. *Post-Soviet Social: Neoliberalism, Social Modernity, Biopolitics*. Princeton and Oxford: Princeton University Press, 2011, p.3.

alternative economic models.<sup>23</sup> this further strengthened hypotheses that viewed (neo) liberal and neoclassical economic thought to be rooted in the intellectual exchanges across the Iron Curtain.<sup>24</sup> Thus, as Gerald Creed argues, 'the transition was not a completely novel idea but the result of the snowballing of reforms under way in Eastern Europe for three decades'.<sup>25</sup> Although these critiques are available for the post-Soviet arena, they are rather absent in the case of Yugoslavia. Here, the literature that addresses the late-socialist transition reforms of the late 1980s views them as being informed by the long-term tradition of reforms established in Yugoslavia since the early 1950s.<sup>26</sup> The widespread view over the Yugoslav 'transition' reforms maintains that these were at most a cumbersome attempt at establishing a market economy in an already collapsing system.<sup>27</sup> Moreover, these chronologies do not go beyond the collapse of Yugoslavia, thus missing an opportunity to address the continuities between socialism and 'post' socialism.<sup>28</sup> This thesis analyses

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23 Bohle, Dorothee, and Béla Greskovits. 'Neoliberalism, Embedded Neoliberalism and Neocorporatism: Towards Transnational Capitalism in Central-Eastern Europe.' *West European Politics* 30, no. 3 (2007): 443–66. Ban, Cornel. *Ruling Ideas: How Global Neoliberalism Goes Local*. Oxford: Oxford University Press, 2016.

24 Johanna Bockman. 'The Long Road to 1989 Neoclassical Economics, Alternative Socialisms and the Advent of Neoliberalism.' *Radical History Review*, no. 112 (2012): 9–42; Johanna Bockman. 'Socialist Globalization against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order.' *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6, no. 1 (2015): 109–28.

25 Gerald W. Creed. *Domesticating Revolution: From Socialist Reform to Ambivalent Transition in a Bulgarian Village*. Pennsylvania State University Press, 1998, p.11

26 Bockman 'The Long Road to 1989', p.10.

27 Catherine Samary. *The Fragmentation of Yugoslavia: An Overview*. Amsterdam: International Institute for Research and Education, Notebooks for Study and Research, 1993, p.27; Catherine Samary. 'Revisiting 1989's Ambiguous Revolutions.' In *From Perestroika to Rainbow Revolutions Reform and Revolution after Socialism*, edited by Vicken Cheterian, 33–66. London: Hurst & Co Ltd Publishers, 2013, p.33; Gal Kirn. 'A Critique of Transition Studies on Post-Socialism, or How to Rethink and Reorient 1989? The Case of (post) Socialist (post) Yugoslavia.' In *Beyond Neoliberalism, Social Analysis after 1989*, edited by Marian Burchardt and Gal Kirn, 43–69. Palgrave Macmillan, 2017, p.54; See also Geoffroy Géraud. 'Un Point Aveugle De La Transition Yougoslave : Le 'Programme Marković.'" In *La Transition Vers Le Marché et La Démocratie*, by Wladimir Andreff, 210–30, Recherches. La Découverte, 2006; Susan L Woodward. *Socialist Unemployment: The Political Economy of Yugoslavia, 1945-1990*. Princeton: Princeton University Press, 1995. Raif Dizdarević. *From the Death of Tito to the Death of Yugoslavia*. Sarajevo: TKD Šahinpašić, 2009.

28 Dejan Jović. *Yugoslavia: A State That Withered Away*. US: Purdue University Press, 2009; Woodward, Susan. *Balkan Tragedy: Chaos and Dissolution after the Cold War*. Washington, D.C.: Brookings Institution, 1995; Sabrina P. Ramet. *The Three Yugoslavias: State-Building*

economic reforms before and after the collapse of state socialism as a series of permutations and negotiations of local and global, socialist and post-socialist ideas of reform.

At the same time, Bosnia lies at the intersection with another body of literature investigating the political economy of peacebuilding and reconstruction. Here, a view of Bosnia as the recipient of a general policy of (neo) liberal peace-building solidifies an understanding of the country in the post-war context as purely subjected to hegemonic neoliberal policies of reconstruction.<sup>29</sup> When one looks at the literature on economic transition in Bosnia-Herzegovina after the conflict of 1992-1995, a tendency to see privatisation reforms as dominated by an externally imposed, top-down set of reforms can be noticed. One tends to find the majority of literature is of a strictly economic nature, analysing macro- and micro-economic indicators of transition and privatisation reforms.<sup>30</sup> Additionally, some works in political economy take a critical stance towards the international community's Bosnian protectorate and the pressure that international donors exercised in advocating for externally assisted transition programmes. These programmes, it is argued, 'have an economic reform package based around neoliberal economic precepts of deregulation, liberalisation and privatisation as the key to the establishment of a market-based economy.'<sup>31</sup> Most of these works critically assess the many ways in which international aid and peace-building reconstruction efforts in Bosnia have created an economy highly dependent on foreign aid and

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*and Legitimation, 1918-2005*. United States: Indiana University Press, 2006. Branka Magaš. *The Destruction of Yugoslavia: Tracking the Break-up 1980-92*. London: Verso, 1993.

29 As argued, for example, in: David Chandler. *Peace without Politics? Ten Years of International State-Building in Bosnia*. London, New York: Routledge, 2006; Belloni, Roberto. *State Building and International Intervention in Bosnia*. London, New York: Routledge, 2007.

30 Čaušević, 'Bosnia And Herzegovina's Economy', p.111; Fikret Čaušević and Merima Zupčević, 'Case Study: Bosnia and Herzegovina.' *Centre for Developing Area Studies – McGill University and the World Bank*, 2009, 10–50. Isa Mulaj. 'Redefining Property Rights With Specific Reference To Social Ownership In The Successor States Of The Former Yugoslavia: Did It Matter For Economic Efficiency?' *CEU Political Science Journal*, no. 3 (2007): 225–79.

31 Kostovicova, Bojičić-Dželilović. 'Europeanizing the Balkans', p.232.

characterised by endemic cronyism and corruption.<sup>32</sup> These analyses tend to superimpose a view of post-war economic transition as a transformation only guided by the hegemony of international financial institutions such as the World Bank and the IMF. Precisely because it finds itself at this intersection between two bodies of literature, the Bosnian case is a useful starting point of challenge and broadly inform both these bodies of literature. This case can show how external ideas and locally formulated alternatives were negotiated throughout almost two decades of transformation; and, in turn, how they produced a sequence of hybrid privatisation reforms mixed with different formulations of identity (class, ethnic) that do not fit in the categories employed so far.

Concerning the second unaddressed feature of transition in Yugoslavia and Bosnia – the persistence of alternative concepts of ownership - the thesis broadens our understanding of privatisation reforms in a post-socialist country, in order to include people's identity, expectations and agency in the historical assessment of transition. To do so, I draw upon the anthropological literature that has analysed the transformation of property during transition as a transformation of social relations.<sup>33</sup> According to Katherine Verdery, socialist property regimes produced specific notions of persons and forms of behaviour that allowed property to be managed collectively within networks of managers and firms.<sup>34</sup> As she stresses, privatisation was a matter of transforming socialist

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32 Valerie Bunce. 'The Political Economy of Postsocialism.' *Slavic Review* 58, no. 4 (Winter 1999): 756–93; Timothy Donais. *The Political Economy of Peacebuilding in Post-Dayton Bosnia*. Contemporary Security Studies. London: Routledge, 2005; Divjak, Pugh. 'The Political Economy of Corruption', p.147; Bob Deacon. 'Eastern European Welfare States: The Impact of the Politics of Globalization.' *Journal of European Social Policy* 10, no. 2 (May 2000): 146–61. Laza Kekić. 'Aid to the Balkans: Addicts and Pushers.' *Southeast European and Black Sea Studies* 1, no. 1 (2001): 20–40. Oliver P. Richmond. *Failed Statebuilding: Intervention, the State, and the Dynamics of Peace Formation*. London: Yale University Press, 2014; Michael Pugh. 'Local Agency and Political Economies of Peacebuilding.' *Studies in Ethnicity and Nationalism* 11, no. 2 (2011): 308–20.

33 Chris Hann. 'Introduction: The Embeddedness of Property.' In *Property Relations: Renewing the Anthropological Tradition*, edited by Chris Hann, 1–47. New York [et al.]: Cambridge University Press, 1998.

34 Katherine Verdery. 'Privatization as Transforming Persons.' In *Between Past and Future: The Revolutions of 1989 and Their Aftermath*, edited by Sorin Antohi and Vladimir Tismaneanu, 175–97. Budapest, New York: Central European University Press, 2000, p.190.

property relations, rather than creating new property rights.<sup>35</sup> These analyses show that class identity and the legacy of socialist and pre-socialist experiences affect how (post)socialist subjects conceptualise, approach and make sense of property transformation.<sup>36</sup> Thus, this literature looks at (private) property not just as a legal or economic concept, but as a ‘bundle of rights’ in the socialist and post-socialist context, meaning a complex conundrum of individual or collective ownership rights, obligations, expectations, entangled within a specific definition of ownership (in the case of Yugoslavia, social ownership). Keeping in mind this broadened understanding of ownership, one can better disentangle the complex socio-economic transformations that accompanied transition. The relation between (post)Yugoslav workers and their ‘feeling of ownership’ or conceptualisation of property rights has not yet been historicised.

### **0.1.ii Identity, class, ethnicity**

This thesis focuses on the re-shaping of workers’ nested identities during multiple phases of economic reform. An initial clarification is required regarding the very definition of identity and subjectivity. Debates over the theorisation of identity have characterised much of the sociological and anthropological work in the past decades.<sup>37</sup> As noted by David Knight, ‘the term nested identities captures an essential attribute’ of identity, i.e. the understanding of one’s self in relation to others in different ways and scales of abstraction.<sup>38</sup> Central to this thesis is people’s self-identification as ‘workers’, as well as the intersection of this identity with that of ethnicity, nationality and class – thus, the ‘nested identities’ of workplaces. In the context of Yugoslavia, a process of (collective)

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35 Katherine Verdery. ‘The Obligations of Ownership: Restoring Rights to Land in Postsocialist Transylvania.’ In *Property in Question – Value Transformation in the Global Economy*, edited by Katherine Verdery and Caroline Humphrey. Oxford - New York: Berg, 2004, p.139.

36 Katherine Verdery. Property and Politics in and after Socialism, *Revista Română de Sociologie*, 19 (ser. 9), no. 1-2 (2008), 37-55, 40.

37 For an exhaustive review, see Jan E. Stets and Peter J. Burke. ‘A Sociological Approach to Self and Identity.’ In *Handbook of Self and Identity*, edited by Mark R. Leary and June Price Tangney, 128–52. New York, NY, US: Guilford Press, 2003. Aronowitz, Stanley. *The Politics of Identity: Class, Culture, Social Movements*. Psychology Press. London: Routledge, 1992.

38 David B. Knight. ‘Afterword.’ In *Nested Identities: Nationalism, Territory and Scale*, edited by Guntram Herb and David Kaplan. Oxford: Rowman and Littlefield, 1999.

identity formation was in place in many companies throughout the region. The socialist self-management had managed to form – at least in some regions and companies – a micro-corporatist alliance between management and labour.<sup>39</sup> This alliance, in turn, had created strong workplace allegiances that brought workers to identify themselves with the enterprise.<sup>40</sup> Concerning this, I employ the concept of collective identity as ‘discursive construct’ in order to describe the ‘workplace identity’ that characterise the group of employees studied in this research.<sup>41</sup> As Brown further argues, organisations’ (or workplace) identities are ‘constituted by the totality of collective identity-relevant narratives authored by participants’, and thus are ‘complicated discursive constructs, with some shared elements, but also replete with contradictions’.<sup>42</sup> This understanding of collective identity entails the moving away from traditional conceptualisations of labour identity as objective class formations, towards a view of labour and class as discursive processes of identification.<sup>43</sup> Here, I employ the category of ‘worker’ in its most loose sense, meaning ‘employee’ or ‘working person’; this was, in fact, the way the term was employed in socialist Yugoslavia, where all employees were ‘working people’.<sup>44</sup> Of course, there were differences in this category, between blue-collar and highly skilled workers, in terms of their socio-economic status, as well as access to services and management. As the thesis illustrates, however, these differences were more marked in times of economic crisis, particularly in the 1980s; conversely, when discussing alternative forms

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39 Marko Grdešić. ‘Exceptionalism and Its Limits: The Legacy of Self-Management in the Former Yugoslavia.’ In *Working Through the Past: Labor and Authoritarian Legacies in Comparative Perspective*, by Stephen Crowley, Teri Caraway, and Maria Cook, 103–21. Ithaca, New York: Cornell University Press, 2015, p.105.

40 Rory Archer and Goran Musić. ‘Approaching the Socialist Factory and Its Workforce: Considerations from Fieldwork in (former) Yugoslavia.’ *Labor History*, 2016, 1–23, p.6; see also Ioannis Armakolas. ‘Studying Identities, Political Institutions and Civil Society in Contemporary Bosnia: Some Conceptual and Methodological Considerations.’ In *From Peace to Shared Political Identities: Exploring Pathways in Contemporary Bosnia-Herzegovina.*, edited by Sylvie Ramel and Francis Cheneval, 123–30. Bruxelles: Institut de sociologie de l’Université libre de Bruxelles, 2011.

41 Andrew D. Brown. ‘A Narrative Approach to Collective Identities.’ *Journal of Management Studies* 43, no. 4 (2006):731–53, p.736.

42 Ibid., p. 737.

43 Rogers Brubaker. ‘Ethnicity without Groups.’ *European Journal of Sociology* 43, no. 2 (2002): 163–89.

44 Silvano Bolčić. *Razaranje i Rekonstitucija Društva*. Beograd: Službeni glasnik, 2013.

of privatisation, or expectations from global market engagement, internal differences were less apparent. At the same time, new lines of demarcation (ethnicity, membership in veteran groups, and re-employment) imposed new fractures within workers' groups.

This research historicizes the shifting nature of workers' self-identification across transition. In doing so, it bridges the gap between three bodies of literature: first, that of labour studies in post-socialist and post-communist countries; second, that of identity and ethnicity studies in the Bosnian context; and third, that of working-class identity and memory studies.

As a start, the literature on post-socialist labour often tends to view the collapse of state-socialism as either a finishing or starting point for many studies on the working class.<sup>45</sup> This tendency is perhaps because the fall of state socialism has demanded a re-framing of the traditional framework of labour studies, which until then had focused on the working class as a powerful historical actor, with complex internal stratifications, characterised by ever-evolving processes of self-identification.<sup>46</sup> With the simultaneous diffusion of globalised and precarious forms of labour, the more traditional approach to the study of class formation has been progressively abandoned in favour of studies that investigate the fragmentation of the working class and the weakness of labour movement.<sup>47</sup> This tendency is particularly visible in the broader sociological and historiographical literature on late- and post-socialist labour in Eastern Europe, which has analysed labour through the themes of decline, marginalisation, fragmentation and weakness.<sup>48</sup> According to David Ost and

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45 Piotr Żuk. 'Employment Structures, Employee Attitudes and Workplace Resistance in Neoliberal Poland.' *The Economic and Labour Relations Review* 28, no. 1 (2017): 91–112; Ruth Mandel and Caroline Humphrey, eds. *Markets and Moralities: Ethnographies of Postsocialism*. Oxford - New York: Berg, 2002; Elizabeth C. Dunn. *Privatizing Poland: Baby Food, Big Business, and the Remaking of Labor*. Ithaca and London: Cornell University Press, 2004.

46 Selina Todd. *The People: The Rise and Fall of the Working Class 1910-2010*. United Kingdom: John Murray Publishers, 2014; Mike Savage. *Identities and Social Change in Britain since 1940: The Politics of Method*. Oxford: Oxford University Press, 2011.

47 Ulrich Beck. *The Brave New World of Work*. Cambridge: Polity Press, 2000; Harvey, David. 'The 'New' Imperialism: Accumulation by Dispossession.' *Socialist Register* 40 (2004): 63–87.

48 David Ost. *The Defeat of Solidarity: Anger and Politics in Postcommunist Europe*. Ithaca and London: Cornell University Press, 2005; Stanojević, Miroslav. 'Workers' Power in

Stephen Crowley, 'labour is weak, in that it has been the object and not the subject of post-communist reform'.<sup>49</sup> This shows a rather top-down understanding of the industrial working class as passive 'receivers' of institutional change, rather than active subjects of transformation.<sup>50</sup> Critical studies have thus focused on showing how workers have been the object of neo-capitalist reforms imposed by international actors and compliant national governments.<sup>51</sup> This approach is particularly frequent in the context of the former Yugoslavia, where scholarship views the experience of the working classes as fundamentally shaped by the triumph of predatory capitalism after the country's collapse.<sup>52</sup> In the case of Bosnia, the established literature views the post-socialist worker from a macro-perspective, as a subject marginalised by profit-making desires of ethnonationalist elites that conduct 'campaigns of dispossession and upward distribution'.<sup>53</sup>

After the workers' strikes and protests that shook Bosnia in 2014, a few studies have described workers' discontent as evidence of their rejection of neoliberal privatisation, and as the sign of an emerging anti-capitalist strategy

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Transition Economies: The Cases of Serbia and Slovenia.' *European Journal of Industrial Relations* 9, no. 3 (2003): 283–301; Marko Grdešić. 'Mapping the Paths of the Yugoslav Model: Labour Strength and Weakness in Slovenia, Croatia and Serbia.' *European Journal of Industrial Relations* 14, no. 2 (2008): 133–51.

49 Crowley and Ost, *Workers After Workers' States*, p.220.

50 As suggested by Nina Vodopivec. 'Yesterday's Heroes: Spinning Webs of Memory in a Postsocialist Textile Factory in Slovenia.' In *Negotiating Normality: Everyday Lives in Socialist Institutions*, by Daniela Koleva, 43–63. New Brunswick and London: Transaction Publishers, 2012.

51 David Kideckel. 'The Unmaking of an East-Central European Working Class.' In *Postsocialism*, Hann, Chris, 114–32. London: Routledge, 2002; Rainnie, Al, Adrian Smith, and Adam Swain, eds. *Work Employment and Transition: Restructuring Livelihoods in Post Communism*. London and New York: Routledge, 2002.

52 For this literature, see: Mihail Arandarenko. 'Waiting for the Workers: Explaining Labor Quiescence in Serbia.' In *Workers After Workers' States: Labor and Politics in Postcommunist Eastern Europe*, edited by Stephen Crowley and David Ost, 159–79. Lanham, MD: Rowman and Littlefield, 2001; Stanojević, 'Workers' Power in Transition', p.285; Mladen Lazić and Slobodan Cvejić. 'Working Class in Post-Socialist Transformation: Serbia and Croatia Compared.' *Corvinus Journal of Sociology and Social Policy*, no. 1 (2010): 3–29. Grdešić, 'Exceptionalism and Its Limits'.

53 Stef Jansen, Čarna Brković, and Vanja Čelebičić, eds. *Negotiating Social Relations in Bosnia and Herzegovina: Semiperipheral Entanglements*. London and New York: Routledge, 2017, p.12.

amongst the country's 'hungry people'.<sup>54</sup> These kinds of accounts propose an understanding of the Bosnian working class as being fundamentally anti-capitalist, victimised and marginalised by the overpowering force of hegemonic ethnonationalist elites.<sup>55</sup> Though this discontent is very much present in Bosnian society, viewing these transformations as 'a textbook case of neo-liberalising transition' which marginalises anti-capitalist workers would be an oversimplification, as it does not properly address people's complex and ambivalent views about economic reform.<sup>56</sup> In fact, by charting the continuities and overlaps between waves of reforms across the collapse of Yugoslav state socialism, one can find that those who lived through these transformations show an ambivalent attitude towards transition and privatisation: many favoured market reforms and ownership transformation, just not the way it was implemented in the post-socialist context.

For this, we have to turn to the body of literature focussing on ethnicity and identity; this requires engaging with an anthropological approach to the study of labour. The abovementioned generalised view of the post-socialist working classes as disempowered and marginalised has led researchers in sociology and anthropology to call for the abandonment of the traditional and formal spaces of investigation in labour studies, moving away from workplaces and unions.<sup>57</sup> These works provided bottom-up approaches to the analysis of transition, focusing on the experience of post-socialist subjects, but viewing the working class as an epistemologically obsolete or marginal category.<sup>58</sup> These authors have been keen on moving away from traditional conceptualisations of the working class (through studies on everyday life, intersectionality and so

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54 Kurtović, "Who Sows Hunger", p.646.

55 Srećko Horvat and Igor Štiks, eds. *Welcome to the Desert of Post-Socialism: Radical Politics After Yugoslavia*. London: Verso, 2015, p.87; see also Asim Mujkić. 'In Search of a Democratic Counter-Power in Bosnia–Herzegovina.' *Southeast European and Black Sea Studies* 15, no. 4 (2015): 623–38.

56 As Stef Jansen notes in *Negotiating social relations*, p.12.

57 Alison Stenning. 'Where Is the Post-Socialist Working Class? Working-Class Lives in the Spaces of (Post)Socialism.' *Sociology* 39, no. 5 (2005): 983–99. Alison Stenning and Kathrin Hörschelmann. 'History, Geography and Difference in the Post-Socialist World: Or, Do We Still Need Post-Socialism?' *Antipode*, 2008, 312–35.

58 Craig Young and Duncan Light. 'Place, National Identity and Post-Socialist Transformations: An Introduction.' *Political Geography* 20 (2001): 941–55.

forth) and away from the centrality of the workplace in transition.<sup>59</sup> Approaching the workplace as a site of identity making has enriched labour studies with perspectives on ethnicity, nationalism, gender.<sup>60</sup> These works have focused on the 'ways in which working-class solidarities take shape through, rather than in spite of, and articulate with, rather than against, ethnic, gender, familial, racial, and other solidarities'.<sup>61</sup> In the context of Bosnia, however, ethnicity and class are rarely studied in combination: ethnicity is often left out of labour studies of late- and post-socialism, and vice versa.<sup>62</sup> Here, the breadth of studies on ethnicities often pertains to other fields of studies, for example, nation-building, peace-building and ethnopolitical conflict studies.<sup>63</sup> Despite the presence of literature on both the effects of economic transition in Yugoslavia on the one hand and the even greater availability of research on ethnopolitical relations on

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59 The only exception being scholarship on China, see Victor Nee. 'Organizational Dynamics of Market Transition: Hybrid Forms, Property Rights, and Mixed Economy in China.' *Administrative Science Quarterly* 37, no. 1 (1992): 1–27; Feng Chen. 'Privatization and Its Discontents in Chinese Factories.' *The China Quarterly*, 2006, 42–60.

60 Alison Stenning. 'Post-Socialism and the Changing Geographies of the Everyday in Poland.' *Transactions of the Institute of British Geographers* 30, no. 1 (2005): 113–127. Robert Begg and John Pickles. 'Institutions, Social Networks and Ethnicity in the Cultures of Transition.' In *Theorizing Transition: The Political Economy of Post-Communist Transformations*, edited by John Pickles and Adrian Smith, 108–39. London, New York: Routledge, 1998; Niall Ó Murchú. 'Ethnic Politics and Labour Market Closure: Shipbuilding and Industrial Decline in Northern Ireland.' *Ethnic and Racial Studies* 28, no. 5 (2005): 859–79.

61 John Krinsky. 'Constructing Workers: Working-Class Formation under Neoliberalism.' *Qualitative Sociology* 30 (2007): 343–360, p.349.

62 For example, studies on social relations often just focus on ethni relations; see Kristin M. Bakke and Michael Ward. 'Social Distance in Bosnia-Herzegovina and the North Caucasus Region of Russia: Inter and Intra-Ethnic Attitudes and Identities.' *Nations and Nationalism* 15, no. 2 (2009): 227–253; Asim Mujkić. 'We, the Citizens of Ethnopolis.' *Constellations* 14, no. 1 (2007): 112–28. Renata Jambrešić-Kirin and Marina Blagaić. 'The Ambivalence of Socialist Working Women's Heritage: A Case Study of the Jugoplastika Factory.' *Narodna Umjetnost* 50, no. 1 (2013): 40–73.

63 Caroline Hughes and Vanessa Pupavac. 'Framing Post-Conflict Societies: International Pathologisation of Cambodia and the Post-Yugoslav States.' *Third World Quarterly* 26, no. 6 (2005): 873–89. Kate Bayliss. 'Post-Conflict Privatisation. A Review of Development in Serbia and Bosnia-Herzegovina.' *Overseas Development Institute, London*, ESAU Working paper 12, 12 (2005); Daniele Conversi. 'Globalization, Ethnic Conflict, and Nationalism.' In *The Routledge International Handbook of Globalization Studies*, edited by Bryan Turner, 346–66. London: Routledge, 2009; Adam Fagan. 'Civil Society in Bosnia Ten Years after Dayton.' *International Peacekeeping* 12, no. 3 (2005): 406–19; Sumantra Bose. *Bosnia after Dayton: Nationalist Partition and International Intervention*. London: Hurst & Co Ltd Publishers, 2002.

the other, few studies have been actively proposing a merge between these two approaches to the study of transition or the fall of state socialism.<sup>64</sup>

For example, most of the analyses of the Yugoslav crisis in the 1980s stress the preponderance of identity politics, mobilised by rising ethnonationalist forces.<sup>65</sup> The Bosnian case is often seen as the epitome of such triumph of ethnic politics, within which other forms of collective identification have inevitably been subsumed. Here, much of the historiography focuses on the country's rapid descent into inter-ethnic armed conflict. This literature takes the war of the 1990s as the moment of affirmation of ethnonational identity above any other - for example, Yugoslav, class, collective identifications.<sup>66</sup> Different sets of explanations have concurred to illustrate how ethnic and national identities came to be preponderant in the early 1990s — for example, ethnic security dilemma,<sup>67</sup> civil society demobilisation,<sup>68</sup> rural-urban divide.<sup>69</sup> Though some analysts are stressing the importance of political-economic explanations,<sup>70</sup> or at bringing together these and other narratives, these

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64 Richard Jenkins. 'Rethinking Ethnicity: Identity, Categorisation and Power.' *Ethnic and Racial Studies* 17, no. 2 (1994): 197–223; Rogers Brubaker and Frederick Cooper. 'Beyond 'identity'. *Theory and Society* (2000): 1–47.

65 John R. Lampe. *Yugoslavia as History: Twice There Was a Country*. Cambridge: Cambridge University Press, 2000; Duško Sekulić. 'Ethnic Intolerance and Ethnic Conflict in the Dissolution of Yugoslavia.' *Ethnic and Racial Studies* 29, no. 5 (2006): 797–827; David B. Kanin. 'Yugoslavia in 1989 and After: A Comment.' *Nationalities Papers* 38, no. 4 (2010): 551–56.

66 Marko A. Hoare. 'The War of Yugoslav Succession'. In *Central and Southeast European Politics since 1989*, edited by Sabrina P. Ramet, 111–36. Cambridge: Cambridge University Press, 2010. Stephen L. Burg and Paul S. Shoup. *The War in Bosnia-Herzegovina: Ethnic Conflict and International Intervention*. Armonk, N.Y. ; London: M.E. Sharpe.

67 Tomislav Dulić and Roland Kostić. 'Yugoslavs in Arms: Guerrilla Tradition, Total Defence and the Ethnic Security Dilemma.' *Europe-Asia Studies* 62, no. 7 (n.d.): 1051–72. Barry R. Posen. 'The Security Dilemma and Ethnic Conflict.' *Survival* 35, no. 1 (1993): 27–47. Paul Roe. 'Which Security Dilemma? Mitigating Ethnic Conflict: The Case of Croatia.' *Security Studies* 13, no. 4 (2004): 280–313; William Rose. 'The Security Dilemma and Ethnic Conflict: Some New Hypotheses.' *Security Studies* 9, no. 4 (2000): 1-51.

68 Chip V.P. Gagnon. *The Myth of Ethnic War: Serbia and Croatia in the 1990s*. Ithaca, New York: Cornell University Press, 2004. Bojan Bilić. 'A Concept That Is Everything And Nothing: Why Not To Study (Post-) Yugoslav Anti-War And Pacifist Contention From A Civil Society Perspective.' *Sociologija* 53, no. 3 (2011): 297–322.

69 Carl-Ulrik Schierup. 'Quasi-Proletarians and a Patriarchal Bureaucracy: Aspects of Yugoslavia's Re-Peripheralisation.' *Soviet Studies* 44, no. 1 (1992): 79–99; Xavier Bougarel. *Bosnie, Anatomie D'un Conflit*. Paris: La Découverte, 1996.

70 Woodward, *Balkan Tragedy*, pp.51,54; Viktor Meier. *Yugoslavia: A History of Its Demise*. London and New York: Routledge, 1999.

frequently view identity politics in transition as a tool in the hands of new nationalist elites.<sup>71</sup> As Dejan Jović has rightfully noted, such approaches have particularly underestimated the importance of the subjective in politics, thus tending to undervalue the importance of ideology and systems of belief as factors accounting for the Yugoslav disintegration.<sup>72</sup> In this context, studies that look at identity shifts during transition are very much focused on the resurgence of ethnic-national identities to the detriment of other forms of self-identification, especially class and supra-national identity. Recent suggestions have called upon social history to expand on themes such as ‘the intersection of ethnicity and social marginalisation’ and thus partially invert the ‘dearth of studies addressing the rise of nationalism in daily life [...] and [...] contextualise the divergent experience of tumultuous events’.<sup>73</sup> In this context, as Stef Jansen rightly argues, it is necessary to avoid ‘overestimating the importance of national identities at the expense of other (non-national) factors’.<sup>74</sup> Valuable approaches that look at the intersection between class and ethnicity (similar to those recently proposed by Goran Musić, Rory Archer and Jake Lowinger in the Serbian and Croatian working communities) are absent in the historiography on Bosnia-Herzegovina. In this case, such a research gap inadvertently feeds an understanding of class and ethnic identity as being predominant over one-another, if not mutually exclusive. In other words, it seems from here that ethnic identities, more or less dormant during socialism, progressively came to substitute class identity in the Bosnian post-socialist, post-war setting.

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71 Sabrina P. Ramet. ‘Explaining the Yugoslav Meltdown, ‘for a Charm of Pow’rful Trouble, like a Hell-broth Boil and Bubble’: Theories about the Roots of the Yugoslav Troubles.’ *Nationalities Papers* 32, no. 4 (2004): 731–63. Jasna Dragović-Soso. ‘Why Did Yugoslavia Disintegrate? An Overview of Contending Explanations.’ In *State Collapse in South-Eastern Europe: New Perspectives on Yugoslavia’s Disintegration.*, edited by Jasna Dragović-Soso and Lenard J. Cohen, 1–39. Indiana: Purdue University Press, 2007.

72 Jović, *Yugoslavia: A state*, p.13.

73 Rory Archer. ‘Social Inequalities and the Study of Yugoslavia’s Dissolution.’ In *Debating the End of Yugoslavia*, by Florian Bieber, Armina Galijas, and Rory Archer, 135–51. Surrey, England: Ashgate, 2014, p.146-147.

74 Stef Jansen. ‘Remembering with a Difference: Clashing Memories of Bosnian Conflict in Everyday Life.’ In *The New Bosnian Mosaic: Identities, Memories, and Moral Claims in a Post-War Society*, Xavier Bougarel, Elissa Helms and Gert Duijzings, 193–210. Aldershot: Ashgate, 2007, p.193.

In order to challenge this assumption, one has to bring the focus back onto workplaces as sites of (contested) identity-making. Moving away from a conceptualisation of workers' identity as a process of class formation does not necessarily mean moving away from the workplace as a focal space of analysis, nor does it mean rejecting class identity as a useful category of subjective self-identification. On the contrary, to understand the 'fluid boundaries of work' in the study of post-socialist labour, it is necessary to shift the focus back onto the workplace as a space of identity formation and debate across transition.<sup>75</sup> In this context, the third body of literature that does analyse transition from the bottom-up and includes workers' voices, has mostly dealt with working class memory studies.<sup>76</sup> In the post-Yugoslav context, bottom-up analyses that still focus on the workplace as a site of identity formation do so from the perspective of various tropes: hope,<sup>77</sup> social memory,<sup>78</sup> (Yugo) nostalgia.<sup>79</sup> These approaches tend to view identity as a fluid narrative through which workers make sense of the transformations that affected them. These studies tend to

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75 For an argument supporting a 'fluid definition of work' see Stefano Petrunaro. 'The Fluid Boundaries of 'Work': Some Considerations Regarding Concepts, Approaches, and South-Eastern Europe.' *Südost-Forschungen* 72 (2013): 271–86, p.276.

76 For broader discussions on the phenomenon on working class memory and nostalgia in former state socialist Eastern European countries, see Svetlana Boym. 'From the Russian Soul to Post-Communist Nostalgia.' *Representations* 59, no. Special Issue: Identifying Histories: Eastern Europe Before and After 1989 (1995): 133–66; see also Marianne Debouzy. 'In Search of Working Class Memory: Some Questions and a Tentative Assessment.' In *Between Memory and History*, edited by Marie-Noelle Bourguet, Lucette Valensi, and Nathan Wachtel, 55–76. Chur, Switzerland: Harwood Academic Publishers, 1990.

77 Sanja Potkonjak and Tea Škokić. "In the World of Iron and Steel": On the Ethnography of Work, Unemployment and Hope.' *Nar. Umjet.* 50, no. 1 (March 2013). Stef Jansen. 'The Privatisation of Home and Hope: Return, Reforms and the Foreign Intervention in Bosnia-Herzegovina.' *Dialectical Anthropology* 30, no. 177–99 (2006).

78 Nina Vodopivec. 'Social Memory Of Textile Workers In Slovenia.' *Slovene Studies* 30, no. 1 (2008): 63–78. Chiara Bonfiglioli. 'Gendering Social Citizenship: Textile Workers in Post-Yugoslav States.' *The Europeanisation of Citizenship in the Successor States of the Former Yugoslavia (CITSEE) CITSEE Working Paper Series* 30 (2013): 1–33.

79 Many works on nostalgia are actually focused on cultural products and objects rather than memory and personal accounts; see Veronika Pehe. 'An Artificial Unity? Approaches to Post-Socialist Nostalgia.' *Tropos* 1, no. 1 (2014): 6–13; Dominik Bartmanski. 'Successful Icons of Failed Time: Rethinking Post-Communist Nostalgia.' *Acta Sociologica* 54, no. 3 (2011): 213–31. Mitja Velikonja. *Titostalgia: A Study of Nostalgia for Josip Broz*. Ljubljana: Mirovni Inštitut, 2008.

be about memory and identity in the present, and frequently do not apply their insights into actual historical work charting change over time.

Initially focusing on popular culture, works on the processes of idealisation of Yugoslav socialism through memory have codified specific tropes of the Yugoslav past (Tito and his figure, consumerist culture, tourism, geopolitical centrality, workplace dignity and solidarity) that are revealing of a restorative attempt amongst the post-Yugoslav people.<sup>80</sup> Yugonostalgia is increasingly viewed as a counter-hegemonic technique of the post-socialist selves to demonstrate their dissent towards a present situation viewed as hostile, and come to terms with it.<sup>81</sup> Yugonostalgia, it is argued, 'is not as much the struggle to regain the past achievements of Yugoslavia, but to regain what Yugoslavia was striving to achieve but failed [...] Not the struggle to regain what existed but what should have existed'.<sup>82</sup> In this context, the legacy of the Yugoslav self-management past still exerts an important role in workers' demands and expectations from economic reforms.<sup>83</sup> The memory of 'being workers in socialism' is often seen as a coping mechanism for disempowered workers to make sense of the bleakness of the post-socialist working condition.

Accounts collected amongst workers who experienced post-socialist decline in their workplaces are used as evidence of nostalgia for Yugoslavia's socialist modernising project, which provided more welfare, job security, and a sense of dignity in work.<sup>84</sup> These studies tend to oversimplify the experience of transition into a clear-cut division between the lost 'socialist' values and the void and decay left by the fall of socialism. Here, workers' nostalgic narratives are viewed

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80 Maja Maksimović. 'Unattainable Past, Unsatisfying Present: Yugonostalgia: An Omen of a Better Future?' *Nationalities Papers* 45, no. 6 (2017): 1066–81.

81 Ognjen Kojanić. 'Nostalgia as a Practice of the Self in Post-Socialist Serbia.' *Canadian Slavonic Papers* 57, no. 3–4 (2015): 195–212.

82 Mitja Velikonja. 'The Past with a Future: The Emancipatory Potential of Yugonostalgia.' In *Transcending Fratricide. Political Mythologies, Reconciliations, and the Uncertain Future in the Former Yugoslavia*, edited by Srđa Pavlović and Marko Živković, 109–28. Baden Baden: Nomos, 2013, p.126.

83 Grdešić, 'Exceptionalism and Its Limits', p.18.

84 Tanja Petrović. 'The Past That Binds Us: Yugonostalgia as the Politics of Future.' In *Transcending Fratricide. Political Mythologies, Reconciliations, and the Uncertain Future in the Former Yugoslavia*, edited by Srđa Pavlović and Marko Živković, 129–47. Baden Baden: Nomos, 2013, p.135.

as a strategy of the self to make sense of the present and request a better future – all based on specific socialist values (dignity of labour, Titoism, tourism and mobility).<sup>85</sup> Here, a nostalgic framework, with its focus on the stark contrast between socialism and post-socialism, does not allow for embracing the hybridity of socialist past experiences and post-socialist present transformations fully. Furthermore, these studies tend to discuss memory and identity in the present and rarely apply their insights into actual historical work charting change over time.

On the contrary, the thesis proposes a new approach that goes beyond employing the framework of nostalgia in the study of workers' narratives and experiences of transition. In fact, by analysing different moments of reforms as hybrid permutations of market socialism – rather than a stark change from socialism to capitalism – workers' sense of attachment to the moment of reform emerges. The nostalgic undertones one might find in workers' accounts derive from a specific experience of reform socialism, one that is particularly critical towards the lived experiences of socialist self-management, while positively reflecting on the alternatives that existed within the same system. This thesis thus historicises such nuanced perspectives within the wider context of economic transition.

### **0.1.iii Workplaces, socialist globalisation, de-industrialisation**

In order to understand how economic reforms - and specifically the role that ownership transformation plays in re-shaping workers' identity - affected different processes of self-identification, the thesis focuses its attention on a large former Yugoslav industrial corporation. The industrial workplace across transition was – and still is – at the centre of many re-negotiations of identity and reform, and thus provides the ideal viewpoint from where to analyse the entanglements of these two elements. What one might lose in size by focusing on a large national producer, one can gain in terms of chronological breadth, as it is possible to trace with more precision the impacts that different sets of reforms had on these workplaces over the *longue durée*.

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<sup>85</sup> Petrović, "When We Were Europe' ..., p.148.

The Yugoslav industrial workplace has been attracting scholarly interest since the inception of its complex system of workers' self-management. The international scholarship focusing on Yugoslav self-managed industrial workplace thrived in the 1970s and 1980s, where micro-level studies mostly investigated it as a space of class formation and redefinition of class relations.<sup>86</sup> However, after the collapse of Yugoslavia, this interest partly waned. In the 1990s and 2000s, much of the focus turned towards other themes (nationalism, ethnicity, state-building) and other social groups (refugees, ethnic groups, activists); this diverted the attention from the workplace as a space of identity formation. Recent literature has sought to 'bring class back' in the study of late and post-socialist Yugoslavia, for example by focusing on workers' strikes and social unrest in the late 1980s.<sup>87</sup>

This renewed interest connects with the major transformations that have affected contemporary industrial workplaces in the former Eastern Bloc: a rapid de-industrialisation and globalisation.<sup>88</sup> The entanglement of the two processes has radically transformed the outlook of industrial workplaces in the region, much like in other traditionally industrial areas across the world.<sup>89</sup> Here, a vast

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86 Ellen Turkish Comisso. *Workers' Control under Plan and Market Implications of Yugoslav Self-Management*. New Haven and London: Yale University Press, 1979. Sharon Zukin. *Beyond Marx and Tito: Theory and Practice in Yugoslav Socialism*. Cambridge: Cambridge University Press, 1975; Zukin, Sharon. 'Self Management and Socialisation.' In *Yugoslavia in the 1980s*, Pedro Ramet, 76-99. Boulder: Westview Press, 1985, p.76; Josip Županov. 'Two Patterns of Conflict Management in Industry.' *Symposium: Cross-National Research*, 1972, 213–23. Josip Županov, *Marginalije O Društvenoj Krizi*. Zagreb: Globus, 1983.

87 Rory Archer, Igor Duda, and Paul Stubbs. 'Bringing Class Back In: An Introduction.' In *Social Inequalities and Discontent in Yugoslav Socialism*, edited by Rory Archer, Igor Duda, and Paul Stubbs, 1–35. Abingdon: Routledge, 2016; Goran Musić. *Serbia's Working Class in Transition 1988-2013*. Belgrade: Rosa Luxemburg Stiftung Regional Office for Southeast Europe, 2013. Jake Lowinger. 'Economic Reform and the 'Double Movement' in Yugoslavia: An Analysis of Labor Unrest and Ethnonationalism in the 1980s.' PhD Dissertation, Johns Hopkins University, 2009; Sabine Rutar ed. *Beyond the Balkans: Towards an Inclusive History of Southeastern Europe*. Berlin: Lit Verlag, 2013.

88 Božidar Čerović, Aleksandra Nojković, and Milica Uvalić. 'Growth And Industrial Policy During Transition.' *Economic Annals* LIX, no. 201 (June 2014): 7–34.

89 Steven High. "The Wounds of Class': A Historiographical Reflection on the Study of Deindustrialization, 1973–2013.' *History Compass* 11, no. 11 (2013): 994–1007; Simo Stevanović, Milan Milanović, and Srećko Milačić. 'Problems of the Deindustrialization of the Serbian Economy.' *Economics of Agriculture* 60, no. 3 (2013): 465–77; Domagoj Mihaljević. 'The Deindustrialisation Process of the Croatian Economy.' *Kurswechsel* 3 (2013): 63–73.

number of works have been dealing with bottom-up resistances to globalisation, including workers' efforts to counter globalisation as 'precarisation' or marginalisation, or seeking to appropriate aspects of it at the grassroots level.<sup>90</sup> Socio-historical and anthropological research has been rather effective in analysing macro-processes of de-industrialisation, marketisation and globalisation from the micro-perspective of workplaces or companies.<sup>91</sup> Historian and sociologist Eszter Bartha demonstrated how the different labour and welfare regimes in Hungary and East Germany created different kinds of expectations of capitalist reforms and globalisation amongst groups of workers in the two countries.<sup>92</sup> Though fundamental for obtaining insights from below on macro-processes of globalisation, this literature views these processes as mono-directional and imposed from above. Specifically, globalisation in the former Soviet Bloc is understood as a transformation that defined the downfall and collapse of these large socialist giants, something often imposed from the top-down rather than actively sought by socialist companies and states.<sup>93</sup> Here, recent interests in challenging these views have led to a growing literature on global socialism, which aims at de-centring the Cold War and moving beyond the understanding of globalisation as a Western-led process.<sup>94</sup> Within these new developments, recent literature on Yugoslavia's leading role of the non-aligned movement contributes to challenging an understanding of the Cold War global world as a bipolar one.<sup>95</sup> Although this emerging literature touches upon the role of socialist enterprises as globalising socialist actors, it does not sufficiently deal with how the effects of such global engagements were brought

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90 Raphael Kaplinsky. 'Is Globalization All It Is cracked up to Be?' *Review of International Political Economy* 8, no. 1 (2001): 45–65.

91 Dunn, *Privatizing Poland*, p.29.

92 Eszter Bartha. *Alienating Labour: On the Road from Socialism to Capitalism in East Germany and Hungary*. Vol. 22. International Studies in Social History. New York and Oxford: Berghahn, 2013.

93 Lucian Cernat and Radu Vranceanu. 'Globalisation and Development: New Evidence from Central and Eastern Europe.' *Comparative Economic Studies* 44, no. 4 (2002): 119–36.

94 As for example: James Mark and Tobias Rupprecht. 'Europe's '1989' in Global Context.' In *The Cambridge History of Communism*, edited by Juliane Fürst, Silvio Pons, and Mark Selden, 203–23. Cambridge: Cambridge University Press, 2017; Oscar Sanchez-Sibony. *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev*. Cambridge: Cambridge University Press, 2014.

95 Tvrtko Jakovina. *Treća Strana Hladnog Rata*. Zagreb: Fraktura, 2016.

home in the Yugoslav industrial context, or their effects on post-socialist political and economic struggles. However, recent research on the socialist globalisation has illustrated how workers across Yugoslavia, as well as in countries of the COMECON, were tied to the world market and, by reflection, to its values.<sup>96</sup> These developments implied a re-negotiation of their identities as – in this case – Yugoslav workers with ties with non-aligned economic partners, thus across different ways of engaging with the global economy. Understanding the crucial role that ‘the global’ played across different groups and different historical moments in the state socialist context affects how we analyse and study post-socialism. What has been the legacy of such global engagement, and how has it shaped processes of historical change? For example, the desire to maintain those global connections built during socialism persisted way after the collapse of state socialism. This can illuminate the complexities that arise with becoming a ‘semi-periphery’ after 1989 in the eyes of Western international advisors, and the struggles of local actors to maintain even part of that global heritage.

## 0.2 Sources

This thesis investigates the intersections between economic transformations and identity-making in the different moments that characterised the ‘long transition’ in Bosnia from the late 1980s until the present day. Many works on transition begin with the assumption that multiple social groups were marginalised in favour of decision-making by a close-knit group consisting of international advisors and local neoliberals.<sup>97</sup> Unlike these, this project starts with the hypothesis that the (post) Yugoslav privatisation and market reforms constituted a process that involved a multiplicity of actors, who envisioned economic transition as the remaking of subjects, workplaces, and notions of work and ownership according to new concepts of change. This hypothesis

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96 Ljubica Spaskovska. ‘Building a Better World? Construction, Labour and the Pursuit of Collective Self-Reliance in the ‘Global South’, 1950–1990.’ *Labor History*, 2018, 331–351.

97 Michael Pugh, Jonathan Goodhand, and Neil Cooper. *War Economies in a Regional Context: Challenges of Transformation*. Boulder, Colorado: Lynne Rienner Publishers, 2004. Divjak, Pugh. ‘The Political Economy of Corruption’, p.374.

emerged from a puzzle one comes across when reading historiographies of Yugoslavia and the post-Yugoslav states: the socialist Federation was characterised by the presence of a highly educated sector of economic experts and company directors, as well as by a system of self-management where workers engaged, at least formally, in processes of decision-making within their companies. At the same time, if one reads historiographies of post-Yugoslav reforms, it appears that these groups had had no influence in shaping post-socialist economic reforms. Could it be possible that all these groups had been completely marginalised in a matter of a few years? Even if we accepted neoliberal transformation as an outside project imposed on Bosnia, then should we consider the role that elites and workers played in remaking its forms on the ground? Alternatively, could it be that these studies have overlooked the contribution of multiple actors, their conflicting visions of reform, and their substantial impact on the nature of this transformation? If we proceed along these lines, if these actors had influenced reforms across the rupture of Yugoslavia's collapse, what kind of notions and expectations of change did they derive from their own experiences? Finally, if we understand the 'socialist' and the 'neoliberal' projects as both trying to shape subjects (from *homo sovieticus* to *homo oeconomicus*, or from the socialist self-manager to the self-entrepreneurial individual), what kind of visions of reforming subjects characterised the 'in-between' moments of transformation?

Thus, the thesis puts identity and subjectivity of multiple groups – international advisors, economic experts, local politicians, managers and workers – at the centre of transition economic reforms in order to explore the reciprocal influences of processes of identification and economic change. The thesis explores whether these actors had played a role in shaping transition since the late 1980s. Here I wished to investigate how particular forms of resistance combined with intellectual and political debates to shape privatisation and market policies. Moreover, this project wanted to examine the process of transformation not only as a collectively produced economic phenomenon but also as a broader project of societal remaking and the remaking of subjects in the context of economic reform.

Based on this, the thesis investigates the extent to which economic reforms imply processes of identity-making and re-making. Some reforms derived from a pressure to reshape individuals from above, adapting them to new economic ideas, while others were influenced from the bottom-up, i.e. from how these actors and groups make sense of these significant transformations and position their sense of selves in relation to them. For example, economic experts and their ideas about remaking workers according to (global) market economy initially drove the first market reforms of 1989; voucher reforms in the 1990s were shaped by workers-veterans pressures to be compensated for their participation in the war.

Finally, it is in the interaction between these groups – their ideas, expectations, and views about change, their sense of identity, as well as the ways in which these ideas and identities are remade over time – that one can find how these multiple voices contribute to shaping reforms projects and historical processes. How have economists, managers and workers made sense of the significant (economic) transformations they have experienced in their professional life? What ideas and expectations of change moved them, and how did they negotiate those ideas through economic and historical transformations? How has this influenced their sense of selves, their life trajectories, and what kinds of narratives of transition has this produced? Finally, how did they influence each other? On what grounds did these alternative models emerge, flourish, collapse or persist in new hybrid forms? Approaching my sources with these kinds of questions in mind would allow me a more complex understanding how visions and understandings of change circulated within multiple spaces and influenced each other – not only the attempts at top-down reform, but also the way in which understandings and resistance from below might help to shape debates too.

### **0.2.i Multiplicity of voices**

Exploring a social history of transformations through a multiplicity of voices based on both oral and written sources allows to chart how different groups produced, made sense of, resisted, and helped in some cases to redirect the post-Yugoslav Bosnian transition.

Economists, managers, and workers, as well as local politicians as well as advisors from the main international bodies involved in economic reconstruction since the second half of the 1990s (USAID, OHR, World Bank), in different ways and throughout the three decades of economic reforms, shaped market and property reforms, in accordance to their specific views on how should subjects be 'remade' in the context of reform. Their voices, experiences and views have been overlooked in current historiography on the topic of transition. In Yugoslavia, a wide range of players influenced the reforms processes, from international advisors through to workers. It might as well be that in other countries of the Eastern Bloc the interaction of multiple players shaped reforms, but this has remained overlooked in the relevant historiographies. Although this thesis focuses on the Yugoslav example, it proposes an approach that can be useful for re-thinking the history of transition and economic change in other Eastern European countries.

Thus, I collected sources that would lead me to this various range of voices. The first cluster of sources dealt with expert voices; from these, I wanted to get at how ideas of change are conceptualised, circulated, challenged in moments of reform. As a result, I collected a range of sources where intellectual, academic and political debates about reforms were published.

Initially, I relied upon specialist magazines devoted to the discussion of current themes for a specialised audience of economists, experts and managers. These included: *Ekonomska Politika* (similar to the British *The Economist*), *Direktor* (a magazine for Yugoslav directors and managers), *Radni odnosi i samoupravljanje* (a journal discussing the legal and socio-economic details of self-management), as well as the magazines of the Privatization Agencies of the Federation of Bosnia-Herzegovina and Republika Srpska. Second, I gathered material from scientific publications where mostly economists contributed and destined to an academic audience (*Ekonomist*, *Ekonomska Analiza*, *Ekonomika*, *Ekonomski Glasnik Bosne i Hercegovine*, *Naše teme*). Moreover, I have consulted conference papers and articles of the Council of Yugoslav Economists,<sup>98</sup> the highest federal institution for the study of

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98 Which was founded in 1952 and was dismissed in 1991.

Economics in Yugoslavia. I focused in particular on the papers of the annual conference of the Council of Yugoslav Economists held in Brioni (Croatia), and of the macro-project 'Yugoslavia in the world economy' for the period 1989-1990.<sup>99</sup> These were particularly relevant as many of the contributors and authors held official functions as consultants to the government during economic reforms.

Thirdly, I collected sources related to international institutions and their advisors: these consisted primarily of the archives, official decisions, newsletters and economic reports of the Office of the High Representative in Bosnia (the international institution responsible for the implementation of the Dayton Peace Agreement). In addition to this, I gathered studies and reports produced by other international institutions (the World Bank, the European Bank for Reconstruction and Development) as well as international donors (USAID, UN Development Program). Moreover, I consulted biographies and media interviews of key international advisors and former High Representatives.

Besides, I have consulted archival material of the Council of Yugoslav Economists; for this period, I have also consulted numerous academic publications produced at the Economics Faculty and the Economics institutes in Bosnia (Sarajevo, Tuzla and Banja Luka particularly).

Initially, I had envisioned a somewhat schematic approach: I had expected that economic experts would provide insights on conceptualisation, managers on implementation, and workers on reception of reforms in workplaces. However, I soon realised that this would give me a very top-down, schematic understanding of these transformations: were not workers and managers also

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99 For instance: Tomislav Popović ed. *Ekonomisti O Krizi: Razgovor Ekonomista S Mandatorom Za SIV Dipl. Ing. Antom Markovićem*. Makroprojekt 'Jugoslavija U Svjetskoj Privredi.' Beograd: Konzorcijum Ekonomskih Instituta Jugoslavije, 1989; Bandin, Tomislav, and Dražen Kalodera, eds. *Privreda U Reformi*. Zbornik Radova Za Savetovanje Na Brionima, 4-6 Maj 1989. Beograd: IRO Ekonomika i Savez Ekonomista Jugoslavije, 1989; Šavić, Nebojša ed. *Prestrukturiranje, Razvojni Ciklus I Privatizacija*. Zbornik Radova Jugoslovenskih Ekonomista Za Savetovanje, 8-10 Maj 1990, Brioni. Beograd: Savez Ekonomista Jugoslavije, 1990. Federal Executive Council Secretariat for Information, ed. *Yugoslav Changes: Addresses and Statements by Ante Marković Yugoslav Prime Minister*. Beograd: Jugoslovenski Pregled, 1990.

contributing to the conceptualisation of reforms? In what other indirect ways did workplaces shape reforms?

In order to get at bottom-up responses, I initially started collecting material from the union archives available at the national archives in Sarajevo. The Union often published small pamphlets that accompanied national union congresses and conferences, interviews with workers' representatives, as well as internal union discussions; also, I gathered workers' points of view from company journals.

With these, I wanted to understand how were ideas of privatisation presented to workers, and what kind of demands and expectations of change were formulated in workplaces. Further, I wanted to uncover what the contribution of workplaces in (re)shaping economic reforms was, and how did these change through time. As researchers familiar with the condition of archives in the post-Yugoslav space – and Bosnia in particular – are aware, the availability of material is often compromised by the state of institutional and company archives; here, the records preserved are often incomplete, non-catalogued, or missing. Even the archives that do hold some company sources often cover only the period until the mid- to late-1970s, making an investigation into the history of transition particularly challenging. In particular, records for the vast majority of the largest Bosnian companies either had been lost or were available only for the 1950s and 1960s. Due to the war, as well as to processes of bankruptcy, much of the records have been destroyed, even for smaller factories, and this was the case for Energoinvest; the remaining records are often uncatalogued and, in many cases, inaccessible. In the few cases where I was able to access company archives, the information held was mostly of an administrative nature (payments, coefficients, wages), and little had been kept of directives and meetings of the workers' councils. To find information about workers' views, their voices, their interaction with the management, as well as the internal discussions about production, expansion, and re-distribution, I turned to company journals. The collection for Energoinvest was complete from its foundation in the early 1960s all the way to the present day; this made the case study even more interesting, as I could find reflected on the pages all the issues and questions I was curious to find answers for: interactions between

actors, aspects of 'socialist globalisation', ownership reforms and so forth. Until 1991, the central branch of Energoinvest in Sarajevo published a weekly journal that was distributed amongst the workforce, with a circulation of roughly 15 thousand copies. Furthermore, most factories had their own publication – usually weekly, biweekly or monthly. These reported a variety of voices: managers, unions, skilled and low-skilled labour.<sup>100</sup>

These sources are excellent in this context precisely because they were designed to articulate a variety of views (workers', management's), but then channel them into the official company – and at times, Party – line. Thus, they provide a diversity of voices and points of view. Furthermore, they show how these voices were 'tamed' to direct fellow workers towards embracing officially sanctioned discourses.

After the war broke out in 1992, these journals' publications were almost completely interrupted, except the magazine of the central branch in Sarajevo. Here, despite the war shortages, the editorial team managed to put together a publication once every two or three months, depending on the resources available. In these years, most of the articles concerned the war situation and how it was affecting the company and its workers; reports from its international branches were sometimes present, as well as news about the internal reorganisation. After the end of the war, publications were retrieved, and the journal of the central branch in Sarajevo was published monthly. Here, the editorial line was only partly restored, as the company had dramatically shrunk in its size and workforce. Even when downsized, the journal remains a precious source for the understanding of the new dynamics within Energoinvest during and after the conflict. The ethnicisation of social, economic and political relations had penetrated the workplace of Energoinvest as well and affected how the workforce perceived its role in the post-war setting – as emerges from the journal's pages. This publication was vital in the analysis of how post-war privatisation reforms affected large workplaces and how employees and managers positioned themselves towards these transformations. Here as well

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100 Zdravko Leković, in: *Towards democratic communication – mass communication research in Yugoslavia*, Yugoslav Centre for Theory and Practice of Self-management Edvard Kardelj, Ljubljana, 1984, p107-108.

the journal reported managers' and workers' views, but its social/educational function was less marked than in socialist times. Particularly during the war, the journal assumed more fervently patriotic tones. Afterwards, as the global dimension of the company was reflected less and less, and the main economic-political debate was related to privatisation, the general editorial line of the journal reflected such shifts. As such, focusing on such a source and its evolution through time gave me an interesting perspective on the two different historical eras I was investigating, as I could see how workplaces changed through transition. Through this, I was able to gain further insight into the symbolic value of 'the global' – and its loss – in (post)socialist workplaces, which so far remains overlooked in the literature.

To explore a social history of transformation through multiple voices, however, these written sources were crucial, but not exhaustive. For example, they did not illustrate how people had experienced transition, envisioned change, and tried to shape reforms. Furthermore, apart from those interviews with workers on company journals (at times mediated by the editorial line of the paper), little emerged of the voices that remained unheard in historical records, such as those of workers and managers. Even for those groups who have left written records (economists and international analysts), these sources do not allow to explore fully the broader intellectual and political contexts in which they worked, nor to chart the formation of their subjectivities through transition. For these reasons, I turned to oral history, which provided a range of material crucial to historicise economic transformations from a multiplicity of perspectives. In order to explain historical change one has to rely on sources that allow viewing continuities through transformations and ruptures.

Further, these also provide long-term biographical perspectives that can illustrate if and how past experiences have shaped transition, and in what ways individuals make sense of economic reforms given their own experiences of socialism, self-management, war, post-war reconstruction and so forth. Little has so far been recorded of these groups' take on how should subjects be 'remade' according to market or ethno-political principles, and oral history was essential to uncover this subjective side to the story of transition. For instance, company journals would highlight workers' discontent with self-management,

but it was only through the combination with interviews that I could counter an understanding of workers as essentially and steadily unhappy with economic reforms; instead, I was able to find that workers demanded incentives for motivation, and were ready to abdicate their management powers in favour of ownership rights. Through interviews with a wide range of actors, I was able to explore the intersections between processes of identity-making and economic reform. Here, I was interested in what kind of intellectual and professional backgrounds shaped reforms in a certain way, what was the discourse these reforms produced and what was the reaction to them in workplaces.

To analyse the conceptualisation, implementation and reaction to economic reforms, as well as in how a multiplicity of actors made sense of these transformations, I decided to focus on four main groups of interviewees. These were economic experts of different Economic Faculties across Yugoslavia, local and international political advisors (from USAID, World Bank, and OHR), managers and workers of large export companies (mostly Energoinvest). The first two groups of interviewees counted thirty experts who had been involved in drafting economic reforms from the late 1980s to the early 2000s across the (former) Yugoslav space. The selection criteria for these interviewees were rather straightforward: I drew upon written material from the time to trace which were the experts I could still interview. I conducted seventeen semi-structured life history interviews with economists who had been active in drafting economic reforms and consulting local governments in different phases of reforms (the late 1980s, late 1990s and early 2000s). These university professors were members of the Council of Yugoslav Economists and prominent figures in the centres for economics research in Ljubljana, Zagreb, Belgrade and Sarajevo. They were prolific authors who collaborated in drafting reforms programmes in the 1980s and 1990s. They had often received an international education, and were part of a pan-Yugoslav scientific network; both these aspects put them at the centre of a wider circulation of ideas, within Yugoslavia and across the iron curtain. I focused on those economic experts who had retained prominent consulting and political positions after the country's collapse and thus were an essential source for the conceptualisation of reforms in the post-war years. It was actually through the interviews I conducted with many of these experts that

I could get to a much more in-depth understanding of what were their motivations, expectations, and assumptions. Moreover, through their life histories accounts I could analyse how they self-positioned towards different economic ideas that were circulating at the time, what theories influenced them, and how did they engage with them in their professional capacity. Further, I could investigate what kinds of narratives of transformation they produced, and how they retrospectively made sense of these changes.

In addition to economic experts, I collected thirteen interviews with international advisors involved in the market and privatisation reforms after 1995. Due to the potentially compromising nature of some of the comments 'behind the scenes', some of these informants asked not to be identified with their names. These interviews were essential in combination with the official documents produced by these political advisors and international institutions, as they revealed what kind of ideas, assumptions, and 'ideological baggage' accompanied the reforms agenda proposed by international advisors. These actors had specific views of how workplaces and workers' roles should be changed as a result of economic reforms, and it was through this material that I could get at the different ways in which these, in turn, shaped policies and transformed companies.

Since I was curious to record unheard perspectives on economic reforms and transition, I shied away from interviewing political parties' representatives – although I have included their discussions in parliamentary meetings and their media interviews. The few political representatives I interviewed at the beginning of this research suggested I should find better answers to my questions if I spoke with economists and company directors – as I wanted to explore how is economic policy conceptualised and negotiated in different historical turning-points. Though not essential for the specific arguments of this thesis, this would be an area worth expanding during the drafting of a future manuscript.

The second cluster of interviews I collected within the circle of the former employees of Energoinvest, from blue-collar workers through to the top management. Here I decided to focus on a single large company because I wanted to analyse with detail the kind of debates, negotiations and interactions

between managers and workers, as well as between employees and policy-makers, and historicise how actors made sense of economic change in a global and market-oriented workplace.

Although this choice potentially limited the scope of my research to one specific company, it allowed to delve deeper into company dynamics, questions of economic reform, and processes of identity-making at the micro level – which would have remained more on the surface had I opted to focus on a large number of case studies. Though peculiar concerning size and production, Energoinvest was far from being the only market-oriented and globally engaged large company in Yugoslavia; yet, the literature has overlooked the experience of these ‘socialist giants’ during transition. The choice of this case study was thus aimed at filling this gap and proposing a new way of studying transition in the region.

Thus, I conducted twenty oral history interviews with top- to middle-management of Energoinvest, which I identified through the company journal and located through personal and official contacts; I also interviewed a few managers of other large Bosnian companies (UNIS, So.da.So and Kakanj Cement) to assess how unique the experience of Energoinvest was. Since I was interested in the experience of transition, I mostly sought managers who had been active since the 1970s and 1980s; I usually found their names on the company’s journal and proceeded to look for them. In this way, I managed to interview all the top managers of Energoinvest for the period I wanted to cover (1989-2008). Many of these directors retained managerial positions even after their company was dissolved or declared bankrupt in the late 1990s and early 2000s and usually work in the central branch of Energoinvest. A few of them have moved to the private sector or have bought their own companies. In this context, semi-structured interviews allowed me to understand managers’ lifeworlds and how they ‘make sense of, and create meanings about, their jobs and their environment.’<sup>101</sup>

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101 Sandy Q. Qu and John Dumay. ‘The Qualitative Research Interview.’ *Qualitative Research in Accounting & Management* 8, no. 3 (2011): 238–64, p.246; see also Helen B. Schwartzmann. *Ethnography in Organizations*. Newbury Park, CT: Sage, 1993.

Since I was also interested in how workers made sense of these transformations, and I was curious to assess their contribution to the drafting of economic reforms, I collected thirty semi-structured oral history interviews with former and current employees of Energoinvest.<sup>102</sup> Here I had to employ different selection criteria, as the company has shrunk in size and it is very challenging to locate current or former employees.

For this reason, I relied on a scattergun approach, and drew upon all the resources and contacts available: after having traced a few former employees through personal contacts, I employed a snowballing technique to trace colleagues and co-workers of my initial group of interviewees. These ranged from highly skilled cadres and engineers, to miners and factory workers who had started their work experience in the 1970s-1980s. I was, in fact, curious to interview workers from different sectors and with different skills, as this would have provided a full range of views and experiences; the primary selection criterion was only that of age, as I wanted to focus on employees who had lived through three decades of economic reforms. Although it would have been impossible to find workers from each one of the hundreds of daughter companies of Energoinvest, I have tried to draw from a pool as varied as possible. Thus, I have included workers from different factories in Sarajevo, East Sarajevo, Mostar, Tuzla, Gradačac, Zvornik, and Bijeljina.

This sample presents a few limitations: for example, due to the limited scope for this analysis, I focused only briefly on interviewing political actors. Most of the political voices and perspectives were collected from written sources (parliamentary debates, press interviews, archives).

Similarly, my sample is slightly limited when it comes to a gender balance. For this research, due to the nature of the sector, I focused on (heavy industry and engineering, economic expertise) was predominantly male,<sup>103</sup> my sample consists mostly of urban, middle-aged men. Though I tried to mitigate against this gender unbalance, the snowballing technique led me to only a few female

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102 A selection of the interviews quoted throughout the thesis will be available in an appendix of the bibliography.

103 Due to the kind of production in heavy industry, and the production sector, it was estimated that women constituted only 10-20% of the workforce; Energoinvest List 1986.

interviewees. Similarly, the vast majority of economic experts and international advisors involved in drafting and implementing economic reforms since the late 1980s were men. The situation was slightly more balanced concerning the management and highly skilled workforce in Energoinvest, where I was able to interview more women. Analyses of gendered division of labour, construction of masculinity, or rural/urban divide – though compelling – were beyond the scope of this research. Nevertheless, these will be included in my future research.

Finally, although I have covered most factories of the Energoinvest group, and have interviewed workers of other companies, collecting a comparable sample of another fifty interviews with managers and workers from other companies would have been beyond the scope of this study.

The conclusions I will draw from my sample are not necessarily valid for other companies, and cannot be generalised in the broader Bosnian or Yugoslav case. Nevertheless, while I do not claim this sample to be representative of the whole post-Yugoslav workforce, an in-depth approach has enabled critical new approaches to transformation to be developed, which can be taken up by scholars in other communities. It is at least illustrative of processes of identity-making in a market-oriented and globally-oriented large company undergoing multiple waves of transition that reconfigured ownership and workplace relations. The forthcoming monograph will include a more systematic comparative approach.

### **0.2.ii Identity formation, remaking subjects**

Central to this thesis is to analyse if, and how, do projects of economic reform intersect with processes of identity-making. The initial hypothesis was that different ‘waves’ of transition reforms were not only aimed at creating a shift towards marketisation and privatisation of companies but also entailed an attempt at remaking subjects and subjectivities in accordance to new economic principles.<sup>104</sup> As economic reforms implied a transformation of workplaces in

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104 Jason Read. ‘A Genealogy of Homo-Economicus: Neoliberalism and the Production of Subjectivity.’ *Foucault Studies* 6 (2009): 25–36.

view of different ideas of productivity, motivation, market presence and global engagement, I hypothesised that this would have also affected workplace and labour relations, as well as the very notions of work. In other words, was it only 'reforms' to be conceptualised and negotiated, or was it also the very idea of the worker, his self-representation, his position and role in a transformed workplace also featuring in the way reforms were conceptualised?

Seeking to answer this question led me to investigate workplaces and reforms as spaces of identity-formation and re-negotiation. Here, I examined how people made sense of what was happening to them (transition, de-industrialisation, peripheralisation) by framing it into a narrative; and how, then, they were then guided to act according to their projections, expectations and memories.<sup>105</sup> Through these interviews, I wanted to understand how the collapse of state socialism, the war in Bosnia and the subsequent 'transition' to capitalism have affected people's work biographies and their self-identification with their *working selves*.<sup>106</sup> Moreover, I uncovered people's expectations of transition, what possibilities they envisaged, and how do they make sense of the reasons why were these possibilities lost.<sup>107</sup> Further, I investigated what kinds of narratives, ideas, and concepts were recorded in written and oral documents.<sup>108</sup>

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105 In this, I followed narrative approaches to the study of identity; see: Margaret R. Somers. 'The Narrative Constitution of Identity: A Relational and Network Approach.' *Theory and Society* 23 (1994): 605–49; Carolina J. Dudek. 'Working Life Stories.' In *The Routledge International Handbook on Narrative and Life History*, edited by Ivor Goodson, Ari Antikainen, Pat Sikes, and Molly Andrews, 225–36. Taylor and Francis, 2016.

106 Ljubica Spaskovska offers a very convincing argument for viewing the Yugoslav dissolution as a collectively experienced historical trauma, in: Ljubica Spaskovska. 'The Yugoslav Chronotope: Histories, Memories and the Future of Yugoslav Studies.' In *Debating the Dissolution of Yugoslavia*, edited by Florian Bieber, Armina Galijaš, and Rory Archer, 241–54. London: Ashgate, 2014.

107 Spaskovska also rightfully suggests for the need to uncover historical narratives of lost possibilities, in Ljubica Spaskovska. 'The 'Children of Crisis' Making Sense of (Post)socialism and the End of Yugoslavia.' *East European Politics and Societies and Cultures* 31, no. 3 (2017): 500–517, p.504.

108 on narrative, see Jenny Rankin, 'What Is Narrative? Ricoeur, Bakhtin, and Process Approaches.' *Consciousness* 3 (2002): 1–12; Roberto Franzosi. 'Narrative Analysis or Why (and How) Sociologists Should Be Interested in Narrative.' *Annual Review of Sociology* 24 (1998): 517–74; an interesting account of memory and narrative during and after communism is offered in Nina Vodopivec 'Remembering Communism in Modern Russia: Archives,

For this, oral sources were useful to understand how subjectivities and identities are produced and reproduced across moments of significant transformation. Tracing processes of (labour) identity-formation in workplaces was crucial to understanding if and how group identities shaped policies of reform, which were then enacted as history.

Established scholarship on oral history and memory has reflected at length on the significance of oral sources, their veracity and reliability, as well as on the role of the historian in producing and reproducing these accounts.<sup>109</sup> I share with Alessandro Portelli the argument that oral sources are gifted with a 'different credibility' than written sources, as their importance lies on their departure from factual accounts.<sup>110</sup> Oral history interviews are thus crucial to investigate (untold) histories of transformation, as well as to uncover how subjects form identity narratives as they reflect on these shifts. Thus, I have employed this perspective in my analysis of the materials collected, investigating the personal as well as the factual truth they embody. The semi-structured interviews were structured around questions 'guided by identified themes, in a consistent and systematic manner, interposed with probes designed to elicit more elaborate responses'.<sup>111</sup>

Through a collection of oral histories, I uncover subjectivities and processes of identity-making. In this, I found inspiration in post-structuralist and constructivist approaches that see identity as subjectivity, i.e. 'a nexus of relations with others and with a life-world' where 'the figuration and refiguration of identity' are determined.<sup>112</sup> In this context, I understand the subjectivity of interviewees as inherently dynamic and necessarily contradictory processes

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Memoirs, and Lived Experience.' In *Remembering Communism : Genres of Representation*, by Maria Todorova. New York: Social Science Research Council, 2010.

109 Luisa Passerini. *Fascism in Popular Memory: The Cultural Experience of the Turin Working Class*. Cambridge: Cambridge University Press, 1987; Alessandro Portelli. *The Death of Luigi Trastulli and Other Stories: Form and Meaning in Oral History*. Albany: State University of New York Press, 1991; Soon Nam Kim. 'Whose Voice Is It Anyway? Rethinking the Oral History Method in Accounting Research on Race, Ethnicity and Gender.' *Critical Perspectives on Accounting* 19 (2008): 1346–69.

110 Portelli, *The Death of Luigi Trastulli*, p.51.

111 Qu and Dumay. *The qualitative research interview*, p.246.

112 Couze Venn. 'Identity, Diasporas and Subjective Change: The Role of Affect, the Relation to the Other, and the Aesthetic.' *Subjectivity* 26 (2009): 3–28, p.3.

whereby 'the individual is constituted through the discourses of a number of collectives'.<sup>113</sup> Thus, I explore the narratives that emerge from participants' accounts as the contradictory results of multiple discourses on identity-making in the late and post-socialist workplace. The post-structuralist critique places particular emphasis on the relationship between narratives and lived experiences; it problematizes both narrators' and researcher's position as concurring to the construction of a certain narrative and certain interpretation of one's life history account. Though I am aware that subjective narratives are produced in the specific context of the interview, and thus for me as author/interlocutor,<sup>114</sup> my main aim was to use a multiplicity of sources and voices to make sense of historical change, and its impact on interlocutors' biographies and experiences.

Here, interviews allowed me to analyse how historical transformations played out, and how at the same time participants made sense of these changes through time. Past experiences, emotions, expectations, and personal narratives all colour personal accounts. The advantage of including oral history testimonies is that they offer a wide range of perspectives over crucial historical events. At the same time, one has to be aware that all sources, be they oral or written, are produced after a specific event, and therefore are shaped by memory and personal perceptions; indeed, they should not be seen through the lens of truthfulness. Instead, the oral historian needs to be aware that oral sources – and any sources – are mediated by time and personal views and has to negotiate what kind of answers one should look for in different sources. As I was interested in how different actors made sense of historical changes, I asked questions that would lead me to narrative accounts. These are not less true than what we consider historical 'facts': they provide different answers and allow to reconstruct a nuanced history of change rather than a sequence of events.

For example, when investigating the complex ethnic dynamics in industrial workplaces, I knew I could not get simple 'factual' answers as to whether

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113 Bronwyn Davies. *A Body of Writing*. Walnut Creek, CA: AltaMira Press, 2000, p.57.

114 J. Amos Hatch and Richard Wisniewski, eds. *Life History and Narrative*. London and New York: Routledge, 1995, p.115.

interethnic relations were peaceful or not. Instead, I realised that the historian has to approach her sources in a constant process of negotiation between history and memory. As such, I investigated why were interethnic relations remembered and described in a way or another according to the source. The responses I gathered would not tell me whether that source was remembering correctly or not, but it would open up to a whole range of questions as to what were the socio-economic, political, cultural, historical reasons why a narrative of peaceful ethnic coexistence was produced in workplaces. At the same time, a detailed analysis of the historical contexts in which these narratives took shape allowed me to go beyond established understandings of these views as produced by a sentiment of nostalgia towards the socialist past.

As with any range of material, clashing perspectives would emerge from time to time, particularly when it comes to putting together the contemporary written and oral sources from a nowadays' perspective. Sometimes interviewees do not remember certain historical details the researcher has gathered from written material; other times they downplay the importance of debates or even disagreements that emerge from contemporary written sources (for example clashes with management or between ethnic groups). Equally, written sources can be patchy and incomplete, and emerge within specific historical contexts that colour them with the zeitgeist and discursive tropes of the time. All historical information, written and oral, are a product of memory, and should be understood as such; newspaper articles, for example, are a written source that is often based on the writer's immediate recollection of certain events. Oral history can be challenged in its veracity, but so can written accounts – particularly press and documents produced within a one-party system; thus, oral sources are not necessarily 'less' veracious than written ones. While one has to acknowledge that 'oral history interviews are necessarily dialogues between past and present that do not provide direct access to historical experiences', new approaches to the study of oral history in the former Eastern Bloc suggest that it is precisely such dialogue which is deserving of further interrogation.<sup>115</sup> Following these approaches, rather than seeing oral

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115 James Mark. *The Unfinished Revolution: Making Sense of the Communist Past in Central Eastern Europe*. New Haven and London: Yale University Press, 2010, p.xxv.

history accounts as inevitably faulted by skewed versions of the past, I analysed how past experiences inform and shape present attitudes. Although the influence of the present onto narrations of the past needs to be taken into account, narrators are equally able to reconstruct 'their past attitudes even when they no longer coincide with present ones'.<sup>116</sup> Here I was interested in analysing actors' memories, not just as a source, but as a 'narrator's interpretation of their experience and as such [...] complex, creative and fluid'.<sup>117</sup>

Some of the interview questions drew upon issues discussed in written sources such as the company journals. Social historians of the Soviet Bloc such as Stephen Kotkin, Jochen Hellbeck, and Sheila Fitzpatrick have illustrated the production of the 'Soviet self' through official and non-official written documents, showing the creation of different subjectivities and spaces of dissent through texts produced in socialist systems.<sup>118</sup> In this approach to the social history of communism, personal written documents are analysed as a source of both history and narrative, as they illustrate how subjective narratives are formed and transmitted through time. As Hayden White and David Carr argued already at the beginning of the 'narrative' turn in the mid-1980s, history *is* narrative; what we have traditionally understood as historical documents, as sources of 'facts', are in themselves product and producer of historical narratives.<sup>119</sup> In this research too, I approached each document – be it a written or oral testimony – as a source of narrative as well as historical information; I could explain historical change, as well as how actors made sense of it through time.

Further, I could analyse different ways in which historical experiences were significant for 'representing and analysing identity in its multiple guises in

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116 Portelli, *The Death of Luigi Trastulli*, p.53.

117 Lynn Abrams. *Oral History Theory*. New York: Routledge, 2010, p.105.

118 Stephen Kotkin. *Magnetic Mountain: Stalinism as a Civilization*. Berkeley, Los Angeles, London: University of California Press, 1997; Jochen Hellbeck. 'Working, Struggling, Becoming: Stalin-Era Autobiographical Texts.' *The Russian Review* 60, no. 3 (2001): 340-359; Jochen Hellbeck. *Revolution on my mind: Writing a diary under Stalin*. Harvard University Press, 2009; Sheila Fitzpatrick. *Everyday Stalinism: Ordinary Life in Extraordinary Times. Soviet Russia in the 1930s*. Oxford: Oxford University Press, 1999.

119 David Carr. *Time, Narrative, and History*. Indianapolis: Indiana University Press, 1991.

different contexts'.<sup>120</sup> First, I inquired about conceptualisation: how did the three groups (experts, managers, workers) conceptualised who workers are and what their role in workplaces should be across multiple historical shifts? Second, I analysed appropriation of these concepts: how were they internalised by these actors, in what moments, through which narratives? Third, I investigated (re)actions towards this appropriation: what kinds of actions and reactions emerged from such narratives, and how do these feed back into conceptualisation?

For example, in the written sources I would look at how did issues of motivation and efficiency lead to the idea of 'making workers into owners'. Then I would ask experts, managers and workers what did they envisage from these transformations, how did they expect this would change workplaces, and how did it transform them. From the interviews, I would gather that workers would still refer to themselves as owners of their factories, and for example would protest privatisation on these grounds. At the same time, I would notice a similar self-identification to be occurring on media interviews and union documents. As a result, I would ask workers to discuss this feeling of ownership and notice its resilience as foundations for their current sense of selves and self-positioning in society. In another instance, I discovered from the company's newspaper that its workforce was referred to as 'Energoinvest-men'; I proceeded to ask interviewees what was meant by that, as an interesting way into their understanding and self-definition as workers of a particular community. It was through this unique combination of sources that I was able to uncover an overlooked aspect of workers' experience of transition: their identification as owners of their companies. Not only did this show me an aspect of workers' identity that has survived through transition, but has highlighted an aspect of workers' behaviour that does not fit with the narratives of Yugo-nostalgia available to us so far. Furthermore, as Chapters three, four, and [five](#) show, these lingering identities form narratives that are used to make sense of the

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120 Catherine Kohler Riessman. 'Analysis of Personal Narratives.' In *Qualitative Research in Social Work*, edited by Anne E. Fortune, William J. Reid, and Robert Miller, 168–91. New York: Columbia University Press, 2013.

significant transformations that different actors experienced (from socialist self-management to war, to privatisation).

I am aware that oral sources as 'subjective memory documents' pose question of long-term retrospectivity for those who seek to reconstruct history 'as it was'.<sup>121</sup> Yet, every time we approach a written document, we do so with the benefit of hindsight. Aware of this issue, we try to read texts across the grain, looking for values, intentions and dominant discourses of which the text is imbued. A great aid in this analysis is precisely oral accounts. Though today's perspective shapes these, if combined with written material can allow us to get a glimpse at the reasoning, preoccupations, motivations and expectations that shape(d) people's current and past experiences.

As a result, the way I proceeded when facing with contradictions or gaps in oral narrations was to try to understand why were certain events or debates downplayed or misremembered. What dominant or dormant narratives were built around this? Here is just one example of how I dealt with a potential contradiction. I was conducting a group interview with workers in the Energoinvest factory 'TDS' in Sarajevo. At one time, they were discussing the great working environment they experienced in socialist times. A worker who until then had not been part of the interview interjected in the discussion, contradicting the others; he commented that, in socialist times, workers did not have any power, and it was not that great after all. His colleagues, who quickly told me I should not listen to him because 'he is a drunk', immediately silenced him. I knew from the sources that there had been clashes over workers' management power in socialist times and that workers of Energoinvest had complained that their councils did not have any actual power.

From this little excerpt, I can thus make two observations. First, a historical one, which shows that there were (and still are) clashes over self-management and the degree to which workers had actual decision-making in their workplaces. Secondly, a narrative one, that tells me how do workers want to remember socialism, as either a place of freedom and respect for workers (majority) or one of lack of sufficient power (as the one worker notes). These

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121 Abrams, *Oral History Theory*, p.21.

kinds of discussions often occurred in interviews with workers. Thus, the subjective retrospection we find in oral history accounts constitutes a challenge but also a strength: it provides otherwise rare insight into the experience of actors who lived through these pivotal moments of change and opens to new angles on how subjectivities and historical processes intersect.

Though challenging to analyse, these tensions were fundamental to show multiple dialogues between past and present. Rather than researching and striving to solve tensions or discrepancies between written and oral sources, or between history and memory in oral interviews, my approach was to accommodate those tensions and investigate moments and reasons why such discrepancies emerged in the first place. For example, during our conversations workers showed conflicting views and memories of self-management: some remembered it with a very positive attitude, others with a very negative one. Here, rather than determining whether self-management was good or bad for workers, or what present situation is leading them to have positive or negative attitudes, I wanted to employ these tensions to uncover what kind of ideas of reformed socialism did these ambivalent views of self-management produce, what their legacy is, and how have they shaped economic change afterwards. These responses gave me further insight, for example, into the different attitudes, expectations, and responses towards post-war privatisation that emerged amongst my interviewees. Little has so far been recorded of these groups' take on how should subjects be 'remade' in different moments of reform, and oral history was essential to uncover this subjective side to the story of transition.

Since my approach was that of embracing the tensions between history and memory and using them to create a nuanced history of change from a multiplicity of perspectives, I tailored my interviewing methods to this approach. During interviews, I would ask people to narrate about certain historical moments that were significant for my analysis, and how they experienced them. Usually, I avoided posing general questions such as 'How did you experience transition?'. In the beginning, I had tried to leave questions very open, but I would often get a 'standard' narrative: for instance, interviewees would compare socialist and post-socialist workplaces, recalling how everything was great in

Tito's time. Although these 'nostalgic' narratives are addressed in this research, I was keener to understand how people positioned themselves towards more specific historical events, and towards the kind of hybrids that existed between socialism and the post(s).

Moreover, I did not want to reify their past experiences into a *unicum* 'Yugoslav past'. My interviewees – and this is true for all groups – experienced a professional coming of age in 1970s and 1980s Yugoslavia, in a moment of great political and economic opening up and, subsequently, of crisis. Thus, there was a relatively greater room for criticising or challenging the system, even within workplaces and amongst the unskilled workforce. Thus, I would pose questions about specific historical events that have also remained unexplored in the more traditional historiography; for instance, I would ask: 'What do you remember of the Marković privatisation reforms of 1990?' Or: 'When did you return to work after the war, and what did you expect to find?'

Additionally, I would inquire about global processes and their symbolic values – for instance, 'What kind of global contacts did your company have? Also, how did you feel about this global engagement?'. Through these kinds of questions, I gathered nuanced narratives that often challenged the initial hypotheses I had. As an example, I noticed that workers were not against privatisation reforms *tout court*; managers criticised self-management but were ready to reform it; economists were proud in being independent of globally circulating ideas of market reforms and privatisation.

In charting historical trajectories of change, and their intersections with processes of identity-making, ethnicity played a crucial role in this context. How were ethnicity and labour/class identities negotiated in workplaces during transition? What kinds of impact did these negotiations have on the drafting of economic reforms? Through oral history material, I analysed how my participants made sense of ethnicisation and anti-nationalist views in their workplaces. Although ethnicity was not my primary line of investigation, it nevertheless shaped workers' experiences and had featured in the post-socialist transformation of workplaces. Thus, I tried to find interlocutors of all ethnic backgrounds, including those who defined themselves as 'Yugoslavs'. Here I was particularly cautious in my inquiry over one's sense of ethnic

belonging, and I sought to let identity definitions emerge from personal accounts, rather than imposing ones already imbued within a specific ethnonational discourse.<sup>122</sup> Regardless of whether the interviewee was an economic expert, a manager or a worker, when it came to questions of ethnicity I left the interview rather unstructured, and have preferred to let identity emerge from interviewees' account when, and if, they deemed it relevant.

As studies of labour history and memory have shown, workers' testimonies are both a reflection on individual experiences and a collective past and should be approached with sensitivity to this twofold nature. While restraining from generalisations, I also view workers' narratives as revealing of both individual and collective experiences.<sup>123</sup> By no means have I intended here to essentialise labour or any other form of identity or self-identification. When speaking about workers' identity throughout the thesis, it will be implied that this is a specific construction I observed through the sources collected in Energoinvest.

### **0.2.iii Interactions between different groups**

The final thematic approach relates to the analysis of the interactions between the different groups.

To chart these interactions, I interrogated sources that illustrated the debates, conflicts, and negotiations between groups in the formulation of economic reforms. Through such sources, I was able to inquire whether workers, managers, employees of a large globally oriented company contributed to framing economic reforms, and in what ways. Further, I could investigate which relationships were vital in shaping reform, and in disciplining transition. Finally, I was able to chart to what extent local elites, managers or workers challenged the intentions of international advisors from USAID, World Bank, and OHR.

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122 In this I follow Kvale and Brinkmann's recommendations to employ sensitively different interviewing approaches according to the persons interviewed, and themes discussed; see Steinar Kvale and Svend Brinkmann. *Interviews: Learning the Craft of Qualitative Research Interviewing (2nd Edition)*. Thousand Oaks, CA: Sage, 2009; Steinar Kvale. 'Dominance Through Interviews and Dialogues.' *Qualitative Inquiry* 12, no. 3 (June 2006): 480–500.

123 Debouzy, 'In Search of Working Class Memory', p.64.

The company's journal offered one of the most fruitful insights into the interactions between workers and management and illustrated well the kinds of mediation that occurred between bottom-up views and company policies. These journals provided useful evidence of debates and discussions occurring within workplaces about how market reforms were discussed and introduced in the late-socialist workplace.<sup>124</sup> Since the early 1970s, these publications had the task to inform workers and their councils about issues related to the fulfilment or realisation of their self-management rights.<sup>125</sup> According to the Communication Research Section of the Yugoslav Sociological Association, these sources were meant to provide a 'de-crystallisation' of political communication, thus bridging the gap between the organised consciousness of the ruling class and the spontaneous consciousness of popular masses. Sociological studies carried out at the time showed that bulletins and papers issued by enterprises retained significant places as sources of information for workers, second only to workers' assemblies.<sup>126</sup> These publications were, to a certain extent, the transmission belt for the Party's or the management's rhetoric but at the same time reported quite closely discussions between different groups in the company.

Beyond detailed information on the state of the company (its global partnerships, revenue, projects and development), the journal is also an important source to understand how management and workforce sought to represent themselves and perceived their position within the company. Although this format was also aimed at containing dissent in controlled settings, it can still inform us on the debates, discussions and concerns expressed by workers, unions and managers in a critical moment of crisis and reform. Subsequently, I would trace how were these debates brought within the context

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124 For a broader discussion on workplace periodicals as a source of investigation in Yugoslav labour studies, see Archer and Musić, 'Approaching the Socialist Factory...', p.13.

125 Zdravko Leković, in: Towards democratic communication – mass communication research in Yugoslavia, Yugoslav Centre for Theory and Practice of Self-management Edvard Kardelj, Ljubljana, 1984, p107-108.

126 France Vreg, in: Towards democratic communication – mass communication research in Yugoslavia, the Yugoslav Center for Theory and Practice of Self-management Edvard Kardelj, Ljubljana, 1984, pp.38-39.

of workplaces, how were they discussed and appropriated or rejected by management and the workforce alike.

At the same time, like many other sources, these journals were also the site of 'controlled dissent': workers could show disagreement, but up to a certain point. How should one get to more nuanced perspectives on the relations between managers and workers, and within workers' groups? Moreover, how to analyse what kind of personal experiences and collective identities were shaping such views? For this, it was necessary to include oral history interviews with managers and workers employed at the time, to untangle different views and understandings about motivation and productivity in late-socialist workplaces.

In addition to company journals and experts' magazines, I consulted parliamentary debates and documents produced by international institutions, and I combined them with articles and interviews collected on national and local print media. A particularly useful publication was the journal of the Federation's Privatisation Agency, where economists and reformers discussed at length the new rationale of reforms in the mid-1990s. Also, the economic newsletters and reports of the Office of the High Representative offered an equally useful source to investigate the interactions between international advisors and institutions on the one hand, and local experts and politicians on the other. These would also provide information about the general economic situation of the country, and what were perceived to be the main issues of concern for economic experts. The publications of the conference papers, as well as the parliamentary debates, were useful to get to the discussions, debates and disagreements amongst experts and policy-makers over questions of property, marketisation and re-distribution.

This collection of sources allowed me to investigate a variety of aspects related to the formulation of reforms, such as idea production, intellectual influences/legacies, internal debates, categories/concepts used (for example, market, private property), and expectations of change.

### **0.3 Chapter Outline**

In the following five Chapters, the thesis will illustrate how workplaces of a large globally-oriented socialist corporation were transformed across transition; it will analyse the re-making of labour identity from above and below, through market and privatisation reforms. While ordered chronologically, the five Chapters are closely connected thematically: the conceptualisation and implementation of privatisation reforms; the bottom-up responses within workplaces, and the (re)shaping of workers' identities given different ownership models; and the legacies of these top-down and bottom-up negotiations of reforms are all themes explored throughout.

Chapter One focuses on the first 'privatisation' reforms of the former Yugoslavia – the so-called Marković reforms of 1989-1991. It examines how economists conceptualised workers' roles and sense of attachment to their workplaces in the design of the economic transition. Based on new archival and oral history material, it will show how late Yugoslav economists and reformers tried to rethink the role of the worker, and, as a consequence, reshape workplaces in preparation for privatisation and market reforms.

The first section illustrates how the Yugoslav history of economic reforms since the early 1960s is characterised by efforts at (re)making workers and (self-managed) workplaces according to different models of economic reform. The second section argues that in the 1980s social scientists and economists drew upon this tradition to conceptualise a 'socialist-Yugoslav' way to market and privatisation reforms. This conceptualisation, as the Chapter argues, derived from economists' biographical experiences, and their specific view of Yugoslav economic thought as insular, only loosely influenced by Western models. The third section delves deeply into the debates that surrounded the drafting of reforms. These involved discussions about categories of efficiency and motivation in the workplace, informed by a set of ideas about the Yugoslav worker. Late socialist reformers envisaged a set of property reforms, which would rely on workers' attachment to their workplace in order to propel a 'Yugoslav way' to privatisation reforms.

Chapter Two follows through from the previous one, and analyses the implementation of the 'socialist' privatisation reforms in a large Bosnian company (Energoinvest). It investigates the workplace as a space for identity formation, centred on workers' self-identification as market-oriented owners of their workplaces. It analyses how discussions about motivation, efficiency, and productivity of workers were internalised or challenged by the workforce.

The Chapter's first section provides a general overview of the case study chosen, its relevance for the Yugoslav and Bosnian economy, and its specificity as a global market-oriented company. Second, the Chapter analyses the debates over reforms that took shape within the workplace, amongst both managers and workers. Just as economists did 'from above' (as discussed in Chapter 1), these groups were also discussing reforms as an opportunity to transform both self-managed workplaces and property relations 'from below'. The third section delves deeper into the conceptualisation of workers' shareholding as the backbone of reforms; this was due to the specific feeling of attachment that they had developed towards their workplace, which had framed workers' identity as owners of social property. This feeling of ownership was common to many workers across Yugoslavia and had assumed in Energoinvest the specific traits of what I define as a 'socialist corporate culture': a sense of identification in the values of a socialist, Yugoslav, non-aligned company, which was, at the same time, market-oriented and globally successful.

The third Chapter explores the complex intersection of ethnic and class identity in the workplace. It illustrates how workers' identity as owners (as discussed in Chapter 2) came to be paired or associated with their identity as soldiers and defenders of their workplaces during the conflict of 1992-1995 in Bosnia. Although the conflict paused the privatisation reforms (analysed in the previous Chapters), workers maintained an expectation of becoming owners of their factories once the conflict was over. Since workers were recruited as soldiers and were often deployed near their workplaces, their role as guardians of the workplace became entangled with that of soldiers defending the homeland. The first section of the Chapter adopts a micro-historical focus to illustrate this shift towards the centrality of the 'worker-warrior' at Energoinvest.

The second part shows how the hyphenated identity of ‘workers-warriors’ was increasingly associated with ethnic tropes; a geographical division of the country paralleled this process and entailed a fracturing of the workplaces along ethnic boundaries. The Chapter’s final section illustrates how the ethnic exclusion of non-majority ethnic members was normalised in workplaces through mechanisms of (exclusionary) re-employment, and how workers have internalised their identity as workers-warriors. The Chapter illustrates how the Yugoslav-global labour identity of Energoinvest workers, as derived from the “socialist corporate culture” illustrated in Chapter 2, came to be entangled with a more eminently ethnic veteran one as a result of the conflict; this would become central in the debate over post-war privatisation reforms.

Chapter Four analyses the set of (ethnic-based) privatisation reforms conceptualised and implemented in the post-war context. This Chapter connects back to what discussed in Chapter 1, as post-war reforms were also framed as a project seeking to remake workers, workplaces, and ownership relations. These reforms drew upon the Marković project of just few years earlier; this time, however, the specific sense of attachment that tied veterans to their workplaces was the central feature of reforms.

The first section of the Chapter illustrates how, since workers identified as veterans and owners of their companies (as explained in Chapter 3), they demanded to be included in the process of privatisation and to be rewarded for their war contribution with ownership rights, as workers-warriors. As the second section explores, these pressures combined with the legacy of the Marković reforms. From this combination emerged a model of privatisation that sought to remake workplaces and workers by counting on a sense of attachment to one’s workplaces. This, however, combined with a shift in the view of who was deserving of ownership: not anymore workers-owners, but (ethnic) workers-veterans. As the third and last section highlights, this shift quickly created a sense of disappointment amongst workers. Their (positive) experience of privatisation reforms in the late 1980s had created expectations of reward (concretely, shareholding in their companies), which remained unmet in the new privatisation framework.

The final Chapter focuses on the more prominently neoliberal side of the post-war ethno-neoliberal reforms, and their implementation in Energoinvest. As the Chapter contends, this company was at the centre of two clashing visions of post-war economic development, and two different sets of notions about what the future configuration of Bosnia's post-socialist economy should be. Should the country rely on its previous socialist-global giants, or should it turn to SMEs development? This debate betrays a much more complex and long-term discussion about the prospects of semi-peripheries in the global economy, about notions, visions, and expectations of 'globality', and about the legacies of a 'socialist corporate culture' after the collapse of state socialism.

The first section focuses on this shift in the conceptualisation of reforms. The second part of the Chapter analyses the reactions of different groups towards reforms that clashed with their views of privatisation. Local governments and local experts clashed with a view of reforms that moved away from workers' centrality in workplace reforms. Despite the collapse of Yugoslavia and the destruction brought by the war, an idealised vision of a globally-oriented 'socialist corporate culture' still lingered in Energoinvest. Such legacy emerged when it became apparent that the company's unity was threatened by the ethnonational-neoliberal reform that followed the war. In this context, processes of de-globalisation featured significantly in workers' experiences of post-war transition. The legacy of late-socialist reforms and the particular attachments workers had developed towards their companies moulded their reactions. As the Chapter shows, the legacy of past reforms, of global engagement, and hyphenated identities (as illustrated in Chapters 1 to 4) still shapes workers' attitude towards new processes of economic transformation.

## **I. Market reforms in Yugoslavia (1988-1990)**

### **1.1 Introduction**

This Chapter analyses the late-socialist economic reforms in Yugoslavia as a moment of re-shaping and re-definition of the Yugoslav worker in view of market reforms. It focuses on the privatisation reforms of 1988-1990 as a time of intellectual vibrancy in the political and academic debate over the future organisation of work, enterprises, and self-management. The Chapter argues that these reforms were conceptualised as 'New Socialism', i.e. an improvement of the Yugoslav model of market socialism and self-management, and thus did not signify a rupture with the socialist system. Specifically, the proposed privatisation model was not supposed to end social ownership – the form of collective ownership that characterised socialist Yugoslavia – but rather to transform it into workers' (private) ownership. This 'Yugoslav' approach to transition drew upon a long tradition of market-socialist reforms that had the (re)shaping of workers-individuals at their centre; Yugoslav reformers did not view either private ownership or the market to be in full contradiction with socialism. In this context, reformers sought to re-make property relations according to what they understood as a characteristic of Yugoslav self-management: namely, workers' attachment to their workplaces, and their self-identification as 'owners' of their factories. This 'feeling of ownership' could support, rather than hinder, the 'transition' to private property. These reforms drew upon Yugoslav models of market socialism, as well as the German social welfare and the American model of employees' stock-ownership (ESOP). This Chapter thus highlights how the re-shaping of workers' attitudes towards their work and their property became central in the late-socialist economic reforms. Here, the long road to the Yugoslav transition will be analysed primarily from the perspective of (economic) experts involved, while the next Chapter will explain how bottom-up pressures from large industrial workplaces shaped these reforms.

This Chapter counters established interpretations that view economic reforms in the socialist bloc (1988-1992) as ‘creeping neoliberalism’, i.e. as the global diffusion of a transnational paradigm of political-economic policies aimed at developing market economies in the (post)socialist world.<sup>1</sup> Much of the literature on the economic reforms that led to – or were an immediate consequence of – 1989 tends to focus on the history of (new) economic ideas and their articulation and circulation in the Socialist bloc (particularly Poland, Hungary, Czechoslovakia, Romania and Bulgaria).<sup>2</sup> These works broadly debate whether or not the economic reforms implemented in ‘transitioning’ countries were neoliberal in their nature, and whether this neoliberalism was a ‘Western’ imposition or was the result of a long-term circulation of ideas between Western and socialist economists.<sup>3</sup> In this context, the late socialist economic reforms of Yugoslavia feature only at the margins, as they do not entirely fit this mainstream narrative.

The literature that does discuss the final decade of the Yugoslav Federation and Ante Marković’s market reforms of 1989-1990 usually focuses on the complex political environment that led up to Yugoslavia’s political dissolution.<sup>4</sup> The most thorough accounts offered by authors such as Susan Woodward, or first witnesses like Raif Dizdarević, have analysed the political opposition that Marković and his reforms raised within the League of Communist’s leadership.<sup>5</sup> Moreover, some works underline the close relationship between the reformers and Western economists – often remarking that Marković’s ‘program of

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1 Hilary Appel and Mitchell A. Orenstein. ‘Why Did Neoliberalism Triumph and Endure in the Post-Communist World?’ *Comparative Politics*, April 2016, 313–31, p.317.

2 See, amongst others: Johanna Bockman and Gil Eyal. ‘Eastern Europe as a Laboratory for Economic Knowledge: The Transnational of Neoliberalism.’ *American Journal of Sociology* 108, no. 2 (2002): 310–52; Adam Fabry. ‘The Origins of Neoliberalism in Late ‘Socialist’ Hungary: The Case of the Financial Research Institute and ‘Turnabout and Reform.’” *Capital&Class*, 2017, 1–31.

3 Amongst others: Bockman, ‘The Long Road to 1989’, p.21; Venelin I. Ganey. ‘The ‘Triumph of Neoliberalism’ Reconsidered: Critical Remarks on Ideas-Centered Analyses of Political and Economic Change in Post-Communism.’ *East European Politics and Societies* 19, no. 3 (2005): 343–378.

4 See for example: Jović, *Yugoslavia: A State*; Susan L. Woodward. ‘Orthodoxy and Solidarity: Competing Claims and International Adjustment in Yugoslavia.’ *International Organization* 40 (1986): 505–45. Dizdarević, *From the Death of Tito*.

5 Woodward, *Balkan Tragedy*, p.50.

economic reforms was supported and advised by Jeffrey Sachs'.<sup>6</sup> Works in the field of political economy and labour history define these reforms as a prelude to neoliberalism: market liberalisation, privatisation, and financial regulation implemented in late 1980s Yugoslavia are examined as the result of 'financial colonisation' of foreign institutions (the IMF and World Bank above all), with the support of compliant local elites.<sup>7</sup> These analyses see the Marković reforms as an attempt at 'sugar-coating the pill' of neoliberal shock therapy and inducing workers to accept new market laws and a full abandonment of self-management.<sup>8</sup> This understanding often risks overlooking the origins and intellectual discussions around market reforms in late-socialist Yugoslavia.<sup>9</sup> Although austerity measures (monetary and inflation policies) had been strongly encouraged by the IMF, privatisation and market reforms remained a prerogative of the federal government. While consultations with foreign advisors such as Jeffrey Sachs occurred, this Chapter will show that privatisation reforms were mostly conceptualised at the local level, as a 'Yugoslav' path to transition.

Ethnographic and anthropological literature too tangentially looks at these reforms. Such works tend to understand the post-socialist condition as the antechamber of a broader transformation of societies in 'transition', one that merely anticipated a neoliberal transformation of social relations and work.<sup>10</sup> These views derive from a more holistic understanding of neoliberalism as a set of 'political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills

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6 Jović, *Yugoslavia: A State*, p.354.

7 Géraud, 'Un Point Aveugle', p.217; Catherine Samary. *Le Marché Contre l'autogestion: L'expérience Yougoslave*. La Breche: Publisud, 1988; Goran Musić. 'Yugoslavia: Workers' Self-Management as State Paradigm.' In *Ours to Master and to Own: Workers' Councils from the Commune to the Present*, Immanuel Ness and Dario Azzellini., 172–90. Chicago: Haymarket Books, 2011; Musić, *Serbia's Working Class*.

8 Catherine Samary. 'The Fragmentation of Yugoslavia.' *Paperback*, IIRE Notebooks for Study and Research, 19, no. 20 (1993): 60, p.27; see also Woodward, *Socialist unemployment*, p. 348.

9 Samary, 'The Fragmentation of Yugoslavia.', p. 60.

10 Stenning, 'Where Is the Post-Socialist', p.990; see also Ost, David. 'Labor, Class and Democracy: Shaping Political Antagonism in Post-Communist Society.' In *Markets, States, and Democracy: The Political Economy of Post-Communist Transformation*, edited by Beverly Crawford. Boulder, CO: Westview Press, 1995.

within an institutional framework characterised by strong private property rights, free markets and free trade.’<sup>11</sup> Since their experience was short-lived, these reforms are usually confined to introductory paragraphs concerning the ‘real’ neoliberal privatisation reforms of the late 1990s and early 2000s.<sup>12</sup>

Both these bodies of literature leave out essential questions, which this Chapter addresses: if these reforms were neoliberal, then how was this transformation reconciled in the late-socialist Yugoslav context? If, as I argue, these reforms were not neoliberal, but rather a Yugoslav, socialist path to transition, how did they envision the transformation of subjects by new market principles?

In response to this, the Chapter claims that late-socialist reforms in Yugoslavia sought to ‘remake’ workers in accordance with new principles of efficiency and productivity. These new principles did not derive from a ‘neoliberal’ view of transition but rather aimed at encouraging firms’ productivity and competitiveness, by drawing upon the essentially ‘socialist-Yugoslav’ trope of social ownership. As the Chapter illustrates, new ideas of private property were not intended to end social ownership (the form of collective ownership introduced in the early years of socialist Yugoslavia), but to transform it. Workers were not supposed to simply adapt to a new market logic, but be the central part of it; this view, as the Chapter will illustrate, derived from reformers’ understanding of workers’ peculiar attachment to their workplaces. In other words, the worker had to be encouraged to work more efficiently and according to market principles. However, this motivation towards efficiency was built on a

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11 David Harvey. *A Brief History of Neoliberalism*. Oxford: Oxford University Press, 2007, p.2. The ‘governmental’ aspect of neoliberalism, i.e. that of transforming individuals according to new models of self-governance and self-entrepreneurship is not usually considered in these analyses.

12 see Will Bartlett. ‘Economic Reform, Unemployment and Labour Market Policy in Yugoslavia.’ *Moct-Most*, no. 3 (1991): 93–109. Milica Uvalić. ‘Privatisation and Corporate Governance in Serbia (FR Yugoslavia).’ Florence, 2001. Boris Young. ‘Nothing from Nothing Is Nothing: Privatisation, Price Liberalisation and Poverty in the Yugoslav Successor States.’ In *Scramble for the Balkans: Nationalism, Globalism and the Political Economy of Reconstruction*, by Carl-Ulrik Schierup. Basingstoke: Macmillan, 1998; Mirko Cvetković. “Balkan Latecomer: The Case of Serbian Privatization.” In *Privatization in Transition Economies: The Ongoing Story*, edited by Ira W. Lieberman and Daniel J. Kopf, 221–60. Emerald Book Publishing Ltd, 2008.

peculiarly 'Yugoslav' socialist framework of workers-management: namely, workers were to find motivation to work more efficiently by becoming owners of their factories. This shift was considered an improvement of self-management rather than its abolition. In the eyes of reformers and economists, Yugoslavia's complex formulation of (private) property and market relations was compatible with socialist self-management. Here I do not argue, as Bockman does, that these reformers contributed to shaping the neoliberal economy.<sup>13</sup> Rather, I claim that they viewed themselves as going beyond the opposition between market and socialism, by formulating a peculiarly 'Yugoslav' way to transition. Economists who conceptualised these reforms, as the Chapter illustrates, did not see themselves as 'neoliberal' reformers, but actually as experts tasked with modernising and improving Yugoslavia's market socialism in view of a further expansion into the global market. Crucially, this re-shaping was meant to maintain workers' centrality in reformed enterprises, by giving them shareholding rights. This fundamental aspect has influenced the expectations workers had towards the economic reforms of the late 1990s and, in turn, their reactions. Workers' demands of involvement in the fate of their company – which remained unmet in the reforms of the late 1990s as we will see in the following Chapters – were influenced by the model sponsored by the Marković reforms.

The Chapter focuses on the scholarly debates published on a variety of academic publications, such as: *Ekonomist*, the journal of the Serbian society of Economists; *Ekonomiska Analiza*, the journal of the Yugoslav Institute for economic research in Belgrade and Zagreb, which also published the records of annual conferences of the Council of Yugoslav Economists; *Nase Teme*, the journal of the Economic Faculty in Zagreb; *Ekonomiska Politika*, a weekly magazine similar to the British 'Economist'; *Ekonomski Glasnik*, the publication of the Economic Faculty of Sarajevo, as well as numerous monographs.

A close examination of the written material produced by these experts, as well as of the oral history interviews conducted with them, reveals details that are crucial to the understanding of the late-socialist 'transition' reforms in

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13 Johanna Bockman. *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism*. Stanford: Stanford University Press, 2011.

Yugoslavia. Oral testimonies of economists allow gaining new perspectives on how they viewed the market and privatisation as compatible with (a reformed version of) socialist self-management. Finally, they highlight how reformist economic thought in Yugoslavia was conceptualised as an alternative to the mainstream reform strategy implemented in other countries of the Eastern Bloc (particularly, Poland and Hungary).

## **1.2 The long road to reforms: Making and re-making the socialist worker**

This section illustrates how, in the economic reforms preceding those of the late 1980s, the (re)making of workers and (self-managed) workplaces came to be linked to market reforms, within the framework of a specifically ‘Yugoslav’ way towards market socialism and integration in the global market.

Across the 20<sup>th</sup> Century, socialist regimes in Eastern Europe, from the Soviet Bloc to the former Yugoslavia, had been concerned with the ‘making’ of the socialist man and the disciplining of workers; educating and re-educating people in a communist sense was a key feature in the (communist) regimes’ attempt at securing cultural hegemony.<sup>14</sup> Historians and anthropologists have been interested in analysing what kind of policies, based on which ideological conceptualisations, have influenced how socialist regimes sought to ‘shape’ socialist subjects.<sup>15</sup> These works view socialist regimes as the space of perpetual top-down and bottom-up transformations concerning subjects’ socio-economic lives; here, acts of adaptation and defiance emerged in response to what was prescribed ideologically. Educating and re-educating, transforming and re-transforming the subject was part of a permanent reform process that characterised many socialist societies. As Gerald Creed has argued, ‘continual reform provided the inspiration for economic experimentation, which sustained socialist economic momentum from the 1960s until transition [which] was not a

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14 Ulf Brunnbauer. ‘Making Bulgarians Socialist: The Fatherland Front in Communist Bulgaria, 1944—1989.’ *East European Politics and Societies* 22, no. 1 (2008): 44–79, p.72.

15 Stephen Kotkin’s *Magnetic mountain*, is perhaps the most thorough account of how Stalinism as a civilising mission resonated amongst various groups.

completely novel idea, but the result of the snowballing of reforms under way in Eastern Europe for three decades'.<sup>16</sup>

In socialist Yugoslavia, the post-World War II decades were characterised by a succession of socio-economic reforms that aimed at combining principles of the market economy (for example, relatively free competition amongst companies) with socialist self-management in workplaces; parallel to this, reforms sought to adapt subjects to the new precepts of Yugoslav socialism. After the rupture with Comecon in 1948, socialist Yugoslavism came to be an all-encompassing project aimed at paving the 'Yugoslav' path to socialism. This effort of being an alternative to both capitalism and Soviet communism was grounded on three main pillars: Brotherhood and Unity, the principle of equality and coexistence of all the Yugoslav nations and national minorities; Non-Alignment, the principle of peaceful coexistence of states which were not aligned to either of the two Blocs during the Cold War; and, finally, self-management, the principle of self-governance that would regulate economic and social relations alike.<sup>17</sup> According to Edvard Kardelj, key ideologue of self-management, workers' councils and management boards, which workers elected each year democratically, would manage enterprises. Further, any profit or 'income' resulting from production was

'deemed to be social, which means both collective and individual at the same time, and it is distributed [within the enterprise] among the workers as a bonus in proportion to their work [...] Within this framework the enterprise is free in its activity; [...] it competes freely in the market, and it develops independently and enters cooperation with other enterprises'.<sup>18</sup>

Since its inception, self-management had a strong *civilising* goal, similar to what occurred in other socialist countries. Crucially, it was supposed to have an educational role, as it would shape social relation; according to this, working

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16 Creed, *Domesticating Revolution*, p.11.

17 Vladimir Unkovski-Korica. *The Economic Struggle for Power in Tito's Yugoslavia. From World War 2 to Non-Alignment*. London: IB Tauris, 2016, p. 124.

18 Edvard Kardelj 'Self-management and the political system', *Socialist thought and practice*, Belgrade, 1980, pp.28-29.

people would 'work, create, think and build a society where the means of production are socially owned'.<sup>19</sup> The economic reforms that ensued were thus focused on how to reconcile market principles, a global orientation, and a local system of workers' self-management.

### **1.2.i Self management and the market: a complex equilibrium**

After the initial formulation of self-management as the basis of Yugoslavia's economic development, significant macro- and micro-economic reforms were implemented roughly every decade. These involved the formulation of new economic principles and development, as well as the regulation of social and managerial relations within enterprises. Issues of productivity, efficiency, and the extent to which market principles should drive the economy were also debated. Already in the early stages of the Yugoslav road to socialism 'the world market shaped decisively the re-ordering of economic, social and political life'.<sup>20</sup> For instance, the country's industrial development was tied to foreign capital, and to the imperative to catch up with market-oriented economies.

Further, many large Yugoslav companies engaged in foreign trade with European and non-aligned countries, from whom obtained foreign currency and accumulated credit and debt.<sup>21</sup> This tendency continued into the 1960s when economic reforms proposed a shift of the Yugoslav economy towards a new model of market socialism. The main goal of economic reforms in the 1950s and 1960s was to reconcile the market with the socialist-Yugoslavist principle of self-management – an issue that would once again be central in the late 1980s economic reforms. As a result, the Yugoslav economic system was carefully crafted around a balance between workers' direct democracy in workplaces, and some principles of market-competition between companies (though of course a heavily regulated and not fully free from state subsidies). The first half of the 1960s entailed a strengthening of market forces, which allowed enterprises to engage in foreign trade; at the same time, workers' councils in each enterprise had the right to allocate wages and investments

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19 Ibid., p.26.

20 Unkovski-Korica, *The Economic Struggle...*, p. 67.

21 Ibid., p. 230.

depending on the yearly net income. Thus, after these reforms, the economic model came to be structured around a combination of market competition (within the Yugoslav market and internationally) and self-managed enterprises (based on social ownership of assets and profit).<sup>22</sup> Moreover, through a development strategy shaped by non-alignment, Yugoslav companies came to be progressively more export-oriented and played an active role in international (economic) development.<sup>23</sup> Since its inception, the Yugoslav economic project of market-socialism and the economic thinking behind it had been globally oriented; as a result, the economic reforms that ensued were informed upon this longer-term thinking in global terms.

The constitutional reforms of 1974 further decentralised economic powers from the Federal to the Republic level; the governments in each of the six republics carried out most of the decision-making concerning industrial and development policies.<sup>24</sup> This decentralisation was not in full contradiction with market socialism, but was supposed to give each Republic, and in fact, each company increased control over its production and spending strategy. Similar to the market reforms of the 1960s, this new set of decentralising measures was aimed at adapting workers to a framework of production and decision-making justified as being 'closer' to socialist self-management.<sup>25</sup>

The foundations of a new decentralised workers' self-management had been set with the Law on Associated Labour (1976). Instead of a central body of decision-making in each company, this law introduced a pyramidal hierarchy of organs that would allow workers to exercise their management control over the industry, primarily through the creation of a complex structure within industries. Each firm became a Complex Organisation of Associated Labour (Složena Organizacija Udruženog Rada, or SOUR), each composed of workers' organisations (Radna Organizacija, RO), in turn subdivided into Basic Organisations of Associated Labour (Osnovna Organizacija Udruženog Rada,

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22 Zdravko Petak. 'Ekonomski Federalizam U Socijalističkoj Jugoslaviji.' *Politička Misao* 49, no. 4 (2012): 212-227.

23 Spaskovska, 'Building a Better World?', p.2.

24 Lydall, Harold. *Yugoslavia in Crisis*. Business & Economics. Oxford: Clarendon Press, 1989, p.80-81.

25 Turkish Comisso, *Workers' Control Plan and Market*, pp.211-212.

OOOR; basically, single production units).<sup>26</sup> These smaller structures carried out production (acting as plants part of a bigger industry), as well as management and decision-making functions (through workers' councils and the board of directors).<sup>27</sup> These reforms gave nominal power to workers' councils, even though they did not entail any actual strengthening of workers' decision-making beyond their factory.<sup>28</sup> This transformation crucially brought the worker once again to the centre of economic reforms, as the pillar and subject of a new model of Yugoslav socialism. The purpose of the new laws on associated labour was that of strengthening workers' decision-making power, while decentralising economic power at the Republic or even company level; this, ideally, would diffuse decision-making and actualise the real principles of self-management.

This decentralisation coincided with the beginning of a period of economic decline that affected Yugoslavia in the late 1970s. The stagnation of the country's economy was also understood as deriving from Yugoslavia's inability to promptly respond to global challenges, particularly regarding technologic and research development, which in turn affected industrial productivity and efficiency.<sup>29</sup> The decentralised system of self-management implemented after 1976, as we will see more in detail in section 3, was criticised for the poor, irrational use of resources, and a very high cost of labour; this rendered Yugoslav enterprises often uncompetitive on the global market.<sup>30</sup> Just as in the 1960s, a way out of the crisis and towards further development and growth was found in the (global) market. As mentioned above, since the 1950s Yugoslav economic and geopolitical strategy of development had been very much globally oriented, and particularly attentive towards developing non-aligned countries. It was alongside this tradition that reformers started discussing at

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26 Svjetozar Pejovich. 'The Economic Position of the Enterprise in the Yugoslav Economy.' *Statsvetenskaplig Tidskrift* 83, no. 5 (1980): 303–11, p.303.

27 Ibid., p.304.

28 Goran Marković. 'Workers' Councils in Yugoslavia: Successes and Failures.' *Socialism and Democracy* 25, no. 3 (2011): 107–29, p.116.

29 Petar Požar ed. *Jugoslavija u Svetskoj Privredi Na Pragu XXI Veka*. Makroprojekat Novi Međunarodni Ekonomski Poredak. Zagreb: Informator, 1986, p.82-83.

30 Oskar Kovač. 'Postoje Li Uslovi Za Kompletno Tržišno Rešenje u Privrednom Sistemu SFRJ?' In *Privreda u Reformi - Zbornik Radova Za Savetovanje Na Brionima, 4-6 Maj 1989*, 11–37. Beograd: Iro Ekonomika i Savez ekonomista Jugoslavije, 1989, p.24.

length how to integrate further Yugoslavia in the global market, as leader of the non-aligned bloc.<sup>31</sup>

At the beginning of the 1980s, Yugoslav economists in the economics institutes of Ljubljana, Zagreb, Belgrade and Sarajevo started discussing the opportunities and challenges that the new type of 1970s marketisation would entail for Yugoslavia. In this context, economists and reformers developed a new language that emphasised competitiveness, growth, and development on the world market as crucial for the Yugoslav economy and industries. This turn was particularly pressing in the context of a rising geopolitical relevance of the European common market. This integration was not supposed to obliterate Yugoslavia's peculiar geopolitical position, nor to submit its development strategy or multilateralism completely to the hegemonic powers of the IMF and the World Bank.<sup>32</sup> Rather, Yugoslav reformers were interested in integrating the country's companies within the global market, keeping ties with the European Economic Community as well as non-aligned and developing countries.<sup>33</sup> In a country like Bosnia, for example, which strongly depended from trade with the Soviet Union and non-aligned partners, economists discussed how 'the dichotomy that forces us to choose between Non-aligned markets and the EEC is false, [and] we should keep ties with both'.<sup>34</sup> These examples illustrate how Yugoslav thinkers viewed the global market as an integral part of the Yugoslav model of economic growth and development. While market reforms would help Yugoslav companies in adapting to the global market standards, this did not mean a complete abdication to the logic of capitalism. Rather, it was an opportunity for Yugoslavia to strive alongside other economic powers. This view of the market as compatible with a (reformed) version of Yugoslav socialism was fundamental in the conceptualisation of economic reforms in 1988-1990.

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31 Dr. Dobri Dodevski, Makroprojekt 1989: in Popović, *Ekonomisti O Krizi*, p.154.

32 Pozar, *Jugoslavija u svetskoj*, p.89, p.113.

33 Vojo Čolović, Magnetofonski Snimak Sjednice Republičkog Društvenog Savjeta za Međunarodne Odnose, 3 March 1989, p.73. Folder 47 Zapisnici sa sjednice RSMO (1-6), Državni Arhiv Bosne i Hercegovine. Vojinić, Dragomir. 'Socijalizam u Reformi - Jugoslavensko Iskustvo.' In *Aktuelni Problemi Privrednih Kretanja i Ekonomske Politike Jugoslavije*, edited by Dragomir Vojinić, 227-46. Ekonomski Institut Zagreb: Informator, 1989., p.237.

34 Ibid.

## 1.2.ii Private ownership and social ownership: reconciled in the Yugoslav model

Social ownership was another key feature of the Yugoslav economic system. In contrast with the principle of private state property, typical of capitalist and Soviet economies respectively, social ownership was conceptualised as society's property, belonging simultaneously to the individual and the collective. Popular understanding came to describe this as 'everybody's and nobody's'.<sup>35</sup> Throughout the 1960s and 1970s, economists and lawyers studied extensively how to define social ownership (as opposed to the Soviet model of state ownership) and how to reconcile individual ownership with the fundamentals of socialism.<sup>36</sup> For example, a certain degree of private ownership existed in the agricultural sector where land ownership had not been nationalised.<sup>37</sup> The socialisation of ownership in the industrial sector meant that 'exclusive rights of possession of private owners were substituted by public control over means of production. [As such] nobody can possess the means of production, but that everybody should have the right to use them'.<sup>38</sup>

At the same time, Yugoslav scholars had long argued that different forms of property (state, social, private) were not necessarily in contradiction with the principles of socialism. The prominent Croatian economist Branko Horvat already in 1976 asserted that 'the dogma of the identity between private ownership and capitalism, and between state ownership and socialism is false'.<sup>39</sup> Other leading economists stressed that the 'dichotomy between the individual and the collective is not at all relevant to the abolishment of private ownership and its socialisation', and, thus, that it should not be seen as

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35 'Svačija i ničija'

36 Aleksander Bajt. 'Social Ownership – Collective and Individual.' In *Self-Governing Socialism: A Reader*, edited by Branko Horvat, Mihailo Marković, and Rudi Supek, 2:151–63. New York: Taylor and Francis, 1975, p.158.

37 Schierup, 'Quasi-Proletarians Patriarchal Bureaucracy', p.81.

38 Jovan Djordjević. 'O samoupravnom i odgovornom društvu' in Rus, Veljko. 'Private and Public Ownership in Yugoslavia.' *Scandinavian Journal of Management Studies*, May 1986, 187–95, p.188.

39 Branko Horvat. *The Yugoslav Economic System: The First Labor-Managed Economy in the Making*. United States of America: International Arts and Sciences Press, Inc., 1976, p.168

contradicting the fundamentals of socialism.<sup>40</sup> Crucially, Horvat proposed an understanding of property distant from its traditional conceptualisation as ownership (of individuals, collectives, or the state); rather, it should have been replaced by the concept of 'economic control, as the control over labour and its products [quoting Marx]'.<sup>41</sup> These concepts allowed for a view of social ownership as being controlled by workers. From this, it derived that whoever had control over social property could be defined as its owner; and, further, that the jurisdiction over ownership could be transferred – through shareholding – to workers. Thus, at the beginning of the 1980s, many economists started arguing for market reforms which, paralleled with multi-party pluralism, would bring political and economic progress without the loss of socialism<sup>42</sup>

The reforms of the 1950s, 1960s, and 1970s had prepared the ground for the market reforms of the following decade in two main ways. First, they had set a theoretical precedent for linking self-management to the (world) market; as a result, the Yugoslav economy had functioned as a fertile terrain for constant experimentation with 'global' ideas about the economy and its relation with society. Second, they had established a correlation between economic reforms and the 'making' of the socialist worker, through different formulations of self-management and ownership. The combination of market aspirations with the long-term preoccupation of 'shaping' socialist subjects became a central feature of the late 1980s market reforms.

### **1.3. A non-aligned gaze: economists and the intellectual milieu of reforms**

In order to understand how economists conceptualised reforms, and, more specifically, how they imagined what workers' role ought to be in the reformed economic system, it is necessary to understand their background and networks, as well as their positioning vis-à-vis globally spread (neoliberal) market theories

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40 Rus, *Private and Public Ownership*, p.189.

41 Horvat, *The Yugoslav Economy*, p. 170.

42 Dragomir Vojnić. 'Neki Problemi Ekonomske i Razvojne Politike Za 1989 i 1990 Godinu.' In *Ekonomisti O Krizi: Razgovor Ekonomista S Mandatorom Za SIV Dipl. Ing. Antom Markovićem.*, edited by Tomislav Bandin, 51–59. Makroprojekt 'Jugoslavija U Svjetskoj Privredi.' Beograd: Konzorcijum Ekonomskih Instituta Jugoslavije, 1989, p.55.

and self-management. The literature that does dedicate the Marković reforms more than a few paragraphs tends to view his economic programme as a by-product of his biographical experience and liberal orientation.<sup>43</sup> His long-term experience as general manager of one of the biggest Yugoslav electro-technical companies (Rade Končar) in Croatia is brought as evidence of his attitude towards the market, and therefore a justification for his reforms choices.<sup>44</sup> While this undoubtedly played a part, this section illustrates how his entrepreneurial inclination did not just shape his economic reforms; rather, his concept of 'New Socialism' was partly influenced by the intellectual milieu and debates which had flourished in the second half of the 1980s within the economics profession.

Already in 1981, the Yugoslav Federal government formed the 'Kraigher commission', where economic advisors had the task of drafting proposals for economic reform.<sup>45</sup> Due to the internal controversies within the League of Communists, the recommendations of this commission remained unheard; however, it had set a precedent for the formation of advisory groups of economic experts tasked with analysing the current economic climate and directly advising the government. After a few attempts at initiating economic reforms in the first half of the 1980s, it was with the government of Branko Mikulić in 1988 that major economic reforms were set in motion.<sup>46</sup> Contrary to the general view of his leadership as one very much in line with the conservative side of the League of Communists, new archival research I conducted in Mikulić's archive shows otherwise.<sup>47</sup> Prime Minister Mikulić had brought together a group of economists into a 'Commission for Reforms' (Komisija za Reforme), with the task of drafting new economic policies. Many of these were

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43 Jović, *Yugoslavia: A State*, p.353; Dizdarević, *From the Death of Tito*, p.73.

44 Meier, *Yugoslavia: A History*, p.46.

45 Lenard Cohen. *Broken Bonds: Yugoslavia's Disintegration and Balkan Politics in Transition*. Oxford: Westview Press, 1995, p.45.

46 Steven L. Burg. 'Elite Conflict in Post-Tito Yugoslavia.' *Soviet Studies* 38, no. 2 (1986): 170–93, p.175.

47 For example, Meier views Mikulić as an exponent of socialist dogmatism. See Meier, *Yugoslavia: A History*, p. 15; see also Nikola Čobeljić, Plan i tržište – otvoreni problemi i pokušaj sinteze, p. 35. Fond Branka Mikulića, folder 41, box 50-75, Arhiv Federacije Bosne i Hercegovine.

established economics professors, and some had already been involved with the Kraigher commission.<sup>48</sup> These scholars tried to find a compromise between the hard-line conservatives within the party and the more 'liberal', market-oriented and reform-oriented members. As such, reformers in the Mikulić team tried to theorise an opening towards the market principles, by arguing for a combination of market and planning to be realised within the system of Yugoslav self-management.<sup>49</sup> While these proposals seemed the most reasonable to a selected team of experts, they managed to obtain full support from neither the Party nor the broader population, and in 1988 a vote of no confidence ousted Mikulić.<sup>50</sup> Nevertheless, these commissions had set in motion a transformation that would accentuate the market aspect of Yugoslav market socialism, and that would encourage enterprises to increase competitiveness and productivity.

In line with his predecessor, Ante Marković maintained the centrality of economic experts. Within his cabinet, he relied upon a team of economists as well as members of the entrepreneurial world. For example, Živko Pregl, his deputy, was a well-known Slovenian academic, specialised in finance and macroeconomics; on the other hand, Stevan Santo, minister of energy and development in the Marković government, was a well-known entrepreneur in Vojvodina (Serbia). Furthermore, the Council of Yugoslav Economists (*Savez Ekonomista Jugoslavije*), an academic organ that brought together prominent economists from all the Yugoslav Republics, advised Marković in the drafting of economic reforms. These scientists held regular workshops, roundtables and annual conferences over the most pressing issues facing the Yugoslav economy (self-management, labour surplus, inflation, property relations), as well as broader themes of international relevance (globalisation, de-industrialisation, integration in the new world economic order). Similar to other federal institutions, the members of the Council were at the same time affiliated

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48 For example, Dragomir Vojnić, professor of Economics at the university of Zagreb and president of the SFRJ economics council; or Kiro Gligorov, well-known economist, former finance minister and future president of Macedonia.

49 Diskusija Druga Mikulića na sjednici CK SKJ, 22 November 1988, Fond Branko Mikulić, 31/1 SG, Folder 75, 541-556. Archive of the Federation of Bosnia and Herzegovina.

50 Dizdarević, *From the Death of Tito...*, p.178.

to their respective Republican Councils of Economists, one for each of the six constituent Yugoslav republics.

A close examination of the written material produced by these experts, as well as of the oral history interviews conducted with them, reveals details that are crucial to the understanding of the late-socialist 'transition' reforms in Yugoslavia. Particularly, oral testimonies lead to experts' intellectual backgrounds, how they conceptualised reforms, what kind of ideas and expectations had they formed around them, and the sort of debates that developed in the field. These sources provide previously uncovered insight into how economists envisioned the role of the worker in the reformed society. Moreover, it allows gaining new perspectives on how economists viewed the market and privatisation as compatible with (a reformed version of) socialist self-management. Finally, it highlights how reformist economic thought in Yugoslavia was conceptualised as an alternative to the mainstream reforms strategy implemented in nearby countries in the Eastern Bloc (particularly, Poland and Hungary).

### **1.3.i Economists' academic and intellectual background**

Since 1945, and particularly in the 1960s and 1970s, the Yugoslav economic profession was important and well respected at the international level. Yugoslavia was one of the first members of the International Monetary Fund in 1945; since then, Yugoslav economists covered crucial roles in many other international organisations, such as the World Bank, and UN agencies.<sup>51</sup> For instance, between the early 1960s and early 1980s, the economist and former President of Slovenia Janež Stanovnik served as Chair of the Committee on Financial Problems at the United Nations Conference on Trade and Development (UNCTAD) and afterwards worked on the UN Economic Commission for Europe. Here, together with other members from socialist and non-aligned countries, Yugoslav economists contributed to the redaction of a

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<sup>51</sup> Bockman, *Markets in the Name of Socialism*, p.100.

proposal for the New International Economic Order.<sup>52</sup> The economist Branko Horvat advised governments around the world over the principles of workers' self-management and cooperatives.<sup>53</sup> This was another aspect of the profession's international engagement; for example, economists at the International Center for Public Enterprises in Developing Countries (Ljubljana) advised other (non-aligned) countries on how to manage public and self-managed enterprises. Thus, the economics profession in Yugoslavia was familiar with globally circulating ideas and international debates. This familiarity contributed to shaping the intellectual and educational background of the economic reformers of the late 1980s. The economists interviewed were all part of the Commission for Reforms in the Mikulić and then Marković government, and their testimonies highlight what kind of intellectual milieu surrounded them, and which authors and models influenced their vision of reformed socialism.

According to Ljubiša Adamović, Professor of Economics in Belgrade and member of the Marković Commission for Reforms:

'[as a young economist] you think more about redistribution than the creation of income, so the capitalist class was creating income, and I wanted to redistribute that income like many young socialists. [...] Then I had a privilege to be the first student from a communist country to study economics in the USA and I got in touch with real capitalism, not only Marxist teaching about capitalism [...] I think it was very crucial for my personal development to be exposed to totally different teaching because my basic studies were in Marxist economics and then I realised that socialism as a system is relatively good for redistribution but not very good for creating capital [...] and that is why capitalist system is more realistic. I did not say more just; there is no justice in economics.'<sup>54</sup>

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52 Ervin Laszlo, Jorge Lozoya, and A.K. Bhattacharya. *The Obstacles to the New International Economic Order*. Policy Studies on The New International Economic Order. New York: Pergamon Press, 1980.

53 Branko Horvat. 'Industrial Partnership: Utopia or Necessity?' 1–39. Tavistock Institute of Human Relations: Scott Bader Commonwealth Monograph, 1986, p.1.

54 Ljubiša Adamović, Interview with author, Belgrade, 21.01.2016.

Like Professor Adamović, many experts considered the formative years spent in the United States or the United Kingdom as a moment revealing of the limits represented by the orthodox Marxist education they had received in Yugoslavia. Moreover, Yugoslavia's geopolitical position and its relative intellectual and scientific openness allowed many of these experts to acquire knowledge of both capitalist and socialist models of development. Oskar Kovač, professor of economics and principal advisor to the Mikulić Commission for Reforms as well as a long-term member of the council of Yugoslav economists, recalls:

'I was preparing my PhD at the faculty here in Belgrade, then I spent one year at MIT and one year at the LSE, and I always followed what's happening in the 'open economy', as we called it. I was hoping that we would become an open economy, but I always saw that open economies have open problems as well.'<sup>55</sup>

Economists as Professor Kovač positioned themselves alongside 'intellectual non-alignment': they defined their position as a privileged standpoint from which it was possible to view both capitalism and state socialism critically; this further affected how they conceptualised elements of market capitalism and privatisation as compatible with a (reformed) version of self-management. Their country's openness, their experiences abroad, and the availability of literature from various traditions of economic thought allowed them to acquire extensive and crucial knowledge of a variety of economic schools of thought.

In this context, Bosnian economists were not entirely at the periphery of the reforms effort, as one might assume given Bosnia's lower growth and development rate in comparison with other Yugoslav republics (Slovenia and Croatia in particular). Though slightly less prestigious than its equivalents in Belgrade or Zagreb, Sarajevo's economics faculty and institute had flourished since the 1960s, partly thanks to the support that significant companies like Energoinvest provided for research centres and universities (see next Chapter). Here, economists had been exposed to a combination of orthodox Marxist

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<sup>55</sup> Oskar Kovač, Interview with author, Belgrade, 05.12.2015.

economic theory, self-management theory as developed by communist party ideologue Edvard Kardelj, as well as studies of microeconomics, marketing and corporate management. These scholars, many of whom had spent research periods in universities abroad, had been actively involved in groups tasked with analysing the viability of privatisation and market reforms in the late 1980s. Like their colleagues in Belgrade or Zagreb, economists in Sarajevo were rather prolific in their analyses and commentaries on the current economic transformations, especially around the time of the Mikulić and then Marković reforms (1988-1990).<sup>56</sup> Professor Manojlo Babić, who participated in the Commission in the Mikulić government and would later become a staunch opponent of neoliberal privatisation, had extensively studied socialist self-management from an organisational point of view in the 1980s.

Similarly, Professor Hasan Muratović, member of the Bosnian government between 1992 and 1998, started his career with several publications on management and corporate management in self-managed socialist companies.<sup>57</sup> These experts were also members of the Commission for Reforms and thus exercised a degree of political influence on the way reforms were shaped. Though not overtly critical of socialism per se, these economists held a rather unfavourable opinion of self-management and particularly of its late formulation as associated labour. These experts had worked extensively on the positive aspects and drawbacks of workers' self-government practice in Yugoslavia; also, they had produced extensive publications on how to improve decision-making processes within companies, as well as encourage more structured research units within companies.<sup>58</sup> These are just examples taken

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56 Branko Derić ed. *Produktivnost Rada u Funkciji Efikasnijeg Privredjivanja u Privredi Bosne i Hercegovine*. Sarajevo: Ekonski Institut Sarajevo, 1988; Begtić, Rešad. 'Metodi i Područja Unapređenja Poslovne Saradnje Naših Privrednih Organizacija Sa Stranim Firmama.' *Ekonomski Institut Sarajevo*, Makroprojekat Jugoslavija u Svetskoj Privredi, January 1989, 1-66; Rešad Begtić ed. 'Strategija i Organizacija Spoljnotrgovinske Mreže Jugoslavije u Funkciji Efikasnijeg Izvoza.' *Ekonomski Institut Sarajevo*, September 1988, 1-56.

57 See for example Hasan Muratović. 'Organizovanje Složenih Organizacija Udruženog Rada.' *Institut Za Organizaciju i Ekonomiku, Sarajevo*, Zborniku radova za savjetovanje, 1986, 35-50.

58 Babić, Muratović, eds. *Samoupravno Organizovanje u Teoriji i Praksi*. Vol. 1. Sarajevo: Institut za organizaciju i ekonomsku, Svjetlost, 1985; Miloš Trifković ed. *Državna Vlast i*

from a broader milieu of economists whose careers had started in the late 1960s, and who had become engaged in the research and formulations of models alternative to the associated labour or self-management system. Because of the tradition of market socialism they familiarised as students of economics in the 1960s and 1970s, they did not view a turn towards the market as a major rupture with Yugoslav socialism.

A closer look to published debates and oral history interviews reveals that, for economists involved in the Commission for Reforms, the reforms proposed were set to be an improved continuation of the market-socialist model. As Professor Mihajlo Crnobrnja, Economist and Yugoslav ambassador to the European Union (1989-1992), observed that:

‘in Yugoslavia there was not a big wave of new thinking. There was already some of [a market model] there, and then it increased in a way that it was not spectacular, not revolutionary.’<sup>59</sup>

It is remarkable that such self-understanding as proponents of a gradualist reform stretched beyond the limitations posed by a single-party system, and has survived the collapse of Yugoslavia. This self-perception also derived from the very intellectual and ideological premises of Yugoslavism: one that was constructed as an antipode to both the bourgeoisie of inter-war Yugoslavia, as well as the Soviet concept of socialism.<sup>60</sup> While economists might have needed to define themselves as ‘reformers’ in the context of state socialism, they could easily choose *a posteriori* to depict themselves as revolutionaries who initiated a break from the socialist command economy. Instead, to this day they define their views as ‘gradualists’ and ‘reformers’.

These economists acknowledged how the Marković reforms acted in the wake of the previous recommendations of the Kraigher and Mikulić

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*Socijalističko Samoupravljanje*. Vol. VII. Zbornik Pravnog Fakulteta u Mostaru. Mostar: Pravni Fakultet Univerziteta ‘Džemal Bijedić,’ 1986.

59 Mihajlo Crnobrnja, Interview with author, Belgrade, 23.22.2015 and 25.11.2015.

60 Dejan Jović. ‘Yugoslavism and Yugoslav Communism: From Tito to Kardelj.’

In *Yugoslavism*, edited by Dejan Djokić, 157–81. London: Hurst & Co Ltd Publishers, 2003, p.165.

Commissions for reforms. Here, they viewed the new reforms as a radical outcome of a long decade of reform attempts. For example, Serbian economist Branislav Šoškić, long-term president of the Council of Yugoslav Economists and member of both the Kraigher and the Mikulić commission, confirmed this view. Reflecting on the intellectual premises of the two commissions, he stated:

‘in the first Kraigher commission in 1981 we did not discuss leaving self-management, no! Even in 1987 or 1988 in the Mikulić commission, we had not been given that [task], but we accepted that the private ownership should also be completely equal to the social ownership.’<sup>61</sup>

This excerpt is revealing not only of the vision that economists had of reforms as being a gradual process, but also of the subjective categories they still employ in understanding what was compatible with socialism. To them, a gradual transformation of social ownership into private property was reconcilable with socialist principles, because it was set to be in continuation with self-management, towards which they still had an intellectual attachment. Although criticisms were widespread, these were directed to the implementation of the system, rather than to the idea of workers’ democracy and principles of solidarity per se. Since these experts had been trained to operate within a framework of market socialism, they had developed economic models that included self-management. As Vladimir Gligorov, an economist and participant to these debates himself noted, the Yugoslav economic profession had developed in an ideological and theoretical environment which made them committed to self-management.

Moreover, they defined themselves as politically – but not economically – liberal: they supported the pluralisation of the political system but were not in favour of a liberal market economy. As remarked by Ivo Bićanić, professor of macroeconomics and development at Zagreb and Oxford graduate:

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61 Branislav Šoškić, Interview with author, Belgrade, 21.01.2016.

‘we were all liberals because we wanted to get rid of the Party. But on the other hand we were far from being liberal in the sense of wanting a capitalist market economy [...] even in Slovenia which was the most homogenous for various reasons, you still had a strong tradition of [...] true believers in self-management and again they were liberal people, in the political sense, but they were all true believers in it [self-management]’.<sup>62</sup>

It has to be noted that this self-positioning as politically liberal, but economically ‘socialist’ could be a consequence of economists’ lived experiences of the late 1990s and early 2000s, when more openly neoliberal reforms were applied unchallenged. Although current issues inevitably shape reformers’ contemporary accounts, a certain resistance towards giving in to neoliberal models has however emerged from sources produced at the time.

### **1.3.ii The ‘Pioneers’: Economists’ self-confidence in approaching Eastern and Western reforms models**

While these reformers were mostly debating economic reforms within the specific framework of the Yugoslav economic system, they were not ignorant of different models of transformation that were being tested and implemented across the globe.

Since the early 1960s, Yugoslav economists had been part of conversations in international organisations and were crucial in the founding and development of international economic institutions such as the World Bank, UCTAD, and GATT. Branko Horvat, for example, advised governments around the world.<sup>63</sup> Moreover, Yugoslav scholars at the International Centre for Public Enterprises in Ljubljana were involved in formulating and discussing new theories on public enterprises management with other non-aligned partners.

Their thought was broadly based on elements of Marxism as well as Keynesianism, accompanied by influential international literature (Paul

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62 Ivo Bičanić, Interview with author, Zagreb, 19.03.2016.

63 Vojmir Franičević and Milica Uvalić, eds. *Equality, Participation, Transition: Essays in Honour of Branko Horvat*. Basingstoke: Palgrave Macmillan, 2000, p.xii.

Samuelson and Jan Tinbergen to name a few).<sup>64</sup> Also, respected Yugoslav economists such as Aleksander Bajt and Branko Horvat were sources of guidance and inspiration for many of their younger colleagues who participated in the reforms commissions. In the scholarly articles analysed, experts relied much more on Yugoslav-based literature than the international one, except for world-known authors such as Kornai.<sup>65</sup> These two authors were much revered in the Yugoslav academic circles, precisely because of their internationalism. Professor Ljubomir Madžar, a respected member of the Council of Yugoslav Economists, remembers:

'[in the council of economists] we had a few very good economists like Branko Horvat and Aleksander Bajt, who participated in the international economic associations and were active in international waters, so to speak. So, they were the ones who brought the idea of relying much more heavily on the market.'<sup>66</sup>

Crucially, both Bajt and Horvat were advocates of gradualism in reforms, and both had argued that market and planning, private property and collective ownership did not necessarily have to be in contradiction, and in fact could be combined in the Yugoslav socialist model.<sup>67</sup> Neither of these thinkers was *a priori* critical of self-management, and in fact, engaged in international academic debates about the efficiency and growth of the Yugoslav economy showing that self-management was not necessarily detrimental for enterprises' productivity and efficiency.<sup>68</sup> While they had been advocates of market-socialist

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64 on the influence of Keynesian models, see Zlatko Kovačić. 'Makroekonomski modeli u Jugoslaviji', *Ekonomska Analiza*, n.4, 1988, p.318.

65 They also drew upon international literature in their discussion of new developments in management theory and the Employee Stock Ownership Plan developed in the West. See David P. Ellerman and Marko Simoneti. 'Decentralized Privatization: The Slovene ESOP Program.' *Public Enterprise* 11, no. 2–3 (1991): 175–83, p.180.

66 Ljubomir Madžar, Interview with author, Belgrade, 25.11.2015.

67 Bajt, *Social Ownership ...*, p.158.

68 Aleksander Bajt. 'Economic Growth and Factor Substitution: What Happened to the Yugoslav Miracle?' *The Economic Journal* 96, no. 384 (1986): 1084–88. Bajt was even critical of Kornai's theories of soft budget constraints, see Bajt, Aleksander. 'Irrelevance of the Soft Budget Constraint for the Shortage Phenomenon.' *Economics of Planning* 24 (1991): 1–12.

reforms in the early 1960s, they were aware that a quick 'shock' transition to the market would not work for the Yugoslav economy. Moreover, as evident from his later works and political engagement, Horvat held particularly dear the belief that 'achieving welfare and social justice were the basis of contemporary civilisation that could not be left over to laissez-faire' economics.<sup>69</sup> Most members of the Council of Yugoslav Economists, as well as those sitting in the Marković Commission for Reforms, shared this view. Conversely, a few younger members, particularly the Slovene Bogomir Kovač, challenged the reformist consensus, proposing a more radical break with self-management in favour of a purely private and market-oriented economy.<sup>70</sup> His was, however, a somewhat isolated voice in an otherwise reforms-oriented environment.

Much of the discussions revolved around how to reconcile socialist planning with a technologically advanced and globally oriented market economy. The introduction of the market of goods and labour was not viewed in contradiction with (socialist) planning, as even western economies are based on a certain degree of planning.<sup>71</sup> As these economists argued, it was possible to integrate macroeconomic planning with market mechanisms.<sup>72</sup>

Interestingly, many of these academic discussions drew upon a combination of local research with international literature on market socialism (Oskar Lange, for example, had been a point of reference for Yugoslav economists in the 1960s, due to his theorisation of market socialism).<sup>73</sup> Contrary to Hungary, where 'a group of young, 'radical reform economists', well versed in neoclassical economics [...] became the conscious bearers of (neoliberal)

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69 Vladimir Stipetić. 'Branko Horvat and Economic Science' Zbornik Radova Ekonomskog Fakulteta Rijeka, 21, no.2 (2003):7-28.

70 In a discussion with other older economists, members of the Commission for Reforms, Kovač was the only one to deny that any reform of socialism would be possible, because of the undemocratic nature of the system. *Ekonomika Politika* 12 December 1988, br. 1915, p.27

71 Mato Crkvenac. 'Razvoj Planiranja u Samoupravnoj Tržišnoj Privredi s Konceptijom Otvorenosti Prema Svijetu i Tehnološkom Razvoju.' *Ekonomist - Organ Saveza Ekonomista Jugoslavije* XLI, no. 2 (1988): 237-48.

72 Stjepan Zdunić. 'O Makroekonomskom Planiranju u Uvjetima Decentraliziranog Sistema Donosenja Ekonomskih Odluka.' *Ekonomist - Organ Saveza Ekonomista Jugoslavije* XLI, no. 2 (1988): 248-56.

73 Bockman, *Markets in the name of socialism*, p.205.

capitalism in Hungary prior to 1989', Yugoslav economic reformers in 1988, 1989 and 1990 were not radical, but very much committed to reconcile self-management with the market.<sup>74</sup>

In a publication from the Council of Yugoslav Economists in 1988, for example, it was argued that 'only self-management within market mechanisms could be the self-management which will justify and legitimise the ideas of socialism'.<sup>75</sup> These views influenced the way they saw workers as a potential vector for reform of socialist self-management and its transformation towards a more open market economy. In their writings and interviews at the time, these experts often referred to Yugoslav leading economic thinkers as being the most appropriate source through which to analyse the country's current economic issues. Janež Jerovšek, Professor of economics and management, after a nation-wide seminar about new developments in management studies commented that: 'names such as Horvat, Županov, Mencinger are actually world class. Those people have lectured in America, in England, in Germany and for that reason, they are the best experts on the opportunities and real possibilities of management in the Yugoslav conditions'.<sup>76</sup>

Reformers were not completely oblivious to new economic models and theories that were emerging from Western market economies, as well as the Eastern Bloc.<sup>77</sup> For example, within the European Economic Community and Central-Eastern European countries, the late 1980s had seen a 'new interest in employee ownership [which] became highly relevant within the privatisation process and in some countries it became the main method'.<sup>78</sup> In Yugoslavia as well, the socialist tradition of social ownership was now further inspired by the emerging models of Employee Stock Ownership companies (ESOP) – companies which employees would own capital through shares. At the same

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74 Fabry, 'The Origins of Neoliberalism', p.3.

75 Tomislav Nikolić. 'Razvojno Biće Kompletnog Tržišnog Mehanizma.' *Ekonomist - Organ Saveza Ekonomista Jugoslavije* XLI, no. 1 (1988): 34–38.

76 *Ekonomiska Politika*, 13 March 1989, br. 1928, p.30 'Production of managers'

77 Such as Mondragon and Scott Bader, see Horvat, 'Industrial Partnership: Utopia or Necessity?', p.5.

78 Milica Uvalić and Daniel Vaughan-Whitehead. *Privatization Surprises in Transition Economies: Employee-Ownership in Central and Eastern Europe*. Edward Elgar Publishing Ltd, 1997, p.2.

time, the leading work of Hungarian economist János Kornai, and especially his development of the concept of 'soft-budget constraints' as a central characteristic of planned economies, was picked up in economists' criticism of the Yugoslav model.<sup>79</sup> In the literature produced at the time, Hungary often became another example of a country undergoing transition and market reforms. Yet, as the Yugoslavs viewed it, Hungary was dealing with a state-led and planned economy, which would make its shift towards a market economy much more complex than it would be for Yugoslavia, already familiar with market socialism.<sup>80</sup> The perception of Yugoslavia as a more open economy led to a certain degree of self-confidence amongst these economists. As it emerges from a close-up reading of their academic production and their oral history testimonies conducted for this research, these scholars felt confident in their ability to draw upon 'Western' and 'Marxist' economic thought to produce a 'Yugoslav' way to economic reforms. Professor Ljubomir Madžar, an advisor to the Marković reforms' commission, thus recalls:

'there were foreign inputs [in the late 1980s reforms], but not much. They were not perhaps necessary as much as in other countries because we were the most open socialist country. You know, we received all kinds of economic periodicals from abroad, and books were coming in huge quantities. At that time, the state was richer and was sort of ready to put more money in the Economic institutes and universities. So, the scientific communication was fantastic in Yugoslavia. We could know whatever happened abroad. So, foreign expertise – which is to my mind always worthwhile – was not as essential and as necessary as say, in Romania or Bulgaria and other more orthodox socialist countries.'<sup>81</sup>

Most economic reformers involved at the time employ the comparison with other socialist less 'open' economies to justify why they sought solutions to the

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79 Bohle, Greskovits. 'Neoliberalism, Embedded Neoliberalism', p. 444.

80 N., A. 'Mađarska. Puna Pažnja Ekonomiji.' *Ekonomaska Politika*, num.1959, 16 October 1989, p.39; see also Vladimir Gligorov, Komunističke Partije, *Ekonomaska Politika*, num.1960, 23 October 1989, p.8.

81 Ljubomir Madžar, Interview with author, Belgrade, 25.11.2015.

economic crisis in the existing Yugoslav model, rather than in new approaches employed by other socialist countries. Apart from János Kornai, very little of the works of other Eastern European reformers was discussed in publications and roundtables.<sup>82</sup> Even during interviews, they did not recall looking at other state socialist countries as a source of inspiration. From the discussions I had with these experts, it emerges that they perceived Yugoslavia as not in need of external consultancy – as opposed to places like Poland and Czechoslovakia first, and Romania and Bulgaria afterwards, which embraced neoliberalism under the (partial) influence of foreign consultants.<sup>83</sup> To this day Yugoslav economic reformers have maintained a narrative of the 1980s reforms as characterised by the Eastern Bloc essentially looking up to Yugoslavia for inspiration. This persistence suggests that they feel an ongoing need to represent Yugoslavia's intellectual milieu as one of relative independence from foreign influence. Contemporary literature often compares the negative results of transition in the former Yugoslavia with other countries like Hungary and Poland; yet, economists of the region still remark how transition in the late 1980s was an endogenous phenomenon in Yugoslavia.<sup>84</sup> Further, Yugoslavia was not part of the 1989 PHARE Programme (Poland and Hungary: Assistance for Restructuring their Economies) for economic restructuring and democratisation – which came to be synonym with transition in Eastern Europe; already at the time, Yugoslavia's economic transition was set aside from what occurring in these countries.

In part, this is a matter of self-perception for former Yugoslav economic experts. For example, Professor Mihajlo Crnobrnja, Economist and Yugoslav

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82 Contrary to what Philipp Ther argues, the Polish shock therapy was not really being considered as a model in this context. Philipp Ther. *Europe Since 1989: A History*. Princeton and Oxford: Princeton University Press, 2016, p.38.

83 Appel, Mitchell 'Why Did Neoliberalism Triumph', pp.317-318; Stuart Shields. 'Historicizing Transition: The Polish Political Economy in a Period of Global Structural Change: Eastern Central Europe's Passive Revolution?' *International Politics* 2006, no. 43 (2006): 474–499, p.485.

84 Janež Sustersić. 'Political Economy of Slovenia's Transition.' In *Slovenia. From Yugoslavia to the European Union*, edited by Mojmir Mrak, Matija Rojec, and Carlos Silva-Jáuregui, 15–31. Washington: World Bank, 2004, p.28.

ambassador to the European Union (1989-1992), stressed that Yugoslav economists were not taking inspiration from reformers in the Soviet Bloc:

'We [Yugoslavia] were leading you see? [...] for example, Hungary in the mid-1980s already had something that looked very much like our [system], so they were looking for inspiration [for transition] from us, not the other way around, you see? In terms of the liberalisation of the labour and capital market... So when I got there to Brussels, other ambassadors asked me how we had accomplished the level that we had at that time with the European community. [...] So others were learning from us, not the other way around.'<sup>85</sup>

This testimony reveals the extent to which, to this day, economic experts involved in the late 1980s reforms consider Yugoslavia as a country that had the potential to be leading economic reforms and to be able to propose and implement an alternative to both capitalism and state socialism. Many of the economists interviewed referred to the Yugoslav economic system with a similar sense of pride, and thus displayed a different attitude towards the transformations of 1989 as not necessarily a failure of the socialist model; this is also because they saw the Yugoslav socialist model as different from the (failing, in their eyes) Soviet one. Since 1948 and the Tito-Stalin split, the Yugoslav economic system had been, to a certain extent, defined against the backdrop of the Soviet-based state-socialist model. Yugoslavia had constructed its economic model as the 'third way' between capitalism and state socialism. Economists were well aware of this difference and had spent their formative years studying the peculiarities of the Yugoslav market-socialist model. For these reasons, they took the *perestroika* of the late 1980s as ultimate evidence of 'the end of a relatively unsuccessful phase of development of the Stalinist model of socialism, one that would open to a new phase of socialism's historical advantage'.<sup>86</sup> In Bosnia too, the economists, party members and diplomats who were part of the Republic's Council for International Relations remarked that Yugoslavia should 'stop devaluing what, in our conceptions and ideas,

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<sup>85</sup> Mihajlo Crnobrnja, Interview with author, Belgrade, 23.22.2015 and 25.11.2015.

<sup>86</sup> Vojinić, 'Socijalizam u Reformi', p.234.

experiences of our [non-aligned] movement and our achievements, has served as an inspiration to Gorbachev and his followers.<sup>87</sup> Thus, economic reforms in the Soviet Bloc were not seen as the defeat of socialism, but as an opportunity to establish the modern, improved version of it, i.e. the Yugoslav way.

Furthermore, Yugoslav economists had engaged since the 1970s in criticism towards the international economic order, which had established unequal conditions for developing countries. For example, already in 1979 the economists within the New International Economic Order project at the UNCTAD, including Professor Ljubiša Adamović and other Yugoslav experts, had asked to reform the IMF's debt policies towards developing countries.<sup>88</sup> These experts were advocating for a re-thinking of the global economic order, in favour of an equal treatment of post-colonial non-aligned states; at the same time, their international education had familiarised them with different economic models and schools of thought (from Keynesianism to Lange's market socialism, to Friedman's monetarism). This embeddedness in transnational contacts gave them a vantage point from which to criticise the rising hegemony of the Washington Consensus and dominant neoliberal reforms implemented across the Iron Curtain.

For instance, in a joint publication of all the major economic institutes in Yugoslavia discussing the new international economic order, the authors criticised the mounting hegemony of the 'neoconservative strategy of economic growth (Reaganomics), based on neoliberal premises, which undermined the welfare state and the Keynesian-inspired model of economic policy. Socialism as a world project and the socialist model of economic growth are facing a serious ordeal'.<sup>89</sup> These authors were particularly concerned with 'the diktat of the market', which demanded a flexibilisation of labour and, as they foresaw, a

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87 Rezime osnovnih misljenja, stavova i ocjena iznesenih u raspravi o Aktuelnim Kretanjima u Socijalističkim Zemljama Evrope i Njihovom Uticaju na Savremene Međunarodne Odnose na Sjednici Savjeta od 25. aprila 1989. godine, p.5. Republički Društveni Savjet za Međunarodne Odnose, Folder 47 Zapisnici sa sjednice RSMO (1-6), Državni Arhiv Bosne i Hercegovine.

88 Laszlo, et al. *The Obstacles to the NIEO*, p.xx.

89 Popović, Tomislav, ed. *Jugoslavija u Svetskoj Privredi Na Pragu XXI Veka, Strategija*. Makroprojekat Novi Međunarodni Ekonomski Poredak. Beograd and Zagreb: Konzorcijum ekonomskih instituta - Informator, 1986, p.viii.

devaluation and de-qualification of the workforce. They also envisioned that neoliberal neo-conservatism would lead to a reconfiguration of social strata, with an ever-more powerful global capitalist class in polarised juxtaposition with an impoverished working class. As they noted, 'the solution of the crisis within the paradigm does not lie on the 'right-wing exit', but neither it does on the 'traditional left-wing exit' (Keynesian regulation). Rather, as they proposed, it was necessary to reform socialism from within, adjusting it to a technologically advanced global economy, itself reformed to guarantee more equality'.<sup>90</sup>

Yugoslav economists did not internalise the universality of neoliberal rationality, but rather relied on the specific Yugoslav experience of market socialism when discussing reform.<sup>91</sup> In criticising internationally-spread (neoliberal) reforms models, these scholars were much more 'inward-looking', as they advocated taking inspiration from the market-socialist reforms of the mid-1960s as a moment of great liberalisation and potential for the Yugoslav economy.<sup>92</sup> As a result, reformers opposed a shock therapy (price and trade liberalisation, large-scale privatisation) as 'political suicide and economic catastrophe';<sup>93</sup> they approved a combination of some elements of austerity (an anti-inflation programme), with elements of gradualism, particularly concerning privatisation (partial privatisation through shareholding).<sup>94</sup> As Raif Dizdarević, former chair of the Federal Collective Presidency, commented, reformers were ultimately in favour of market reforms, but vehemently in disagreement with the neo-colonialism of developed countries wanting to drop a 'financial bomb' in the form of strict debt rescheduling.<sup>95</sup>

Perhaps most indicative of the rejection of neoliberalism was the debate over 'shock therapy' and the critical stance towards the consultancy of world-

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90 Ibid., p.74.

91 These reforms had in fact sparked resistances within the League of Communists, and had been followed by student uprisings and the nationalist 'Croatian Spring'.

92 Vojinić, *Socijalizam u Reformi...*, p.232.

93 Kovač, 'Postoje Li Uslovi', p.13.

94 Živko Pregl. 'Foreword - Programme of Reforms in Yugoslavia.' In *Yugoslavia in Turmoil: After Self-Management?*, edited by Jože Dekleva and James Simmie, xi – xvi. London: Pinter, 1991, p.xiii.

95 Dizdarević, *From the Death of Tito...* p.32.

known Harvard economist Professor Jeffrey Sachs.<sup>96</sup> Professor Sachs at the time was the main advocate for shock therapy reforms that would aid socialist or third world countries in their quest to 'keep up' with capitalist economies. From Bolivia to Poland, to Russia, Sachs was offering his advice to governments seeking to complete transition in the early 1990s; he advocated for market liberalisation, financial stabilisation (including rising of unemployment), structural adjustments and privatisation.<sup>97</sup> Although Marković did indeed consult him, the degree to which his consultancy was effectively implemented is debatable. Yugoslav economists were indeed shocked to find out Sachs was not committed to reforming socialism, but rather to destroy it.<sup>98</sup> Sources from the time highlight how Marković introduced his reforms programme as one that was drafted by the government, where only some of Sachs's advice had been taken into consideration.<sup>99</sup> Instead of gaining widespread and undiscussed support, Sachs's consultancy had raised criticism amongst economic experts. As reported in a conference record from 1991, professor of public finance Slobodan Komazec commented that:

'Sachs has never understood the Yugoslav economic policy. It is never good to listen exclusively to economic creators from abroad and only apply their recipes. We in Yugoslavia have such educated people who understand the Yugoslav opportunities, mentality and philosophical tradition. Listening to people from abroad I think is the most tragic thing that can happen.'<sup>100</sup>

These economists did not see market 'transition' as a break or rupture with Yugoslav socialism, but rather as a continuation of the market reforms of the

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96 Robert F. Miller. 'The Pitfalls of Economic Reform in Yugoslavia.' *Australian Journal of International Affairs* 45, no. 2 (1991): 213–22, p.216; Géraud, *Un Point Aveugle ...*, p.218; Meier, *Yugoslavia: A History*, p.105.

97 Lipton, Sachs. 'Creating A Market Economy', p.100.

98 Mark, Rupprecht. 'Europe's '1989'', p.228.

99 Predrag Tasić. *Kako Sam Branio Antu Markovića*. Skopje: Mugri 21, 1993, p.19.

100 Slobodan Komazec, in: Records of the conference of the Council of Yugoslav Economists 'Aktuelni problemi privrednih kretanja i ekonomske politike sa ocenom mera ekonomske politike za 1991' held in Opatija, December 1990. Published on *Ekonomist*, God xliv, Beograd 1991, p.58.

mid-1960s. Contrary to Professor Sachs, much of these experts were proposing a gradualist approach to reforms, one that would take into consideration the peculiar configuration of market socialism in the Yugoslav tradition. Similarly, they did not view internationally widespread, radical reforms models to be an appropriate solution for the Yugoslav crisis. For example, Belgrade Professor Oskar Kovač, one of the main contributors to the Commissions for Reforms and the 1988-1989 Laws on Enterprises and Social Capital wrote in 1990:

‘Some people live in the illusion that shock therapy is alternative for measures that at the last minute extinguish the ‘fire’ of inflation so that it is a shortcut. Shock therapy has no sense unless we adjust everything before. Precondition for a successful shock therapy is a full liberalization of prices and higher liberalisation of import, to balance the interest rate. Another is that salaries are separated from inflation and are strongly connected to the productivity of labour on a national level, and above all to solve the fiscal deficit, and we have high reserves to spend on import and export. Without this, it is political suicide and economic catastrophe, and it is a classic example of a case when the medicine is worse than the illness.’<sup>101</sup>

For Slovenian economist Janež Prašnikar and former vice-president in the Marković government:

‘Shock therapy (active policy measures concerning the exchange rate and interest rates, freezing of wages, and restrictive monetary policy) is usually followed by a period of increased demand that essentially nullifies the initial results, and will again be followed by a period of economic shock’.<sup>102</sup>

In recent interviews, many of those involved in the reforms have downplayed the significance of his consultancy altogether. As Bosnian Professor Manojlo Babić, an active member of the council of Yugoslav economists and the Commission for Reforms commented:

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101 Kovač, ‘Postoje Li Uslovi’, p.101.

102 Prašnikar, Pregl. ‘Economic Development in Yugoslavia’, p.191.

'I'm sure Marković did not fully listen to him [Sachs] because reforms were carried on gradually. According to Jeffrey, you had to sell everything immediately. Marković, on the other hand, went along gradually.'<sup>103</sup>

Above all, these experts either criticised or did not attribute significance to the consultancy of the 'father' of shock therapy. These were the economists that mostly influenced Marković's economic reforms, and they perceive their consultancy as unhindered by the brief involvement of Sachs. These economists describe this as a moment when they tried to avoid radical changes (or shock therapy), proposing a more gradualist approach.

In Slovenia, the friction with Sachs's engagement was such that Minister of the Economy Jože Mencinger resigned over the disagreement with his proposed model of shock therapy;<sup>104</sup> later on, he was reinstated, and the privatisation reforms were drafted in a gradualist way.<sup>105</sup> Most prominently, the Slovenian advisors to the Marković government would go on to challenge Sachs's proposals for reforms in their country, noting that they had their own view of a gradual, rather than shock, transition.<sup>106</sup> Mencinger discussed his disagreement with Sachs as such:

'You know the advisers who came to Slovenia sometimes they were saying: 'we should abolish central planning, and we should get rid of communists.' These were the two rules. And to some extent, Jeffrey Sachs proposed that too...however, there had not been central planning for at least 14 years in Yugoslavia, and they were still talking about central planning! I usually said:

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103 Manojlo Babić, Interview with author, Sarajevo, 15.06.2016.

104 Milica Uvalić. *Investment and Property Rights in Yugoslavia: The Long Transition to a Market Economy*. Cambridge: Cambridge University Press, 1992, p.188.

105 Ganev, 'The 'Triumph of Neoliberalism'', p.369.

106 Economist Janež Prašnikar declared in an interview in 2002 that Sachs's model could be accepted in Mongolia, but not in Slovenia – further remarking how it was not tailored to the complexities of the Yugoslav economy. Branko Dragaš, Ekonomski Ubica, 15 February 2011 (<http://www.dragas.biz/ekonomski-ubica-sp-45060659/>).

‘But you do not distinguish between Ljubljana and Moscow, because there are different types of socialism, as there are different types of capitalism’.<sup>107</sup>

It was this kind of attitude, and the long-term experience of reformism amongst Yugoslav economists, that brought them to approach economic transformation as something that should primarily derive from the Yugoslav economic tradition. Rather than involving foreign experts, these economists consulted local managers of large, market-oriented enterprises, as the next Chapter illustrates.

Academic publications and the contemporary testimonies of participants show that a combination of liberal economic elements (the predominance of the market and private property) and egalitarian social redistribution of such property rights was possible, at least in the mindset of economic reformers. Here, debates emerged over how to transform the Yugoslav socialist system in ways that would improve efficiency and productivity in the enterprises, while not entirely breaking with the tradition of self-management. These experts gravitated more and more around the ideas of reforming self-management by introducing (workers’) private ownership. The idea to transform Yugoslavia gradually into a market economy was not the result of intellectuals giving in to neoliberal hegemonic thought, or imitating Eastern European counterparts. Instead, it was an attempt at formulating an alternative model of transition that would be more faithful to the long-term tradition of market socialism, as it had developed in Yugoslavia since the early 1950s. Moreover, as the next Chapter illustrates, these ideas were also emerging from large enterprises and their market-oriented workforce.

#### **1.4. New Socialism and the critique of self-management**

The first significant transformation towards a new economic model came in 1988, during the presidency of Branko Mikulić. Advised by the Commission for Reforms, where many of the economists here interviewed collaborated, the federal government introduced the Law on Enterprises (*Zakon o Preduzećima*), which transformed the socialist Organisations of Associated Labour

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<sup>107</sup> Jože Mencinger, Interview with author, Ljubljana, 11.12.2015.

(*Organizacije Udruženog Rada*, OUR) into companies. This law legalised the existence of multiple forms of enterprises (enterprises with private, public, or mixed ownership, and corporations), and further regulated how they would be managed (through a management or shareholders board, by an elected board of trustees).<sup>108</sup> It was a very significant move towards reforms, as it paved the way for further ownership and market reforms that would transform the enterprise sector. Despite this initial progress, however, Mikulić did not enjoy political support and was particularly criticised for his monetary and fiscal policies that led to galloping hyperinflation.

After Mikulić resigned in December 1988, Ante Marković became the new (and last) prime minister of Federal Yugoslavia. The market reforms debated and implemented during his presidency initiated a gradual transformation of late Yugoslav socialism, accentuating its market nature while maintaining a combination with socialist self-management. As Ante Marković later remarked: 'I was always for evolution, not revolution'.<sup>109</sup> In this, many the members of the Council of Yugoslav economists mentioned above advised him: Professors Mencinger, Kovač, Pregl, and Madžar were all part of the Commission for Reforms in the period between 1988 and 1990. Moreover, Marković himself would often attend the annual conference of the Council of Yugoslav Economists in Opatija (Croatia), where he would familiarise with the academic debates discussed above. Here, economists would address him personally and showed their appreciation for his participation to their conferences. They also remarked that they would have expected a quicker response from the Federal Executive Council and Marković's predecessors in the establishment of a commission for reforms. Many had participated already in the Kraigher commission, and were discouraged by the slowness and political obstacles to reforms since 1982; with Marković, they hoped this trend would be reversed.<sup>110</sup>

Marković's programme of economic reform quickly started producing positive results, particularly regarding the dinar convertibility and a curb to

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108 Službeni List SFRJ 44, no. 77 (1988), 1942-1956.

109 Ante Marković interviewed on E-Novine by Milan Gavrović, 14.02.2009, available at <http://www.e-novine.com/index.php?news=22600>. Last accessed 22/09/2017.

110 Popović, *Jugoslavija u Svetskoj Privredi ...*, p.66.

hyperinflation.<sup>111</sup> Crucially, it introduced a new concept of internal privatisation: workers would purchase shares of their company and thus become owners, together with their co-workers and other employees.<sup>112</sup> The new prime minister advocated for a marketisation of the Yugoslav economy to be developed within the boundaries of a socialist society, and to be grounded on equality and centrality of the working people.

Further, he argued for the need to 'fully develop the economic system, ensure the de-étatisation of relations and full stability of economic entities, the identification of holders of social capital, pluralism and equality of owners as well as competition among all types of ownership on the market'.<sup>113</sup> As a result, following the advice of his Commission for Reforms, in 1989 Marković's presidency introduced the 'Law on Social Capital' (*Zakon o Prometu i Raspolaganju Društvenim Kapitalom*), which opened to the possibility of transforming social property into private, group, or mixed property – each of which would enjoy equal legal status.<sup>114</sup> However, it became clear that this would not have meant a 'return to capitalism', but rather a reformulation of Yugoslavia's core economic character (market socialism, self-management).<sup>115</sup> Ante Marković himself strongly advocated for 'an entirely new type of socialism, a self-management socialism, of course'.<sup>116</sup> He sought to develop a broader concept of socialist democracy, different from the traditional Yugoslav system, without giving in to a capitalist, neo-liberal model of transition. In 1990, the central committee of the League of Communists issued a declaration in support

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111 The dinar was the Yugoslav local currency.

112 Dizdarević, *From the Death of Tito...*, p.179.

113 'Consensus for Market Economy, Legal State and Democratic Society', Statement by Ante Marković on the occasion of the review of the Programme of economic reform and measures for its implementation in 1990 at the joint session of the Federal Chamber and Chamber of Republics and Provinces of the SFRY Assembly on December 18, 1989, in: Federal Executive Council Secretariat for Information, *Yugoslav Changes*, p.106.

114 Službeni List SFRJ, 1989, no. 84, 2043.

115 F. Zimić. 'Koliko Je Daleko Evropa?' *Ekonomska Politika*, num. 1870, 1 February 1988, p.14.

116 'The outlines of the programme', Address by Ante Marković at the session of the Presidency of the Federal Conference of the Socialist Alliance of Working People of Yugoslavia on 28 January 1989, in Federal Executive Council Secretariat for Information, ed. *Yugoslav Changes: Addresses and Statements by Ante Marković Yugoslav Prime Minister*. Beograd: Jugoslovenski Pregled, 1990, p.21.

of the development of 'democratic socialism' in Yugoslavia, which would further integrate the country in the European and world markets. The Central Committee further envisioned that the equality of different forms of ownership (private, collective, mixed) would contribute to a higher degree of development of the economic system.<sup>117</sup> On the pages of *Komunist*, the journal of the League of Communists, Marković's vice president and economist Živko Pregl often argued for the necessity of improving competition and motivation in workplaces.<sup>118</sup> Here, a reformed socialist democracy could only be achieved through the combination of socialist egalitarian values with market principles of risk and competition, to be introduced in the self-managed workplace.<sup>119</sup>

#### **1.4.i Self-management, efficiency and ownership in the discussions at the Council of Yugoslav Economists**

The new market reforms were aimed at increasing the Yugoslav enterprises' global market competitiveness; the scarcity of innovation and technological development was identified as a consequence of self-management's unsatisfactory implementation: workers had the power to decide and manage investments, but were not encouraged or motivated to work more in order to increase their companies' profits.<sup>120</sup> In this period, local universities and economic centres in Bosnia and beyond started publishing sociological and statistical studies corroborating these theories with data on the divide between self-management (workers' councils) and higher management organs (executive council or management board). This divide, it was noted, led to a low business initiative and lack of innovation, which in turn lowered productivity.<sup>121</sup>

The kind of criticism and vision of reforms brought forward by economists and social scientists pertained within the boundaries of what was politically acceptable in 1980s Yugoslavia. While the country was opening to the

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117 'Nema Svojine Bez Sopstvenika', *Komunist*, num. 1705, January 19 1990, p.18.

118 Pregl, Živko. 'Konkurencija i Motivacija', *Komunist*, num. 1660, February 24 1989, p.4.

119 Bartlett, 'Economic Reform, Unemployment', p.94.

120 Lojze Sočan, Director of institute of economic research in Ljubljana, in Popović, *Ekonomisti O Krizi*, p.93.

121 Babić, Nikolić, *Samoupravno Organizovanje U Teoriji*; Franjo Kozul, Komnen Pijevac, and Milorad Muratović, eds. *Marksizam - Nova Tehnološka Revolucija*. Sarajevo: Marksistički Centar UNIS, 1987.

prospects of political and economic pluralism, self-management still constituted a central pillar of the League of Communists rule. Economists interviewed were very much aware of the extent to which they could bring this criticism. For example, Professor Aleksa Milojević, a former member of the Economic Institute of Sarajevo and active participant of the discussions on the Yugoslav economic system, recalls:

‘When I worked at the Institute of economics I was a direct witness to economic problems of a system which was coming to an end. [...] This was an unpleasant discussion for experts and politicians at the time; none of my colleagues dared to admit the gravity of the situation. In the beginning, the only thing that could be said under the political monopoly was that the mechanisms of implementation of a certain system were not good.’<sup>122</sup>

Thus, economists directed their criticism towards *the implementation* of self-management, rather than the legitimacy of its principle. Even those who openly criticised the dominant Party control over the economy admitted that it was not possible to know for sure whether self-management was a successful idea - since until that moment it had been ‘under the siege of the state and the party’.<sup>123</sup>

In such a context, reformers were cautious to adopt a jargon that would be associated too much with liberal tendencies. This was particularly the case for debates over the efficiency of the socialist model or the current actualisation of self-management. For example, the following exchange occurred at the end of 1988, after Mikulić’s government resigned and preparations for further reforms under the Marković administration were on their way. Jože Mencinger, prominent Slovenian economist and supporter of a social democratic welfare-based reform of self-management stated:

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122 Aleksa Milojević, Interview with author, Bijeljina, 04.07.2014.

123 Vojislav Stanovčić. ‘Reforma Političkog Sistema’ In *Smisao Jugoslovenskog Pluralističkog šoka.*, edited by Vladimir Goati, 141–68. Beograd: Književne novine, 1989, p.147; Marković, Ante. ‘Introduction to reforms...’, p.XXII.

‘either we have socialism and inefficiency, or capitalism and an efficient economy. Because of this, I believe that socialism, in its vision of higher equality, can only be established indirectly. I would say that, in a social-democratic way, where the resources for production are left to private ownership, and equality is established indirectly.’

To which, Ivan Maksimović, vice president of the Council of Yugoslav economists, replied with the following:

‘I do not think that things are so black and white, that one system is efficient, and one is not. Socialism is, for that understanding, perhaps better with regards to fairness and ethics, but from the economic point of view is inefficient and has to collapse. I would like to remind, however, that there are formal solutions based on new social models [...] that are already discussed as self-management in the literature.’<sup>124</sup>

While it would be tempting to view these divisions as geographical ones (Slovenian economists being the most liberal, while Serbian the most conservatives), these debates show how this was not the case, as most of the Serbian economists were equally ready to support ‘liberal’ reforms. This is just an example to illustrate how the intellectual debate was rich in a diversity of opinions that went beyond a mere ‘liberal’ vs ‘orthodox’ juxtaposition. Rather, economists were (sometimes vehemently) discussing how to *reform* – and not fully *deny* – the social aspect of self-management.

Again, reflecting on the Yugoslav profession facing reform, economist Vladimir Gligorov noted later on that ‘the majority of economists were committed to self-management’, deeming it the most appropriate alternative for Yugoslavia as a multi-national socialist state.<sup>125</sup> The country’s efficiency

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124 Miloš Marković. ‘Čije Je Vlasništvo. Okrugli Sto Ekonomista.’ *Ekonomska Politika*, num.1915, 12 December 1988, pp.20-30. While it would be tempting to view these divisions as geographical ones (Slovenian economists being the most liberal, while Serbian the most conservatives), these debates show how this was not the case, as most of the Serbian economists were equally ready to support ‘liberal’ reforms.

125 Gligorov, *Yugoslav Economics Facing Reform and Dissolution*, p.336.

problem could be resolved through reforms, where ‘debates were not purely ideological, but involved sincere efforts at looking for the answers to some of the more pressing issues’<sup>126</sup> that the country’s economy was facing: efficiency and ownership re-definition. Thus, Marković and his team focused their efforts towards reconciling efficiency and workers’ motivation within a new reform framework. Efficiency in the workplace was to be secured not through a flexibilisation or reduction of labour costs, but a re-shaping of the socialist self-manager subjects into ‘workers-owners’.

During these discussions, economists would mention other social-democratic economic models (such as the ‘German model of social market economy’, as well as Scandinavia) to further strengthen their arguments in favour of a gradual reform of the Yugoslav economic system.<sup>127</sup> Regarding ownership transformation, economists mentioned again the case of Germany, where owners-founders decided against leaving their companies as an inheritance to their children, and rather ‘left them to the ownership of workers who have worked in the company.’<sup>128</sup> They even referred to the Chinese experience of transition, where social ownership was converted into collective.<sup>129</sup> Mentioning these models was another way of legitimising a gradualist approach to privatisation. At the same time, gradualism was the preferred option for the social and political context of Yugoslavia in 1989, which – as many remarked – was very different from socialist countries in the Soviet Bloc. Reformers had to introduce a model that could be acceptable within the political boundaries of the time. Stevan Santo, minister of the industry in the Marković government, recalls:

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126 Ibid., p.338.

127 God xliv, Beograd 1991, broj 1-2 (Opatijsko Savetovanje)

From the conference of the SEJ on ‘aktuelni problem privrednih kretanja I ekonomske politike sa ocenom mera ekonomske politike za 1991’ held in Opatija, December 1990; Rasto Ovin, ekonomski fak Maribor, ‘Problemi Sistemskih promena’, p.73.

128 Ante Čičin-Sain, in: Marković, Miloš. ‘Čije Je Vlasništvo. Okrugli Sto Ekonomista.’ *Ekonomaska Politika*, December 12, 1988, p.26.

129 Frane Černe, in: Marković, Miloš. ‘Čije Je Vlasništvo. Okrugli Sto Ekonomista.’ *Ekonomaska Politika*, December 12, 1988, p.27.

‘When we formed the government, it was already 1989, neither Ante Marković nor we could say that we will abolish socialism. Here it was not the same thing as in other parts of Eastern Europe- there, socialism was a synonym with Soviet occupation, so if you said there ‘let’s abandon socialism’, you would win the elections and that’s it. But here it was different; people did not want to change socialism completely, they had it best, and had the highest social security. I know that Marković was an intelligent man and understood that politically he simply could not present the reforms in such a radical manner [like other eastern European countries]. So that is why we came up with the platitude of ‘socialism with a human face’.<sup>130</sup>

This excerpt suggests that perhaps some reformers, Marković included, would have liked the reforms to be more radical, but had to deal with political and social constraints. What experts proposed, and the Federal government accepted, was thus the result of a certain degree of negotiation.

### **1.5. Privatisation and the remaking of workers**

Since the early conceptualisation of Yugoslav socialism, the worker - i.e. any employee of a specific enterprise – was conceptualised as simultaneously being a producer, owner, and manager of social capital. As such, the social and economic sciences had produced a ‘holistic’ understanding of workers’ relationship to their work and workplaces, as shaped by different motivations and expectations. For example, workers’ and managers’ motivation were discussed at length on academic journals, as this was increasingly linked to productivity. Already in the 1970s, sociologists had addressed issues of workers’ productivity and labour alienation in Yugoslav industries.<sup>131</sup> Opinion polls carried out in the 1970s showed that self-management was not a top priority for workers. Rather, they were interested and motivated primarily by

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130 Stevan Santo, Interview with author, Subotica, 24.06.2016.

131 Josip Obradović. “Workers’ Participation: Who Participates?” *Industrial Relations* 14, no. 1 (1975): 32–44, p.43; Bertsch, Gary K., and Josip Obradović. “Participation and Influence in Yugoslav Self-Management.” *Industrial Relations* 18, no. 3 (1979): 322–29, p.329; Vladimir Arzenšek. “Individualni Konflikti u Slovenskoj Industriji.” *Revija Za Sociologiju* 4, no. 1 (1974): 55–75; Vladimir Arzenšek. “Otuđenje i Štrajk.” *Revija Za Sociologiju* 6, no. 2–3 (1976): 3–16.

higher salaries, a good working environment, and interesting work.<sup>132</sup> Moreover, an increasing number of studies found that blue-collar workers had much less decision-making power over crucial issues related to their work (distribution of wages, investment decisions, housing) in comparison to their colleagues in the management cadres.<sup>133</sup> Furthermore, research addressed the overtly hegemonic control of republican élites over self-managed enterprises, arguing that this further discouraged workers from participating in the workers' councils.<sup>134</sup>

In contrast to other countries in Eastern Europe, where sociology had been sidelined throughout the 1960s and 1970s, in Yugoslavia, the discipline had been a source of inspiration for local economists.<sup>135</sup> Workers' motivation and socialisation in workplaces were not just a matter of investigation for the social sciences but were also important to economic analysis as well. For example, Dragoslav Slović, Professor of Economics in Belgrade and member of the Marković Commission, encapsulated well the dual role of the Yugoslav worker, in comparison to his/her colleagues in market economies:

'in the process of labour and creation of new value, the worker has the same status that any worker in the market economy. He is obliged to the maximum working and technical discipline, to maximise the productivity of his work and efficiently use of the resources of the companies. [...] However, the worker has also an individual interest in the enterprise. In our production relations, he has to have the right to participate in the income distribution, and to change an

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132 Sirc, Ljubo. *The Yugoslav Economy under Self-Management*. London: Macmillan press ltd, 1979, p.174.

133 Novaković et al, *Novi pravci promena*, 1990, p.169.

134 Trifković, *Državna Vlast i Socijalističko*, p.34. Tosić, Desimir. 'Neophodnost Reforme Radničkog Samoupravljanja.' In *Demokratske Reforme*, edited by Vane Ivanović and Aleksa Đilas, 51-59. London: Demokratske Reforme, 1982, p.58.

135 For a detailed account of the marginalisation of sociology in Eastern Europe, an Romania in particular, see: Mike Keen and Janusz Mucha. 'Sociology in Central and Eastern Europe in the 1990s: A Decade of Reconstruction', *European Societies* 6, no.2 (2004): 123-147; Ștefan Bosomitu. "Sociology in Communist Romania: An Institutional and Biographical Overview." *Studia UBB Sociologia* 62, no. 1 (2017): 65–84.

unsuccessful director before the incompetence of the director brings him to lose his job and working relations.<sup>136</sup>

As issues of productivity of Yugoslav companies started to emerge throughout the 1980s, sociologists and economists started reflecting on how they could improve efficiency by increasing motivation in the workplace. Central to the 'making' of the Yugoslav self-manager had been the idea that workers' management had re-established the link between workers and the results of their labour, as workers were also owners and managers of what they produced.

In 1982, at the launch of a multi-country study on 'Workers' self-management and participation in developing countries', the President of the International Centre for Public Enterprises in Ljubljana Dr. Antun Vratuša identified other sources of workers' motivation beyond salaries. Though income and wage security were, of course, central for employees' stimulation, other aspects such as the opportunity to express one's creativity, the confidence in equality and social justice in the workplace were equally important factors.<sup>137</sup>

Moreover, social scientists increasingly pointed at social relations with the workplace as an unsolved issue that further delegitimised the very ideological foundation of self-management. Prominent Yugoslav sociologist Josip Županov started investigating the very shifting nature of the Yugoslav working class, the stratification of the workforce within enterprises, as well as the hybrid nature of workers-peasants in Yugoslavia.<sup>138</sup> Županov detected 'inadequacies in the motivation system and societal support for the project of self-managed socialism' and further argued that the labour-managed mechanisms were bound to fail due to the intrinsic defects in the interrelations between administrative (leadership) and participative (workers) structures.<sup>139</sup> His work

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136 Dragoslav Slović, *Ekonomika : Časopis Za Ekonomsku Teoriju i Praksu* 35, no. 4 (1988), p.42.

137 Antun Vratuša. 'Workers' Self-Management and Participation in Developing Countries.' *Public Enterprise* 2, no. 3 (1982): 7–15, p.8.

138 Zukin, 'Self Management and Socialisation.', p.80; Branko Horvat., *The Political Economy of Socialism: A Marxist Social Theory*. Oxford: Martin Robertson, 1982.

139 Stanojević, 'Workers' Power in Transition', p.290.

further highlighted that self-management was not motivating workers enough, and this constituted a challenge for economic development. The overall profit of the company was supposed to be redistributed amongst workers and reinvested towards technological progress and general improvements. However, since the workers' council held the decision-making power, the ultimate decision on such redistribution and investment was reserved for employees. Experts often claimed that workers would decide for higher wages, to the detriment of newer technological investments.<sup>140</sup>

Thus, sociologists and – subsequently – economists produced an idea of 'the worker' as being interested in wages and job security, while dismissive of his/her role as manager or decision-maker in the company. Increasingly, workers were found to be unwilling to invest in technological progress, as this investment would decrease the bonuses they would individually receive at the end of each year from the profit accumulated; this was blamed onto the inherent dysfunctions of self-management.<sup>141</sup> In its current application, self-management had led workers to be too focused on their company's expenses and wages, and less attentive to exercising control over management and the operations of the company.<sup>142</sup> These scholars believed it was the de-centralised self-management system that had led to the catastrophic 'demotivation of workers, and concerning that, their irresponsible behaviour in the labour process, as much as the creation of a climate for non-work' as the main problem pulling Yugoslavia back.<sup>143</sup> As a result, scientific communities across the Federation started criticising socialist self-management and workers' councils,

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140 Miodrag Zec. 'Reforma Između Nužnosti i Slobode Izboru.' In *Privreda U Reformi*, edited by Tomislav Bandin, 125–39. Zbornik Radova Za Savetovanje Na Brionima, 4-6 Maj 1989. Beograd: IRO EKONOMIKA i Savez ekonomista Jugoslavije, 1989, p.129; Dr Jovan Ranković, in: *Makroprojekt Jugoslavija in the world economy*, p.99; Ljubo Sirc. 'Reforma Jugoslovenske Privrede.' In *Demokratske Reforme*, edited by Vane Ivanović and Aleksa Djilaš, 60–68 London: Demokratske Reforme, 1982, p.62-63.

141 Branko Kirstofić 'Privatizacija i radna snaga', *Sociologija*, 1990, p.344.

142 Bogomir Kovač. 'Program Prestrukturiranja Jugoslovenske Priverde Izmedju Iluzija i Realnosti.' In *Prestrukturiranje, Razvojni Ciklus i Privatizacija*, edited by Nejboša Šavić, 42–51. Zbornik Radova Jugoslovenskih Ekonomista Za Savetovanje, 8-10 Maj 1990, Brioni. Beograd: Savez Ekonomista Jugoslavije, 1990, p.44.

143 Dr. Dobri Dodevski, Makroprojekt 1989:in Popović, *Ekonomisti O Krizi*, p.154.

incapable of guaranteeing a 'free and harmonious development for the economy' or even solving 'the problem of equitable distribution' of wages.<sup>144</sup>

At the same time, a wave of workers' protests across Yugoslavia in the second half of the 1980s had also spread an understanding of workers as being generally dissatisfied with the system of self-management, and in particular its mechanisms of wage levelling (*uravnilovka*). Workers remarked that they did not see the point in working productively for eight hours, to receive the same salary as their colleague who worked for four-five hours.<sup>145</sup> Miodrag Zec, Professor of Economics at the Belgrade Institute for Economic Sciences summarised as follows an understanding of workers' dissatisfaction that was widespread amongst economic reformers:

'Workers getting on the street seriously warned the elite that they will not tolerate the fact that it does not fulfil its part of the deal. Words like 'thieves' and 'wages', show that the conditions of the agreement are violated especially on the domain of salaries, for which an existential minimum is guaranteed; this shows that today the individual, workers, are not satisfied'.<sup>146</sup>

The issue of wages accompanied a concern about over-employment, both causes of de-motivation amongst workers. As argued by Jože Mencinger, former Slovene Minister of the Economy and prominent participant in the reforms debates, workers' control in the workplace had led to a diffusion of 'unemployed employees', i.e. workers who were neither necessary nor productive, and yet were kept in the workplace.<sup>147</sup> This, he claimed, was an additional contribution to a sense of demotivation amongst workers, who did

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144 in Stephen Clissold. *Djilas: The Progress of a Revolutionary*. Middlesex: Maurice Temple Smith, 1983, p.304-305.

145 D. Kljajić. 'Neka Radi Ko Zna i Hoće.' *Energoinvest List*, num. 1002, March 12 1990, p.10.

146 Miodrag Zec, *Ekonomika : Časopis Za Ekonomsku Teoriju i Praksu* 35, no. 4 (1988), p.17.

147 Jože Mencinger. 'Privredna Reforma I Nezaposlenost.' In *Privreda U Reformi*, edited by Tomislav Bandin and Drazen Kalodjera, 214–29. Zbornik Radova Za Savetovanje Na Brionima, 4-6 Maj 1989. Beograd: IRO EKONOMIKA i Savez Ekonomista Jugoslavije, 1989, p.217.

not see the purpose of working hard in conditions of such labour surplus, where people were employed even though they had little to do. Economists were aware that reducing the number of employees in order to increase production and motivation could have potentially explosive consequences;<sup>148</sup> yet, experts argued it could be a potential solution for the problem of efficiency and motivation.<sup>149</sup> Thus, economists concluded that workers were increasingly demotivated by the equalisation of salaries and over-employment. At the same time, they understood employees as not rejecting equality principles *tout court*, as they demanded a stronger equality in the sphere of labour.

Nevertheless, studies on motivation showed that for all categories of workers, from managers to blue-collar, high quality of work and the perception of success also derived from personal gratification and a sense of potential for advancement within workplaces. Managers, technicians and shop-floor workers lamented the degree of inequity in their workplaces, meaning that they felt they were not compensated enough for their efforts and work.<sup>150</sup>

Thus, during the debates on economic reforms between 1988 and 1990, members of the Council of Yugoslav Economists and of the Commission for Reforms discussed at length over issues of productivity and efficiency of enterprises; to this, they linked different understanding of workers' roles as producers/consumers/managers/owners, and their motivations. Here, concepts like individual productivity and responsibility towards work featured in discourses of development in order to reframe workers' position in the

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148 In a discussion with fellow economists, Kovačević asked 'who will reach the decision to fire 5 thousand workers? Amongst them there are those who have worked 20-30 years for that company, who have 3-4 children, an unemployed wife. [Some] will take a gun and shoot at the committee of people who took the decision on the termination of work relations.' Mladen Kovačević. 'Nemogućnost Obezbedjenja Akumulacije.' *Ekonomist - Organ Saveza Ekonomista Jugoslavije* 44, no. 1-2 (1991), p.165.

149 Rasto Ovin, 'Problemi Sistemskih promena', From the conference of the Council of Yugoslav Economists titled: 'Aktuelni problemi privrednih kretanja i ekonomske politike sa ocenom mera ekonomske politike za 1991' held in Opatija, December 1990, *Ekonomist* 44, no-1-2 (1991), p.72; interestingly, the issue of unemployment was rarely discussed by these experts. For a discussion on the political failure of Yugoslav elites to address this issue, see Woodward, *Socialist Unemployment*, p.326.

150 Fikreta Bahtijarević - Šiber. 'Some Aspects of Manager Motivation and Job Satisfaction in Yugoslav Enterprises.' *Public Enterprise* 9, no. 3-4 (1989): 346-56, p.353.

workplace, and thus remake the socialist subject in a historic moment of transition.<sup>151</sup>

In this, the Council of Yugoslav economists refused an approach of 'shock' rather than gradual reform. As Branislav Šoškić stated at the annual conference of the Council of Yugoslav Economists in Opatija:

'I think that those who advocate for privatisation to flow endlessly are not meaning well for our economy. Our economy has to finish a profound transformation of social ownership. I do not think that we do not need social ownership at all; we need to use it efficiently. [...] We need to ensure that workers because of motivational factors and efficiency should be shareholders.'<sup>152</sup>

As this passage shows, within the Council of Yugoslav Economists, the idea that workers' motivation could derive from ownership started to spread. 'People need a material stimulus to work better and more, the precondition of such a stimulus is private property, we need to get rid of the fear from private ownership and wealth'.<sup>153</sup>

The way Ante Marković sought to proceed with his reforms further reflected this view. He too argued that the establishment of a full integral market of goods, capital and labour depended on the clear definition of the owners of social capital, as the primary pre-condition for a market-oriented economy. In this way, 'privatisation' was going to be a fundamental aspect in support for

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151 Janež Prašnikar and Živko Pregl. 'Economic Development in Yugoslavia in 1990 and Prospects for the Future.' *American Economic Association*, Papers and Proceedings of the Hundred and Third Annual Meeting of the American Economic Association, 81, no. 2 (1991): 191–95; Ljubo Sirc. *Criticism of Self-Management - Still Relevant? A Collection of Papers*. London: Centre for research into communist economies, 1994. Vladimir Goati ed. *Smisao Jugoslovenskog Pluralističkog šoka*. Beograd: Književne novine, 1989.

152 Branislav Šoškić. 'O radničkom deoničarstvu', *Ekonomist*, God xliv, Beograd 1991, broj 1-2 (Opatijsko Savetovanje).

153 Dragoje Žarković, in: *Ekonomika : časopis za ekonomsku teoriju i praksu*, vol. 35, no.4, p.24.

entrepreneurial initiatives, labour productivity and motivation for work.<sup>154</sup> The opening towards various forms of enterprises and ownership was supposed to create an environment for entrepreneurialism. Branko Horvat suggested that

‘state firms should be transformed into independent decision-makers, creating an environment for entrepreneurship. In this way, profitable firms would be transformed into self-managed corporations and left to the guidance of the market. The final result will be a market economy dominated by autonomous social corporations, with a small number of big state corporations and a large number of small family firms and cooperatives, plus joint ventures.’<sup>155</sup>

The reforms aimed at laying the foundation for a new, progressive, and technologically advanced socialism, in continuity with the historically established position of Yugoslav socialism as a ‘third way’ between capitalist and planned economy. Bearing in mind the intellectual and scientific context to which economic experts had been exposed, ‘New Socialism’ became an updated and reformed version of market socialism. Polished from the faults and imperfections of the 1970s, it was conceptualised as a Yugoslav response to both the ‘market’ and the (orthodox) ‘socialist’ civilisation mission. In his speeches, Prime Minister Marković argued that his project of ‘New Socialism’ would finally actualise self-management’s potential. As he noted:

‘Today, the basic problem of the most developed societies is how to solve the man, how to motivate him. Our self-management system, theoretically at least, puts the man at its centre. Unfortunately, we have not enabled man to be at the centre yet.’<sup>156</sup>

For this reason, he further argued, it was necessary to reform Yugoslav self-management and finally actualise it as a system founded on workers’ central

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154 Marković, ‘Introduction to reforms...’, p.xi; see also Miodrag Zec. ‘Reforma Izmedju Nuznosti...’, p.131.

155 Branko Horvat. ‘Nationalization, Privatization or Socialization: The Emergence of the Social Corporation.’ *Ekonomaska Analiza* 1 (1991): 3–9, p.5.

156 Marković, ‘The outlines of the programme’, p.21.

role. Economists in his team agreed that the wrongful application of self-management was not only detrimental to enterprises' efficiency but also constituted a fundamental impediment to workers' motivation.<sup>157</sup>

The majority of these thinkers were arguing that a re-shaping of workers–self-managers into motivated, flexible subjects of efficient (self-managed) enterprises could be achieved within the socialist framework: social ownership would transform into workers' private shareholding, which the workers' collective would administer.<sup>158</sup> Ownership would now belong to the collective of workers, as opposed to 'society', a concept seen as too vague by these reformers. Some (rare) voices advocated for an openly neoliberal turn. For example, the economist Bogomir Kovač argued that in order to achieve an effective and durable reform in real socialism 'it is important that ideological and political unity be replaced with social segmentation and individualisation [since] pluralism (democracy) and individualism (liberalism) are the starting point of civil society'.<sup>159</sup> Although this overtly meritocratic and individualistic understanding was rather rare amongst economists, there was a tendency to view workers as part of the problem. One of the rare voices to condemn such view was that of Economics Nobel Prize candidate Branko Horvat, who suggested that 'if there are many losses, [...] and if there are many idlers, it does not mean that workers do not want to work but that there is something wrong with socialism'.<sup>160</sup>

After the initial discussion within academic circles, late socialist reformers set out to introduce privatisation reforms that would rely on workers' attachment to their workplaces, and their desire to become shareholders of their own

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157 Particularly the Law on Associated Labour of 1976.

158 Branislav Šoškić, *Ekonomist*, vol. XLI, num. 2, p.326-328.

159 Bogomir Kovač. 'Privatizacija i Preduzetništvo Kao Pravci Reforme.' In *Privreda U Reformi*, edited by Tomislav Bandin, 109–24. Zbornik Radova Za Savetovanje Na Brionima, 4-6 Maj 1989. Beograd: IRO EKONOMIKA i Savez ekonomista Jugoslavije, 1989, p. 111.

160 One of the rare voices to condemn such view was that of Economics Nobel Prize candidate Branko Horvat, who suggested that 'if there are a lot of losses, [...] and if there are many idlers, it does not mean that workers do not want to work but that there is something wrong with socialism'. Branko Horvat. 'Program Ekonomske Politike Izlaska Iz Krize.' In *Privreda U Reformi*, edited by Tomislav Bandin, 153–68. Zbornik Radova Za Savetovanje Na Brionima, 4-6 Maj 1989. Beograd: IRO EKONOMIKA i Savez ekonomista Jugoslavije, 1989, p.162.

company. Workers' ownership would be the 'Yugoslav socialist' way to privatisation and market reforms. Reformers conceived a redefinition of property rights and responsibility through employees' shareholding, together with the introduction of private and mixed ownership. This shift was precisely in order to funnel social change and reinvigorate workers' participation while attracting foreign investors that could inject fresh capital in Yugoslav companies and thus facilitate technological development. Social ownership would be converted into shares to be sold to current or former workers; in this way, employees were supposed to feel more included now that they officially owned the assets of the company.

This ambitious re-conceptualisation of the 'socialist man' was meant to restart the engine of socialist progress. In the publications of the Zagreb, Belgrade and Sarajevo economic institutes, scholars discussed at length about what position should the man–worker–self-manager hold in reformed socialism.<sup>161</sup> For example, as Dragomir Vojinić, a professor at the Zagreb Institute of Economics wrote:

'at the centre of such model of socialism, one must put man and his needs, which he satisfies as a producer and as a self-manager. [...] the reformed model of socialism must create such conditions of production and business in which all people, all workers, will be motivated to work at their maximum capacity, and thus to increase the social profit'.<sup>162</sup>

Because of a view that saw the economic reforms as successful only insofar as they would secure an increase in workers' motivation towards their jobs, reformers created a framework of market and property reforms that would primarily transform or re-make the individual. Miodrag Zec, Belgrade Professor of Economics and member of the reforms commission, remarked at the time:

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161 Dragomir Vojinić. 'Bitan je kvalitet razvoja', From the conference of the Council of Yugoslav Economists titled: 'Aktuelni problemi privrednih kretanja i ekonomske politike sa ocenom mera ekonomske politike za 1991' held in Opatija, December 1990, *Ekonomist* 44, no-1-2 (1991), p.181; Valentin Jež. 'Corporate Culture, Values and Motivation.' *Public Enterprise* 9, no. 3–4 (1989): 358–67.

162 Vojinić, 'Socijalizam u Reformi', p.234.

'In the reforms, it is necessary to have [...] the individual as a producer, consumer and citizen; [the producer] must have clear insight and decision on economic strategy of his own company, through a simplification of self-management procedures that the common man can understand. The current clumsy self-management normative structure has already distanced workers from decision-making, rather than bringing them closer. [...] The point of socialism consists of the effective connection of principles of righteousness and the principles of efficiency.'<sup>163</sup>

This argument is revealing of the mindset with which economists approached reforms: the individual worker needed to be more involved in the process of production and decision-making within his/her own companies if socialism was to be effectively implemented.

Economists in the Commission for Reforms shared a view of workers' behaviour as one of the causes of inefficiency in the Yugoslav economy; and yet, they viewed the mobilisation of workers in favour of market and privatisation reforms as essential for their success. When discussing the formulations of these laws, they acknowledged that the Yugoslav workers were familiar with the mechanisms of a market economy. For example, a large part of the industrial workforce was employed in the biggest Yugoslav companies (INA, Naftagas, Energoinvest, Šipad, UNIS, Energoprojekt), all of which were export-oriented and engaged on the global market.<sup>164</sup> Moreover, aspects of market socialism had characterised the Yugoslav domestic market since the 1960s; this had already exposed workers to concepts such as efficiency, market competitiveness, and technological development. Thus, market socialism was considered an advantageous asset for ensuring the quick implementation of market reform. Professor Oskar Kovač, an advisor for the reforms commission, reflected as such:

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163 Miodrag Zec. 'Reforma - realnost ili iluzije', *Direktor* num.1, January 1989, p.7.

164 This will be further discussed in the next Chapter.

‘Yugoslavia has been more open than other socialist countries [...] and since we have been an open economy close to central Europe, they [the workers] have seen how the full market economy functions; and if somebody told them “We have to have that law on social ownership’, and you have to have those decision-making rights, you have to be responsible for whether your firm is going to develop or go bankrupt”, then... that was the goal of the law, to make them understand what decisions they take, how they are going to influence their outcome’.<sup>165</sup>

Thus, Yugoslav workers were expected to draw upon their experience of economic ‘openness’ in order to adapt more easily to newly introduced market principles of efficiency, competitiveness and productivity. Economists thought that workers’ exposure to market-based traditions – whether because of their contacts with international partners, or their general exposure to European market economies as tourists or guest workers in Central and northern Europe – would make them more likely to accept a marketisation of the economy. As the next Chapter will illustrate more thoroughly, this was, in fact, the case, as workers of large industrial complexes – particularly the export-oriented ones – received these reforms positively.

A prominent advocate of the theoretical possibility for market and socialism to co-exist, Branko Horvat supported a view of market reforms as an opportunity for workers’ collectives finally to realise the socialist project, which he viewed as entwined with the market. As he claimed during a discussion on the new economic policy in 1989: ‘there is no socialism without a market that enables free action for each working collective’.<sup>166</sup> Thus, not only the market, but also ownership restructuring was viewed as compatible with the socialist principles of self-management. According to Živko Pregl, the deputy Prime Minister to Ante Marković, ‘ownership restructuring is not an end in itself; rather, it is a means of increasing economic prosperity.’<sup>167</sup> This position is particularly interesting if compared with what declared by the Czech Privatisation minister,

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165 Oskar Kovač, Interview with author, Belgrade, 05.12.2015.

166 Horvat, Branko. ‘Program Ekonomske Politike ...’, p.168.

167 Pregl, ‘Programme of Reforms’, p.xiv.

for whom: 'Privatization is not just one of many items on the economic program. It is the transformation itself.'<sup>168</sup> Similarly, in Hungary privatisation was the backbone of (neoliberal) reforms in the late 1980s.<sup>169</sup> Conversely, as illustrated above, Yugoslav economists viewed it as an element of a broader transformation that could be captured within a socialist framework.

A significant point of contention for economists became what was social ownership, whether it could be compatible with new market structures, and how to redefine it. Since the mid-1970s, there had been long-term discussions amongst economists, sociologists, and lawyers about the nature of social property and to whom it belonged.<sup>170</sup> Marković himself viewed the complicated definition of social ownership as the 'original sin of self-management'.<sup>171</sup> Increasingly, reformers pointed at the blurred definition of social ownership, 'everybody's and nobody's at the same time', as the primal cause for economic inefficiency of enterprises;<sup>172</sup> they came to believe that a change in the structure of (social) ownership would enhance the motivation of workers and make the industries more market-attractive.<sup>173</sup> The view amongst scholars in the Council of Yugoslav Economists was that self-managed enterprises were inefficient and non-competitive on the (global) market because workers were not motivated enough to work and be productive. This lack of motivation, the reasoning went, was because they were not reaping the benefits from being self-managers and (indirectly) owners of their companies. Had they been shareholders, they would be more motivated to work harder.

This understanding drew upon Yugoslav economists' exposure to the development and spread of Employee Buy-outs or stock-ownership plans (EBO

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168 As quoted in Saul Estrin. 'Competition and Corporate Governance in Transition.' *Journal of Economic Perspectives* 16, no. 1 (2002): 101–24.

169 Fabry, 'The origins of neoliberalism', p.2.

170 Branko Horvat. *The Yugoslav Economic System*, p.170.

171 Ante Marković, 'Introduction to reforms', Federal Executive Council Secretariat for Information. *The Laws on Economic Reform in Yugoslavia*. Beograd: Jugoslovenski Pregled, 1990, p. IX.

172 Nejboša Šavić. 'Prestrukturiranje, Razvojni Ciklus I Privatizacija...', p.1.

173 Božidar Čerović 'O konceptu radničkog deoničarstva', p. 127, God xlv, Beograd 1991, broj 1-2 (Opatijsko Savetovanje); f.rom the conference of the SEJ on 'Aktuelni problemi privrednih kretanja i ekonomske politike sa ocenom mera ekonomske politike za 1991' held in Opatija, December 1990.

or ESOP) in the U.S and in the U.K. Yugoslav economic journals published articles from American and British scholars, which contributed to the diffusion of workers' shareholding as a potential solution for the Yugoslav privatisation. Employee ownership, as a different structure for enterprises, had been experimented in the West already in the 1960s and especially 1970s; the experience of self-managed corporations like the Illyrian firms and the Spanish Mondragon were often mentioned as examples.<sup>174</sup> As the British scholars Buck and Wright explained on the pages of the Yugoslav *Ekonomiska Analiza* 'new buy-outs are a Western hybrid institution that combines elements of decentralised markets, hierarchical control, self-management, and they involve a re-marriage of ownership and control'.<sup>175</sup> Generally, employee buy-outs became a rather popular model for privatisation across Central and Eastern Europe since the late 1980s.<sup>176</sup> Yugoslav reformers were of the opinion that the ownership incentive would make enterprises perform better, since internal buyers/shareholders would be even keener in ensuring that their company had a positive revenue.<sup>177</sup> Involvement in decision-making would be encouraged through shareholding, as workers would now be members of something similar to a 'board of shareholders', which would decide on some matters such as long-term investments and wages. At the same time, managers would now have more freedom of manoeuvre for some of the immediate decisions on technological innovation and business agreements. As experts additionally argued, 'employees' shareholding seems one of the most pragmatic solutions for the transformation of the social sector, since it is very close to our long tradition of self-management';<sup>178</sup> this was going to be an encouragement for workers' motivation and responsibility. Already in 1988, Slovenian economist

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174 Branko Horvat. 'Farewell to the Illyrian Firm.' *Economic Analysis and Workers' Management*. 20, no. 1 (1986): 23–29.

175 Trevor Buck and Mike Wright. 'Soft Budget and Employee Buy-Outs.' *Ekonomiska Analiza* 4 (1990), p.384.

176 Uvalić and Vaughan-Whitehead. *Privatization surprises*, p.2.

177 David P. Ellerman and Marko Simoneti. 'Decentralized Privatization: The Slovene ESOP Program.' *Public Enterprise* 11, no. 2–3 (1991): 175–83, p.180.

178 Daniel Cvjetičanin, Diana Dragutinović, and Nina Petrović. 'O Tržištu Kapitala U Jugoslaviji.' In *Prestrukturiranje, Razvojni Ciklus i Privatizacija*, edited by Nebojša Šavić. Zbornik Radova Jugoslovenskih Ekonomista Za Savetovanje, 8-10 Maj 1990, Brioni. Beograd: Savez Ekonomista Jugoslavije, 1990, p.185.

France Cerne proposed 'that workers need to have a relation with participation, for example, shares. If you want, in a certain way, that they buy their workplace.'<sup>179</sup>

According to the newly approved laws, workers could invest part of their wage in the purchasing their own companies' shares, thus formalising their sense of attachment to their workplaces. Economists often refer to this sense of attachment that workers displayed as something that ultimately convinced them to pursue workers' shareholding as a new model for the 'reformed' self-management. One of the main ideologues of this model, Slovenian Minister of Economic Affairs Jože Mencinger, recalls what influenced his new idea:

'I remember when I went to the countryside, and I thought: Ok, now we will privatise these factories. The answer of these people was: "You are stupid, what are you talking about? These factories belong to us!" It was really a kind of a feeling of ownership, much more real than I thought it was [...] so I said ok, for now probably the best owners I can invent will be insiders, i.e. workers.'<sup>180</sup>

It is visible here how reformers conceptualised such changes as something that would draw upon what they understood as a positive outcome of Yugoslav self-management; namely, workers' attachment to their workplace. According to Ante Marković, privatisation of social property – through the selling of shares to workers – was going to enhance productivity, because it would take 'into consideration the acquired feeling of those workers *that their enterprise in fact belongs to them*'.<sup>181</sup> Thus, reformists found in 'ownership pluralisation' a potential solution to the issue of companies' inefficiency. Moreover, workers' shareholding would have ensured the consensus of the workforce – at the time increasingly vocal against the economic crisis.<sup>182</sup> Additionally, it was expected

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179 Cerne France, in: Marković, Miloš. 'Čije Je Vlasništvo. Okrugli Sto Ekonomista.' *Ekonomaska Politika*, num.1915, 12 December 1988, pp.20-30, p.27.

180 Jože Mencinger, Interview with author, Ljubljana, 11.12.2015.

181 Marković 'Introduction to reforms', p.XIII, emphasis added.

182 Especially the governments preceding that of Marković.

to improve and normalise the Yugoslav economy in terms of efficiency, entrepreneurship, creativity, risk-taking, motivation and responsibility.<sup>183</sup>

At this stage, experts still thought that it was possible to maintain the core values of self-management and market socialism and render them compatible with the demands of a transforming global economy. This combination would have fostered constructive competition in economic activities.<sup>184</sup> Furthermore, the development of a stock market of shares – initially internal to each firm and gradually opened to foreign investors – would have ensured a further internationalisation of the Yugoslav economy.<sup>185</sup> Reformers argued it would be

‘necessary to start with a market evaluation of the entrepreneurial ability and entrepreneurial knowledge. The process of structural changes and the labour market need to [...] complete the education of leadership cadres in the economy and continue to qualify workers’.<sup>186</sup>

Thus, the laws approved by the Marković government were supposed to ‘provide scope for competition, for motivation, [and give the management] greater authority, but also a much higher degree of responsibility’.<sup>187</sup> This law was the result of negotiation of different proposals, presenting what the reformers within the government deemed most useful and feasible. For example, the publication ‘Yugoslovenski Pregled’ (Yugoslav survey), the largest base of systematised and reliable information and documents concerning the

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183 Kovač. ‘Program Prestrukturiranja Jugoslovenske’, p.43; see also Josip Županov. ‘Is Enterprise Management Becoming Professionalized?’ *International Studies of Management & Organization* 3, no. 3 (1973): 42–83.

184 Marković, ‘Consensus for Market Economy...’, p.91-92.

185 Milorad Filipović. ‘Mogućnosti Privatizacije Javnog Sektora U Jugoslaviji.’ In *Privreda U Reformi*, 259–74. Zbornik Radova Za Savetovanje Na Brionima, 4-6 Maj 1989. Beograd: IRO EKONOMIKA i Savez Ekonomista Jugoslavije, 1989, p.273. The term “foreign investors” was rarely, if ever, untangled. Very few of these authors would actually specify who these “foreign investors” would be. Those who did usually referred to German and French companies.

186 Dragomir Vojnić. ‘Neki Problemi Ekonomske’, p.57, and Žarko Papić. ‘Nova Konceptija Razvoja.’, p.24.

187 Ante Marković. ‘Comprehensive Set of Measures for 1989’, Address by Ante Marković at the joint session of the Federal Chamber and the Chamber of Republics and Provinces of the Assembly of the Socialist Federal Republic of Yugoslavia on June 14, 1989, in: Federal Executive Council Secretariat for Information, ed. *Yugoslav Changes*, p.57.

population and the political, economic, social, educational and cultural life in Yugoslavia, reported that a small group of economists had proposed that social property should be given to workers and/or citizens for free. The chief reason given here was that workers, exhausted by the protracted crisis, did not have the money to buy shares, and that in this way privatisation could proceed very quickly; this was the model of mass privatisation through vouchers carried out in Czechoslovakia.<sup>188</sup> As the text illustrated,

‘on the other hand, a larger group of scientists proceed from the rule that nothing is for free in economics and advocate the sale of stock, in one way or another, to workers, i.e. citizens. This was the idea the Federal Executive Council also proceeded from when [...] it proposed amending the adoption of the law on social capital. One of the basic reasons for such a solution lay in the fact that it enabled the almost completely impoverished economy to secure extra working capital. Another argument adduced was also the fact that in countries having an incomparably smaller public sector privatisation takes a long time’.<sup>189</sup>

Thus, economic experts saw in workers’ shareholding an opportunity to ‘catch two birds with one stone’. On the one hand, they would be gradually introducing private property relations within Yugoslav companies. On the other hand, they would motivate workers to be more productive and involved in their workplace, by counting on the sense of ownership that decades of self-management tradition had consolidated. Reformers viewed this as economically viable, but also as politically justifiable to the eyes of both workers and party cadres. Experts close to Marković understood workers’ shareholding as a necessary step towards a reform that would not raise concern amongst the most orthodox party cadres. The rationale for workers’ shareholding in their own factories is

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188 John Nellis. ‘The World Bank, Privatization and Enterprise Reform in Transition Economies: A Retrospective Analysis.’ Operations Evaluation Department, The World Bank, 2002.

189 ‘Yugoslav Survey: A Record of Facts and Information.’ Vol. xxxi, no.4, *Beograd: Jugoslavenski Pregled*, 1990, p.66.

perhaps best explained by Žarko Papić, former head of the Yugoslav delegation to the OECD (1989-1990) and former Yugoslav minister for economic planning (1986-1988):

‘The concept of workers’ shareholding was very smart - if you want, psychologically, sociologically, politically as well as economically. It was not going to be 100% workers’ ownership. But if you plan that 30-40% would be workers’ ownership, then nobody will fight you on ideological terms. On the other hand, you pacify the situation socially, because workers who have worked in their factories for twenty years would get shares. And this was expected to bring people to care about productivity because that would have meant that their company would have succeeded.’<sup>190</sup>

In this framework, socialism would be reformed by perfecting self-management into workers’ shareholding. Ultimately, reformers placed their faith in renewing workers’ motivation through the change in the property structure, because they sought to maintain one fundamental feature of the Yugoslav system: workers’ sense of belonging to the socialist, self-managed enterprise. Despite seeing workers as being careless in their attitudes towards profit, risk-taking and investment, reformers counted precisely on workers’ ability to relate strongly onto their company’s destiny in order to revive the economy. Even if workers were supposedly not motivated to work productively, or to engage in self-management because of the over-bureaucratized system, they were perceived as willing to maintain the financial stability and profitability of their company, especially if their jobs and rewards as shareholders depended on this. The very tradition of Yugoslav socialism – as a combination of market and self-management structures – was invoked as a background for these structural reforms. Here, internalised competitiveness or motivation of the labour force was considered an asset for success on the global market; privatisation was conceived as the ‘individualisation of economic activity’, which would give more autonomy to social enterprises.<sup>191</sup> Thus, the late 1980s were an interim moment

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190 Žarko Papić, Interview with author, Sarajevo, 18.05.2016 and 22.06.2016.

191 Kovač. ‘Privatizacija i Preduzetništvo’, p.118.

where reformers still believed they could create a form of *socialist privatisation* or a *transition with socialist content*. This vision was due to the understanding of Yugoslav socialism as compatible to the market, as well as the pivotal role that the subject-worker still played in the theoretical configuration of reforms. Here, the pressure to 'remake' workers and adapt them to new market logic was tied to a Yugoslav-specific criticism towards the implementation of self-management.<sup>192</sup> Workers were still going to have a central role in making and remaking market socialism, and ought to be involved in the economic reform of 'New Socialism'.

## 1.6. Conclusions

This Chapter has illustrated how economic reforms of 1989-1990 in Yugoslavia attempted to reconceptualise market socialism alongside a tradition of economic thought that viewed private ownership as reconcilable with socialism. It has shown how externally originated ideas of neoliberalism only partly influenced the conceptual framework of reforms. The necessity to re-define the worker and his/her relation with property and the market was a process that originated *internally* and shaped discussions that related to Yugoslavia's ambitions to participate in the global market. The reforms framework was one that strived to re-shape the worker self-manager as an individualised, flexible subject, with enhanced motivation and responsibility towards work.

Moreover, the Chapter has argued that a significant effort in the late socialist economic reforms moved towards re-shaping the Yugoslav worker. Reformers identified workers as both the source of, and a solution to, problems of motivation and efficiency in self-managed enterprises. Again, drawing upon the tradition of socialism as a project seeking to transform subjects, the 'new' or 'reformed' socialism of the late 1980s was conceptualised according to similar premises. It too strived to (re)make the 'new' socialist subject into an efficient self-manager. Motivation, productivity, and responsibility towards work were going to improve thanks to the mobilisation of social behaviours and attitudes

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192 Žarko Papić. 'Nova Konceptcija Razvoja.' In *Prestrukturiranje, Razvojni Ciklus I Privatizacija*. Zbornik Radova Jugoslovenskih Ekonomista Za Savetovanje, 8-10 Maj 1990, Brioni, 23-32 Beograd: Savez Ekonomista Jugoslavije, 1990., p.25.

created by self-management: workers' sense of attachment (or feeling of belonging) to their own workplace. A cultural analysis of key concepts like 'the market' and 'private property' further contributes to the research on transition by emphasising the changing nature of labour as the outcome of a proactive choice of reformers, rather than a consequence of other economic transformations.

The consequences of understanding the Marković economic reforms as a crucial point in Yugoslavia's history, and as a transformation based on 'New socialist' – rather than proto-neoliberal – ideas are manifold. Firstly, this approach provides new insights into how late-socialist political and intellectual groups conceptualised reforms. Such conceptualisation influenced the reforms' implementation in industrial workplaces, and had repercussions on the economic reforms of the late 1990s. Secondly, it stresses the 'reformist' character of these transformations. Instead of adopting a neoliberal dogma, reformers drew upon a self-confident understanding of Yugoslav market socialism as different, if not exceptional, from both capitalist and state-planned economies. Experts based upon this their conceptualisation of reforms as a 'Yugoslav' way to transition; this became evident in the way privatisation was carried out. Finally, this approach highlights a fundamental component of these reforms that remains overlooked when the 'neoliberal' lens of analysis is employed: namely, that they intended to re-shape workplace relations and workers' attitude towards work and ownership.

To conclude, in contrast to the experience of Central-Eastern European countries such as Poland, Hungary or Czechoslovakia, 1989 in Yugoslavia was less of a turning point in terms of political and socio-economic reforms. In these countries there was a much stronger pressure to reform socialism radically, and thus political figures such as Vaclav Havel or Tadeusz Mazowiecki supported a radical set of reforms that would sweep away state control of enterprises and introduce fast mass privatisation. In a fashion similar to Yugoslavia, in Poland and Hungary as well there were conflicting views on how to proceed with privatisation. For instance, the saliency of Solidarity within the reforms government in Poland led to heated debates over the law on privatisation of state-owned enterprises, which went through numerous drafts before its

approval in July 1990. In Hungary, János Kornai expressed strong reservations on the speed of reforms, proposing a more gradualist approach to ownership reforms; though well respected for his critique of soft budget constraints, most reformers disagreed with his views and proceeded with quick mass privatisation.<sup>193</sup> In both cases, reformist governments opted for a quick rather than gradualist set of reforms. This was the case for Czechoslovakia as well, where Dušan Triška, the economist at the head of the privatisation reforms said that ‘the overarching purpose of privatisation in post-communist systems was to cut the link between the state and the productive firms. [...] Speed, he consistently stated, was of the essence: the faster, the better.’<sup>194</sup> Here, like in Poland and Hungary, the starting point was to remove the government’s control on firms and give it back to private citizens.

Herein lie three significant differences between Yugoslavia and the countries of the (former) Eastern Bloc. First, Yugoslav enterprises were – at least formally – already in the hands of workers and citizens. Second, although Yugoslavia was similar to other state socialist countries like Hungary, in that it had been characterised by a series of attempts at reforming the economic sector, Yugoslav reformers had been a lot more ‘insular’ – precisely because of this understanding of their market socialist economy as inherently different from state-planned models. Finally, in contrast to Czechoslovakia, and to a lesser extent Poland, in Yugoslavia privatisation was not an end itself, rather it was a step towards a gradual reform. Here, a key difference was precisely the centrality of workers in the debate about reforms. Unlike their colleagues in Central-Eastern Europe, for Yugoslav economists what needed to be reformed was not the link between the state and the enterprises, but the motivation of workers to be better managers/owners/entrepreneurs in their own companies. Moreover, they understood their role as that of pioneers of the ‘third way’, and viewed in workers’ motivation – rather than the link between state and enterprises – the main axis of reform. Yugoslavia went down a different route

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193 Nellis, ‘The World Bank, Privatization’, p.9-10; Branko Horvat as well had similar reservations already in 1991: see Horvat, *Nationalization, privatization or socialization*, p.7.

194 Ibid., p.20.

of reforms because its reformers perceived the country's economic system as different from any other state-socialist or Western capitalist country.

## II. The Impact of reforms in the workplace (1988-1991)

### 2.1 Introduction

This Chapter explores the implementation of the Marković 'socialist' privatisation reforms in the workplace of a market-oriented Bosnian company (Energoinvest) and the processes of identity-making that followed. It investigates how workers' identity – as market-oriented self-managers – influenced the conceptualisation and implementation of privatisation reforms. This Chapter thus mirrors what discussed in Chapter 1, as it shows how issues of motivation, productivity and efficiency were debated within workplaces, and how reforms were also shaped from the bottom-up.

While the literature that discusses transition in former state-socialist countries views workers as generally resisting privatisation reforms from above, the Bosnian case offers a rather different perspective.<sup>1</sup> As the Chapter will show, employees of large market-oriented companies were already engaged in debates on globalisation and market reforms in the 1980s. These employees envisioned privatisation as an opportunity to establish a stronger presence on the global market and a possibility to increase motivation and productivity, rather than as a threat. As such, they engaged with this on the factory floor, drawing upon their own notions of work, and what workers' role ought to be in reformed workplaces. In doing so, as the Chapter argues, workers shaped how market and privatisation reforms were developed in Yugoslavia in the late 1980s. Particularly, they favoured a decrease in managerial and decision-making responsibilities for workers, in exchange for workers' ownership rights.

This Chapter contributes to the broader literature on 'transition' by employing a micro-historical perspective. The focus of this analysis is Energoinvest, one of the largest Yugoslav exporting companies with headquarters in Sarajevo (Bosnia and Herzegovina). This export-oriented company employed a large percentage of the Bosnian workforce (around 4%) in different production

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<sup>1</sup> For the literature on workers and reforms, see Crowley, Ost. *Workers after Workers' States*; Musić, *Serbia's Working Class*.

sectors, from engineering to mining, to electrochemical production.<sup>2</sup> Companies like Energoinvest were far from being the exception in Yugoslavia, which counted many large export-oriented conglomerates (Energoprojekt, Unis, Šipad are just a few examples). These companies were very much at the forefront of Yugoslavia's global economic project and thus give a previously unexplored view 'from the shop floor' on Yugoslavia's alternative pathway to marketisation.<sup>3</sup> This perspective reveals how this transformation was not only a question of elite economic reform – as we explored in the previous Chapter – but was also influenced from the bottom-up, by workers' criticism of self-managed socialism and their sense of attachment towards their companies.

The choice of this case study is also a response to current developments in the relevant literature, as well as to the existing gaps. On the one hand, recent studies that view the socialist world as a prominent actor in the globalisation of the world economy have sparked interest over the ways in which marketisation, economic growth, and development circulated across the Iron Curtain, and into the Global South.<sup>4</sup> On the other hand, there has been a recent surge in ethnographic case studies that investigate the workplace as a space of mobilisation and debate in late socialist Yugoslavia.<sup>5</sup> These bodies of literature are rarely put together. In fact, the late socialist (Bosnian) workplace has not been analysed as a site of what I define as 'everyday non-alignment', where the engagement on the global market contributed to forging workers' collective identity.<sup>6</sup>

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2 These were the sectors that employed roughly a half of the whole workforce in Bosnia. According to data from the statistics bulletin of Bosnia for 1991, the country at the time had 974.000 employees, out of which 426.400 were employed in industry and mining. Statistički godišnjak SR Bosne i Hercegovine, Zavod (1991), p.53.

3 Ljubica Spaskovska's recent article on labour history is an important exception to this, one that moves in the direction of exploring Yugoslavia's alternative globalisation from the perspective of large enterprises. Spaskovska, 'Building a Better World?'

4 These studies view the socialist world as an actor of 'socialist globalization'; see Sanchez-Sibony, *Red Globalization*; Lawson, 'Introduction: Global 1989.', p.2; Bockman, 'Socialist Globalization against Capitalist', p.113.

5 Bonfiglioli, 'Gendering Social Citizenship', p.2; Vodopivec, 'Social Memory Of Textile Workers', p.75; Jeremy Morris. 'The Warm Home of Cacti and Other Soviet Memories: Russian Workers Reflect on the Socialist Period.' *Central Europe* 12, no. 1 (May 2014): 16–31.

6 Tibor T. Meszmann. 'Blind Hope as the Political Price of Insecurity and Fear: Workers' Mobilisation and Marginalisation in Serbia (1988–1992).' *Journal of International Relations*

Moreover, the literature that does consider workplaces as spaces central to the socio-economic and political developments of the late 1980s views them primarily as a place of dissent.<sup>7</sup> Recent works have argued that debates over productivity, efficiency and market engagement were present in the Yugoslav self-managed workplace since the late 1950s, often causing resistance and animosity in the shop floor.<sup>8</sup> These studies are grounded on bottom-up analyses of factories and companies known for being centres of socio-political dissent in the 1980s. The focus on case studies where major strikes occurred, though fundamental for the scholarship on Yugoslav labour, leaves aside equally important instances where these workers did not criticise these ideas, or where they internalised, discussed or re-appropriated them.<sup>9</sup> By bridging the gaps between these bodies of literature, the Chapter investigates how terms and practices of the globalising economy were introduced in socialist workplaces, and embedded in these contexts.<sup>10</sup>

Firstly, as the Chapter illustrates, Energoinvest had developed what I define as a 'socialist corporate culture', i.e. a set of practices shared across professional groups, imbued with socialist and Yugoslavist values (non-alignment, Brotherhood and Unity, self-management and workers' solidarity).<sup>11</sup>

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and Development 12 (409–418): 2009. Lazić, Cvejić. 'Working Class Post-Socialist Transformation', p.5; Stanojević, 'Workers' Power in Transition', p.289; Jansen, Stef. 'Victims, Underdogs and Rebels: Discursive Practices of Resistance in Serbian Protest.' *Critique of Anthropology* 20, no. 4 (2000): 393–419; Marina Kokanović. 'The Cost of Nationalism: Croatian Labour 1990-1999.' In *Workers After Workers' States: Labor and Politics in Postcommunist Eastern Europe*, edited by Stephen Crowley and David Ost, 159–79; Lanham, MD: Rowman and Littlefield, 2001 Slovenia From Yugoslavia to the European Union, edited by Mojmir Mrak, Matija Rojec, and Carlos Silva-Jáuregui, 15–31. Washington: The International Bank for Reconstruction and Development, The World Bank, 2004.

7 Goran Musić. 'The Self-Managing Factory after Tito. The Crisis of Yugoslav Socialism on the Shop-Floor.' Unpublished PhD dissertation, EUI, 2016; Upchurch, Martin. 'State, Labour and Market in Post-Revolution Serbia.' *Capital&Class* 89 (2006): 1–30. Stanojević, 'Workers' Power in Transition'; Sven Cvek, Snježana Ivčić, and Jasna Račić. 'Jugoslavensko Radništvo u Tranziciji: 'Borovo' 1989.' *Politička Misao* 52, no. 2 (2015): 7–34.

8 Unkovski-Korica. *The Economic Struggle for Power*, p.217.

9 Lowinger, 'Economic Reform and the 'Double Movement''; Goran Musić. 'Yugoslavia: Workers' Self-Management.', p.173; Samary, 'The Fragmentation of Yugoslavia.', p.60.

10 For an extensive analysis on embedded neoliberalism in socialist Romania, see Ban, *Ruling Ideas*, 2016.

11 Although the concept of Yugoslavism was fluid and ever-changing across historical moments and social groups, see Dejan Djokić. *Yugoslavism: Histories of a Failed Idea, 1918-1992*. London: C. Hurst & Co., 2003, p.4. A discussion on socialist and cultural influences on

Here there was an attempt to diffuse amongst the workforce a specific set of ideas about the market, labour, Yugoslavia's 'third-wayism', and Energoinvest's position in the global arena. Workers were familiar with this kind of culture and partly internalised it, proud of the status and benefits derived from being part of a prestigious collective. To this day, they identify as 'Energoinvestovci' (Energoinvest-men) and refer to their company, its values, and its culture as the primary explanation for why they responded to economic reforms in a positive way.

Secondly, managers and workers in this late socialist enterprise had their subjective expectations from reforms, which influenced the way these were understood, implemented, and adopted. Late-socialist managers saw in their conceptualisation of workers as Yugoslav self-managers an opportunity to secure an opening to different forms of property rights (including private property). Moreover, they presented workers with the prospects of further success in the global market as an additional incentive.

Similarly, workers understood market reforms – and particularly privatisation through internal shareholding – as a transformation that would actualise their attachment to a 'Yugoslav-global' workplace, and would allow them to profit more directly from its global successes. As the Chapter will show, this made them particularly prone to embrace reforms that appeared to align with their self-understanding as Yugoslav-global workers. Thus, the late socialist workplace became a space where alternatives to both self-management socialism and 'Western' economic reforms were discussed; these alternatives were translated following a specific vision of workers as productive shareholders in the global economy. The workplace was a space of identity (trans)formation, where the new model of 'worker-shareholder' played an important part.

As the case of Energoinvest will illustrate, not all workers were against market reforms. Instead, they had appropriated and remade reforms ideas, also

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management culture and behavior can be found in Fang Cooke. 'Enterprise Culture Management in China: Insiders' Perspective.' *Management and Organization Review* 4, no. 2 (2008): 291–314.

based on the ‘workplace identity’ or ‘corporate culture’ that characterised each collective. Bosnian workers who identified with Yugoslavia’s project of alternative globalisation and market-socialism viewed the Marković reforms of 1989-1991 as an opportunity to actualise their sense of attachment – or ‘feeling of ownership’ –towards their workplaces.<sup>12</sup>

## **2.2 The case study: rationale, opportunities and limitations**

The previous Chapter analysed the conceptualisation of market reforms and privatisation of the late 1980s, and how economic thinkers and reformers envisioned workers’ role in the Yugoslav path towards (reformed) market-socialism. This type of analysis required a pan-Yugoslav gaze since many of these debates and intellectual circles were conducted on the federal level by default.

In this Chapter, in order to understand in depth how these reforms were also influenced from below, it is necessary to narrow the scope of investigation. Bosnia and Herzegovina, and in particular one of its largest, globally engaged and market-oriented companies (Energoinvest) provide a case study that opens to a wide range of interesting aspects regarding ‘transition’ in late 1980s Yugoslavia. Bosnia’s case demands further investigation into the dynamics of its workplaces facing market reforms. Here, the League of Communists (LCY) had a strong base and consensus; the more orthodox wing of the LCY could count on some prominent Bosnian members (Branko Mikulić, Džemal Bijedić). Moreover, Bosnia was a mid-developed country with a sizeable heavy-industrial sector (extraction, mining, steelworks and hydro-electricity) that as particularly technologically advanced and thus considered slow to adapt to rapid market changes.<sup>13</sup> In this context, it might seem puzzling that the workforce would show mass support for a reformist leader proposing marketisation reforms.

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12 Anna Calori and Kathrin Jurkat. ‘I’m Both a Worker and a Shareholder.’ Workers’ Narratives and Property Transformations in Postsocialist Bosnia-Herzegovina and Serbia.’ *Südosteuropa* 65, no. 4 (2017): 654–78, p.654.

13 Neven Anđelić. *Bosnia-Herzegovina: The End of a Legacy*. London: Frank Cass Press, 2003, p.30.

Marković's economic and political project obtained widespread support amongst Bosnian workers and society at large. His project of economic change and political pluralisation scored very positively amongst Bosnian citizens.<sup>14</sup> Following his economic policy, Bosnian companies had started to give a sign of recovery already at the beginning of 1990. By May 1990, the consensus towards Ante Marković's leadership was very high – over 72% in the whole Yugoslavia, of 92% in Bosnia.<sup>15</sup> Galvanised by the support he enjoyed in Bosnia, in view of the first multi-party elections of November 1990 Marković formed the multi-ethnic, anti-nationalist 'Alliance for Reforms', hoping to challenge the mounting nationalist rhetoric. In a multi-ethnic society like Bosnia, his appeared to be a sound political alternative to collapsing communist elites. Citizens here did see Marković neither as a nationalist nor as being compromised by a too strong tie with the old regime, which he had strived to reform. In Bosnia, he gained popularity as a truly 'Yugoslav' leader.<sup>16</sup>

While the literature has discussed Marković's popularity as a political figure, it has overlooked the story of how the consensus around his reforms emerged in industrial workplaces.<sup>17</sup> His success was arguably contingent to the particular socio-economic and political climate of the early 1990s, where the workforce was caught between a mounting economic crisis and rising nationalist tensions. How was it possible to gain over 92% approval ratings at one time, while proposing labour market reforms and privatisation that would take away many of the securities enjoyed by a predominantly industrial workforce? One key to understanding this aspect can be found in large globally-oriented enterprises like Energoinvest.

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14 Ibid., p.182.

15 Reported in "Borbin barometer: Ante vodi za tri koplja", in *Oslobođenje*, May 22, 1990, p. 11, quoted in: Alfredo Sasso. 'The Defeat of the Democratic Yugoslavism in Bosnia-Herzegovina: The Alliance of Reformist Forces of Yugoslavia (SRSJ).' In *Empires and Nations from the Eighteenth to the Twentieth Century*, edited by Antonello Biagini and Giovanni Motta, 2:563–75. Cambridge: Cambridge Scholars, 2014, p.566.

16 Anđelić, *Bosnia-Herzegovina: End of a Legacy*, p.161.

17 At the elections in November 1990 they scored a rather deluding result (around 5%). This was due both to the triumph of nationalist parties, as well as to the leadership problems and rivalry with the former communist party. Alfredo Sasso. 'The 'Bosnian Silence'? Regime Decline and Civic Alternatives in Bosnia-Herzegovina.' *Časopis Za Povijest Zapadne Hrvatske* IX, no. 9 (2014): 27–50, p.48.

Since the 1970s, communist leaders in Bosnia had encouraged economic policies fostering the development of its large industrial conglomerates, which rapidly became part of the top ten largest companies in Yugoslavia.<sup>18</sup> Later on, during the market reforms of 1989-1991, the government gave priority in economic policy to the large companies operating in the export sector. Ante Marković argued that this was the most profitable and competitive part of the Yugoslav economy, one that could ensure rapid growth of production and revenues.<sup>19</sup> The companies involved in the export sector were the ones that had most contacts with partners in the world market, on both sides of the Iron Curtain and beyond. Economists and researchers concluded that this sector would be the one most likely to use new technologies and to become a push-factor for economic growth and development.<sup>20</sup>

Export companies had the highest revenues and the most reliance on market relations.<sup>21</sup> For instance, they exported high-quality products such as individual parts for electrical and nuclear power plants, as well as for oil refineries that could compete on the world market.<sup>22</sup> As such, middle-developed republics like Bosnia and Herzegovina supported marketization reform, as they felt it 'might improve their wealth in the long run'.<sup>23</sup> Bosnian export-oriented companies like Energoinvest (engineering and power plants construction), Unis (metal processing and engineering), and Šipad (wood and furniture manufacturer) would thus benefit from market reforms aimed at encouraging

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18 M. Barjaktarević. 'Osrednjost Kao Sudbina.' *Ekonomaska Politika*, num. 1967, 11 December 1989, p.18.

19 'Consensus for Market Economy, Legal State and Democratic Society', Statement by Ante Marković on the occasion of the review of the Programme of economic reform and measures for its implementation in 1990 at the joint session of the Federal Chamber and Chamber of Republics and Provinces of the SFRY Assembly on December 18, 1989, in: Federal Executive Council Secretariat for Information, ed. *Yugoslav Changes*, p.94.

20 Nejboša Šavić. 'Prestrukturiranje, Razvojni Ciklus i Privatizacija u Jugoslaviji.' In *Prestrukturiranje, Razvojni Ciklus i Privatizacija*, edited by Nejboša Šavić, 1–15. Zbornik Radova Jugoslovenskih Ekonomista Za Savetovanje, 8-10 Maj 1990, Brioni. Beograd: Savez Ekonomista Jugoslavije, 1990, p.5.

21 Samary, 'Le Marche contre...', p.33.

22 In the 1970s, for example, Fortune Magazine and the Financial Times wrote articles praising Energoinvest for its ability to be competitive on the world market, while maintaining internal socialist principles of self-management. Burck, Gilbert. 'A Socialist Enterprise That Acts Like A Fierce Capitalist Competitor.' *Fortune Magazine*, January 1972.

23 Cohen, *Broken Bonds*, p.60-61.

the growth of the export sector. These companies were respectively the third, sixth and tenth biggest producers in Yugoslavia in terms of revenue, and together employed an overall of 190 thousand workers across the country.<sup>24</sup>

Besides, for these companies and the Bosnian economy more in general, marketisation did not necessarily mean 'Westernization'. This aspect is particularly visible from how economists and international experts discussed the reforms in the Eastern Bloc at different meetings of the country's Republican Council for International Relations. As we explored in the previous Chapter, Yugoslav economists had a generally positive view of the marketisation reforms occurring in the Soviet Bloc. However, Bosnian economists and party delegates were also concerned at the same time that the perestroika could have a negative impact on the Yugoslav economy. In their view, an opening of the Soviet economy to the West would have meant an increased competition of Western companies on the Russian market.

In fact, Bosnia's biggest trade partners were developing countries in North Africa, the Middle East as well as the USSR. Here, Bosnia exported construction engineering and key components for civil and hydro-engineering.<sup>25</sup> As such, market reforms in the Bosnian context were not understood as a leap towards the West, but rather as an opportunity to expand and consolidate economic exchanges and international networks at 360 degrees. At the beginning of 1989, for example, Bosnian officials started looking into increasing trade with China, Kazakhstan, as well as Italy and Germany.<sup>26</sup> The issues that concerned experts in 1989 were whether Bosnian companies would be competitive enough to keep up with the Western countries' rush towards the

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24 '140 Najvećih proizvodnih preduzeća industrije i rudarstva, poljoprivrede, šumarstva i građevinarstva prema ukupnom prihodu u 1989. Godini', *Ekonomska Politika*, num.2008, 24 September 1990, p.4

25 Republički Komitet za Odnose sa Inostranstvo, Izvještaj o Radu u 1988. Godini, Sarajevo, Januar 1989 godine, pp. 14-15. Folder 47 Zapisnici sa sjednice RSMO (1-6), Državni Arhiv Bosne i Hercegovine. Here, Energoinvest is mentioned together with UNIS as the largest company responsible for cooperation and export.

26 Rezime osnovnih mišljenja, stavova i ocjena iznesenih u raspravi o Aktuelnim Kretanjima u Socijalističkim Zemljama Evrope I Njihovom Uticaju na Savremene Međunarodne Odnose na Sjednici Savjeta od 25 Aprila 1989. Godine, pp.16-17. Republički Društveni Savjet za Međunarodne Odnose, Folder 47 Zapisnici sa sjednice RSMO (1-6), Državni Arhiv Bosne i Hercegovine.

newly opened markets in the now crumbling Soviet Bloc.<sup>27</sup> At the same time, they were aware of the opportunities that would come from joining the European Economic Community. During the economic and market reforms of the late 1980s, Bosnia sought to maintain its position 'in between' East and West, and thus viewed these reforms as an opportunity to continue its economic partnerships with non-aligned, Western and Soviet Bloc countries.<sup>28</sup>

Energoinvest was a fundamental pillar of these exchanges; the company had established export of expertise and technology to the non-aligned and Russian markets. Since the early 1950s, when Bosnian-Jewish engineer Emerik Blum founded it, Energoinvest had quickly become one of the most successful self-managed corporations in the whole Federation's territory, and a respected competitor on the global market. Energoinvest was organised as a sort of umbrella company which encompassed a variety of industries, from the traditional industrial sector (raw materials, mining, foundries) to more technologically advanced companies (engineering, software development, electronics). By 1988 its yearly export was of over 440 million of US dollars, and the company was strong of a 55 thousand workforce (roughly 40 thousand in Bosnia), of which over 10 thousand expert cadres.<sup>29</sup> Its yearly contribution to the Federation's export was roughly 4%;<sup>30</sup> this was a very significant component of Bosnia's and Yugoslavia's industrial production; Energoinvest was the third biggest company in Yugoslavia in terms of both overall revenue and number of employees, after Zastava (car factory) and before other Bosnian giants (Unis and RMK Zenica).<sup>31</sup>

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27 Rezime osnovnih mišljenja, stavova i ocjena iznesenih u raspravi o Aktuelnim Kretanjima u Socijalističkim Zemljama Evrope i Njihovom Uticaju na Savremene Međunarodne Odnose na Sjednici Savjeta od 25 Aprila 1989. Godine, pp.6-7. Republički Društveni Savjet za Međunarodne Odnose, Folder 47 Zapisnici sa sjednice RSMO (1-6), Državni Arhiv Bosne i Hercegovine.

28 Vojo Colović, Magnetofonski Snimak Sjednice Republickog Društvenog Savjeta za Međunarodne Odnose, 3 March 1989, p.73. Folder 47 Zapisnici sa sjednice RSMO (1-6), Državni Arhiv Bosne i Hercegovine.

29 Faruk Šarić. 'Svijet Cijeni Poslovnost i Kvalitet.' *Energoinvest List*, num. 946, December 12 1988, p.2.

30 'U reformu – bez odlaganja', *Energoinvest List*, num. 944, November 21 1988, p.2.

31 '10 Najvećih Proizvodnih Organizacija Udruženog Rada u Oblasti Industrija i Rudarstva Poljoprivrede i Šumarstva i Građevinarstva', *Ekonomaska Politika*, num. 1849, 7 September 1987, p.5, p.45.

The choice of this case study, of course, has limitations. First, its size and internal organisational complexity make it difficult to compare it with other Yugoslav companies, although this was far from being an isolated case. Energoprojekt, Unis and Famos were just some of the large companies that had similar characteristics as Energoinvest.

Moreover, the company was so central to Bosnia's economic and political life that it is difficult to find loud voices of dissent towards reforms on its internal magazine; yet, critical voices from workers were present in the debate. While it would be hasty to argue that this company – or, actually, any company – is representative of the general attitude of Bosnian workers, Energoinvest provides a valuable example of how reforms were introduced, debated, and implemented in a large workplace. This example allows telling the story of 'Yugoslav' alternative path to globalisation and marketisation, one that was very much internalised by its workforce. Here, as the Chapter shows, workers had internalised a Yugoslav socialist identity through the workplace, where internationalism was socialised.<sup>32</sup>

Concerning sources, Energoinvest published a weekly journal with a circulation of roughly 15 thousand copies, which was distributed among the workforce. Additionally, many Workers' Organisations or single factories had their own publication – usually weekly, biweekly or monthly. For this Chapter, I have consulted the main newspapers available for Energoinvest for the period between 1988 and 1991, as well as the internal publication of daughter companies.<sup>33</sup> These sources highlight interesting critical opposition or re-interpretation of the main political-ideological discourse of the Marković reforms. It is thus possible to analyse the discourse around the implementation of such reforms, as it played out within the industrial workplace and the subsequent reactions of actors involved at a local level.

In addition to written sources, the Chapter draws upon forty-five oral history interviews conducted between July 2014 and July 2016 predominantly in

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32 In the case of the Soviet Union, Stephen Kotkin has illustrated how peasants became Bolshevik and modern through the workplace; Kotkin, *Magnetic Mountain*, p.199.

33 Energoinvest mining complex in Srebrenica, Energoinvest factories in Alipašić Most (Sarajevo) and TTU-Tuzla; these are the few publications which survived the war of 1992-1995.

Bosnia, but also in Croatia and Serbia. The interviewees started to work for Energoinvest between the mid-1960s and mid-1980s, and have thus experienced the 'mature' version of socialist self-management. While roughly one-third of them stopped working there when the war started in 1992, more than half returned to their workplaces in 1995-1996; however, only a few are still employed in the company. I conducted twenty interviews with former top- and middle-management of Energoinvest, and another twenty-five with high-skilled and middle-to-low-skilled workers. These interviews are a vital source to understand how employees and managers perceived and appropriated the market and privatisation reforms, and how important was their sense of attachment to the workplace.

### **2.3 The workplace as a space of socialisation and internalisation of Yugoslavism**

In order to understand why the values of market reforms and privatisation could be accepted in a large industrial conglomerate, it is necessary to step back and study the workplace as a space of (Yugoslav) identity formation. Through the socialisation in the workplace and the diffusion of what I define as a 'socialist corporate culture', workers internalised values of (non-aligned) global orientation. Workers experienced this primarily through their company's partnerships and economic ties on the global market, which made them proud of Yugoslavia's interconnection with the world.

The historiography on state-socialism has broadly discussed the centrality of workplaces to identity formation in communist systems. Across the Eastern Bloc, the socialist or communist utopia became a civilising process, whereby subjects would be 'modernised' and adapted to the new model of society, through different modes of socialisation in the workplace.<sup>34</sup> Bottom-up studies have shown how social groups such as peasants and workers 'domesticated' the socialist revolutions, appropriating certain discourses and practices of the official ideology and based their social behaviour, expectations and sense of

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<sup>34</sup> Kotkin, *Magnetic mountain*, p. 147-148;

identity on those.<sup>35</sup> Here 'socialist ideology regarded work not in terms of the labour market but as the central merit of the individuals defining their social identity, their position in society, and their existential condition. Work was to be the basis of the whole social order'.<sup>36</sup>

In Yugoslavia, the industrial workplace was an important locus of aggregation and socialisation for workers. Here, 'the socialist discourse on the significance of factory labour and the working class community reinforced and co-shaped the sense of belonging to the factory'.<sup>37</sup> Self-management and market-socialism had given Yugoslav workers a sense of entitlement and participation, and a strong emotional attachment to their collective and industry.<sup>38</sup> Moreover, various aspects of everyday life and leisure activities were organised around the company.<sup>39</sup> Here, the workplace was, and some would argue still is, a place where a specific labour and class identity was forged, one where workers came to socialise and share a feeling of belonging.<sup>40</sup> As this section illustrates, urban workers employed in large exporting companies such as Energoinvest felt involved and attached to their workplaces: this was not just because of the meaning Yugoslav socialist ideology associated with labour, but also due to the visibly successful combination of market socialism, self-management and non-alignment.

### **2.3.i A market-oriented and research-oriented company**

To understand why Energoinvest's workforce was so prone to market reforms, it is necessary to look at how the company's engagement in the global market was discussed in the workplace. Here, as we will see, the principle of non-

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35 See, for example, Bartha, *Alienating Labour*, p.15. Kotkin, Stephen. *Steeltown, USSR: Soviet Society in the Gorbachev Era*. US: University of California Press, 1992. Shields, 'Historicizing Transition: Polish Political Economy', p.475.

36 Daniela Koleva. *Negotiating Normality: Everyday Lives in Socialist Institutions*. London: Transaction publishers, 2012, p.xxi.

37 Vodopivec, 'Yesterday's Heroes', p.53-54.

38 Grdešić, 'Exceptionalism and Its Limits', p.170.

39 See for example Hannes Grandits and Karin Taylor, eds. *Yugoslavia's Sunny Side: A History of Tourism in Socialism (1950s-1980s)*. Budapest, New York: CEU Press, 2010.

40 See for example Tanja Petrović. 'When We Were Europe': Socialist Workers in Serbia and Their Nostalgic Narratives.' In *Remembering Communism - Genres of Representation*, Maria Todorova., 127-54. New York: Social Science Research Council, 2010.

alignment became a synonym of market success. Moreover, a market orientation became a driving force for research development. For workers and managers, the possibility to work in a global market-oriented company at the forefront of technological advancement fostered a sense of pride and attachment to their workplaces.

Since its early days, Energoinvest had been an internationally-oriented company. The founder Emerik Blum sought from the start to expand beyond the federal borders; his paradigm was the following: 'We cannot live of Yugoslavia! The market here is too small. It can serve as a training terrain, but we will play the real game abroad'.<sup>41</sup> Since the mid-1960s, Energoinvest worked towards a business and development strategy that would guarantee technological advancement and competitiveness on the global and domestic market. Factories and research centres developed in Bosnia and throughout the Yugoslav space with the aim of producing for the foreign market. In this context, Yugoslavia's geopolitical leading position in the non-aligned movement was instrumental to Energoinvest's global development.

In the 1960s and 1970s, the company progressively assumed a leading role as the centre of a web of economic contacts and exchanges between the global South, Western Europe and the Soviet Bloc; it rapidly became the first exporter in Yugoslavia, with business partners in more than 32 countries. In this period, Energoinvest consolidated its global presence, establishing joint ventures in Mexico (Energomex), Libya (ELPCO), the USSR (ENHA) and Pakistan (Energopak). It also had partnerships in Western Europe (such as IterEnergoinvest in France and Germany) and the United States.<sup>42</sup>

Managers were aware of the opportunities that Yugoslavia's geopolitical position as leader of the non-aligned provided. For example, the general manager of Energokomerc (the retail branch of Energoinvest) Hakija Turajlić often appeared on the journal; here, he frequently remarked that the foreign economic relations with other companies and states were 'fundamental for the

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41 Izudin Filipović. *Emerik Blum. Monografija*. Sarajevo: Šahinpašić, 2002, p.120.

42 In 1987 Energoinvest had a revenue of 425 million USD from its exports. Š.Vučijak, 'Značajan Rast Izvoza.' *Energoinvest List*, num.906, January 25 1988, p.2.

company's export and stability.<sup>43</sup> On the company's newspaper, managers would often remark the importance of global trade and international links for the prosperity of the company. Božidar Matić was the last general director of Energoinvest in Yugoslav times and was employed in the company as research director since the 1960s. In our interview, he noted that his company had

'found a niche. The USSR had a whole list of technologies which transfer from the West was forbidden, and the West had done the same. [...] so for example, if the import of a special computer was forbidden in the USSR but not in Yugoslavia, we procured it and then together with the Russians we would experiment with certain things. That helped the improvement of our level of expertise very much, and secondly, they paid us for that.'<sup>44</sup>

While Energoinvest was mostly dealing with partners from the non-aligned world and the USSR, it strived to maintain business contacts and partnerships in the West (US and France in particular). Primarily through the engagement of the American management and consulting firm McKinsey (a symbol of Western managerial principles), the company's directors sought to introduce business models of development and an overall reorganisation, in order to be competitive with other Western corporations.<sup>45</sup>

This non-aligned and market-oriented philosophy trickled down to smaller factories. The company's journal never failed to report on Energoinvest's international exploits in terms of competitiveness, research and development. News of their international trade deals and contacts always accompanied details of production and development of factories and companies across the country. For example, in 1988 the then Prime Minister Mikulić went on a visit at

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43 Hakija Turajlić's speech at the meeting of the workers' council, Faruk Šarić and Liljana Korjenić. 'Kako Ćemo Poslovati u Novim Uslovima.' *Energoinvest List*, num. 862, January 19 1987, p.5; Turajlić would then become a prominent political and institutional personality in the early 1990s, when he became Bosnia's deputy prime minister of the first independent government (1992); he was then assassinated in 1993 near Sarajevo's airport, during a diplomatic stand-off between Serbian paramilitary forces and the UNPROFOR.

44 Božidar Matić, Interview with author, Sarajevo, 09.03.2016.

45 Charles Shaw, Interview with author, phone interview, 14.10.2016 (former partner at McKinsey); Filipović, *Emerik Blum*, p.142.

Energoinvest's Egyptian production facility EVAKO; here, he declared that the factory, which employed Yugoslav technology in partnership with Egyptian producers, was 'the best and most concrete manifestation of the idea and concept of non-alignment.'<sup>46</sup>

However, these international joint ventures were not the only companies to be directly involved with foreign partners. The company's biggest and most profitable daughter companies were Aluminji Mostar (extracting, refining and exporting Aluminium to the rest of Yugoslavia and many foreign partners), Energopetrol (trading and distributing oil imported by the Middle East and refined in Yugoslavia), and Energokomerc (which coordinated the trade relations of Energoinvest).<sup>47</sup> These large companies were the ones coordinating the smaller factories' production, then distributed to partners and buyers across the world. Other smaller factories were involved in the extraction of heavy materials and mining or the building and export of engineering equipment, concrete, and metal reinforcement armatures across the globe.<sup>48</sup>

In these factories, even blue-collar workers got a glimpse of the Yugoslav global project, one that shaped their working lives in very tangible ways. Workers concretely experienced the benefits of non-alignment and market engagement in their workplace on a daily basis. For example, when asked about his job, one of the first things Asim – a factory worker in TDS-Sarajevo – remarked was:

'Energoinvest has always been a giant, it was known all over the world [...] we were absolutely proud...you know, you have the market, it means you have work...you have a secure wage...if you have the market requesting you to deliver some jobs for 3-5 years from now, it means that you're secure... you must be proud; your job is secure, your existence is secure'.<sup>49</sup>

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46 Faruk Šarić. 'Praktična Primjena Ideje Nesvrstanosti.' *Energoinvest List*, num.884, July 13 1987, p.2.

47 In 8 months the RO Aluminij created an export of 93 million USD. Report from the workers' council of Energoinvest, 'Prvi korak do korporacije', *Energoinvest List*, num.982, October 2 1989, p.3

48 'Proizvodnja aluminija veća od planiranje', *Energoinvest List*, num.861, January 12 1987, p.1

49 Asim, Interview with author, Sarajevo, 06.04.2016.

Asim's factory was, in fact, a highly specified producer of power transmission lines that would sell 90% of its products to the USSR and Cuba.<sup>50</sup> To give another example, Branimir, an engineer in Energoinvest RAOP, a producer of high-voltage switchgear, proudly remarks 'over 80% of the factory's production was destined to Libya, Indonesia, Czechoslovakia'.<sup>51</sup> Ismet recalls that when he worked for the company in Sudan in 1972, he met 'people who knew about Tito and Energoinvest, and not about Yugoslavia!'<sup>52</sup>

The interviews made it plain that the global contacts and economic relations that the company developed constituted an element of great pride for Energoinvest's workers and managers, as well as for the general population. They symbolised Yugoslavia's success as a key participant in the world economy and an economic achievement for the non-aligned project. All the forty-five interviewees who had experienced working in Energoinvest, from managers to blue-collar workers, proudly remarked that their company was a 'socialist giant'. They all referred to the same two details that they considered illustrative of their company's (lost) grandeur: the number of its employees (55 thousand), and its connections across the globe. Interestingly, almost anyone in Bosnia with whom I discussed my work and case study referred to these two identifying traits. From friends to archivists, to taxi-drivers, anyone over thirty would refer to Energoinvest as 'our former giant'.<sup>53</sup> Much of the news in Bosnia refers to Energoinvest discusses the company in similar ways.<sup>54</sup>

Moreover, in workers' accounts, their country (Yugoslavia) and their company (Energoinvest) almost overlap; they both constitute a source of pride

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50 'Proizvodnja aluminija veća'..., pp. 3-5.

51 Branimir, Interview with author, phone interview, 19.12.2017.

52 'Od Nostalgije Do Dobrih Želja.' *Energoinvest List*, num. 1109, April 2001, p.3.

53 Naši bivši gigant. This would either be followed by the reminiscence of particular details connected to Energoinvest during socialism, or by bitter remarks about the company's current status.

54 Ibro Čavčić. 'Energoinvest Se Bori s Milionskim Gubicima, Njegovi 'Grobari' Nagrađeni.' *Klix.Ba*, October 5, 2017. <https://www.klix.ba/vijesti/bih/energoinvest-se-bori-s-milionskim-gubicima-njegovi-grobari-nagradjeni/171002013>. Accessed on 11 March 2018; Karup-Drusko, Dženana. 'Mustafa Mujezinović Kupuje Dio?!' *Dani*. March 10, 2000. <https://www.bhdani.ba/portal/arhiva-67-281/145/t455.htm>. Accessed on 11 March 2018.

in international relevance. Mladen's testimony exemplifies this convergence; an engineer in IRIS, a leading software and research centre in Energoinvest:

'[it] was the biggest exporter in former Yugoslavia and they really exported products in Indonesia, Mexico, Africa, Third World countries where Energoinvest used that position of former Yugoslavia [...] we were really proud for working there...salaries were not high, but there was the price of solidarity, of development, finding new areas...when I started, you know, computers were only just at the beginning, so we got a huge project because Energoinvest responded to such project... and that was Yugoslavia'.<sup>55</sup>

Like Mladen, all the other employees of Energoinvest interviewed produced a mnemonic and semantic association between Yugoslavia, Energoinvest and non-alignment. Not only was their company an ambassador of Yugoslavia across the world, but it fully embodied its values and principles. In this context, workers shared an idea of the market, as an imagined space where Yugoslavia – and, indirectly, them – was affirming its geopolitical reach.

Employees felt a sense of international engagement and relevance even without leaving their factories in Bosnia: they produced for the foreign market and were often reminded of this in the company's journal. In every issue, the magazine published at least 2-3 pieces of different length reporting Energoinvest's new or ongoing international operations.<sup>56</sup> Reporting on Energoinvest's global successes was not just a prerogative of its internal journal; the largest Bosnian daily newspaper (*Oslobođenje*) almost every month had at least one article reporting on the company's endeavours in Libya, Zaire, Thailand, Iraq, Algeria and even China – where Energoinvest established the first Yugoslav-Chinese cooperation.<sup>57</sup>

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55 Mladen, Interview with author, Sarajevo, 17.07.2014.

56 This in particular clashes with the current sense of geopolitical marginalisation that Energoinvest's former employees, and Bosnians more in general, feel – as the next Chapters will illustrate.

57 As an example, only for the year 1990: B.M. "Novi posao Energoinvesta u Libiji. Trafostanice za 100 miliona dolara", *Oslobođenje*, June 2, 1990, p.3; "Energoinvest u SAD. Kvalitetom do Tržišta", *Oslobođenje*, June 5 1990, p.6; Mrkić, V. "Jugosloveni u Libiji. Zajednički do najvećeg posla", *Oslobođenje*, June 6 1990, p.4; "Energoinvest kreće za

In order to be competitive at the international level, Energoinvest invested in research development. By the mid-1970s, it had eleven research institutes that would provide technological development for its leading sectors (armature, pipelines, electro-chemical industry and informatics). Energoinvest funded academic and research scholarships for its employees and contributed to the foundation of engineering and technical faculties at the University of Sarajevo.<sup>58</sup> In this way, it formed its cadres, who received university scholarships from Energoinvest in exchange for a professional period in the company. Since the mid-1960s, the company gave particular attention to the investment in research, stipends for cadres and the qualification of workers. In the period between 1976 and 1988, according to the company's data, the percentage of unskilled workers fell from 14.5% to 10%, while that of highly skilled workers grew from 7.3% to 9.9%.<sup>59</sup>

Furthermore, Energoinvest developed a programme of research partnerships with other companies across the non-aligned world. These exchanges constituted a matter of prestige for managers and employees of the company. They reproduced a sense of 'geopolitical dignity' - a sense of pride in Yugoslavia's prominent role as a leading power of the non-aligned world.<sup>60</sup> To this day, employees and managers refer to their company with a strong sense of attachment and reverence; this is revealing of the extent to which Energoinvest's 'socialist corporate culture' was deeply rooted amongst the workforce.

The company invested in research and scholarships for engineers and technicians and strived to keep up with the latest scientific and technological developments. These investments went hand in hand with the glorification of the company's market successes. The journal often presented these as the result of employees' research and entrepreneurial spirit; in the eyes of

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Tajland. Posao vrijedan 670 hiljada dolara", *Oslobođenje*, June 6 1990, p.5; B.M.

"Energoinvest u Africi. Osnovan Energozair", *Oslobođenje*, June 21 1990, p.7; "Prvo Jugoslovesko-Kinesko Preduzeće", *Oslobođenje*, October 9 1990, p.5.

58 *Oslobođenje*, 11.11.1971, in: Filipović, *Emerik Blum...*, p.152.

59 Report from the meeting of the workers' council of Energoinvest, Faruk Šarić and Liljana Korjenić. 'Vrijeme Traži i Nove Napore, Ali Je i Izazov.' *Energoinvest List*, num.953, February 6 1989, p.2.

60 Spaskovska, 'The 'Children of Crisis', p.513.

employees, this became further evidence of their enterprise's competitiveness. When asked to describe their working environment in late-socialism, employees across skill stratification mentioned research and expertise as a defining trait of their company, and as a matter of pride. For example, Dževad – an engineer employed in the Sarajevo Armature foundry since 1980 – recalls:

‘we had such a privilege to progress, to go to seminars, to get an education. They urged us to learn foreign languages, to go to technical training. For example, I am an engineer, and I was non-stop at trainings’.<sup>61</sup>

Miro, a high-skilled worker in the factory and research centre in Lukavica (now Eastern Sarajevo) added: ‘not only we had foreign experts here, but we had trained our experts abroad’.<sup>62</sup> ‘Even blue-collar workers would benefit from stipends’, machine steelworker Osmo notes; this made him feel ‘proud’ of working for a company that valued training and education to this extent.<sup>63</sup> Branimir was a high-skilled technician in RAOP Lukavica, a factory specialised in the production of switch gears. He would often travel for training abroad.

‘You know, you were learning the whole time. Our company had a very advanced system for planning the production, and the Americans had developed it. [...] and I learnt from that, and I could offer my knowledge around the country, as there were only a few companies that had that technology and organisational system. [...] So I was very interested in being in that factory. And other workers too, all the ones from the technical sector, because they could learn here a lot that they would not be able to learn elsewhere [...] within our factory, you could go through the whole production line. And you would not have been able to learn that anywhere else, there was no literature, but those kinds of producers had developed such a system. [...] So, workers were very interested in working in that factory. Moreover, the pay was excellent’.<sup>64</sup>

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61 Dževad, Interview with author, Sarajevo, 16.12.2016.

62 Miro Klepić, Interview with author, Lukavica, 29.03.2016.

63 Osmo, Interview with author, Tuzla, 06.05.2016.

64 Branimir, Interview with author, phone interview, 19.12.2017.

For these workers, market engagement had become a synonym with research and technological development that would improve their skills.

Expertise and knowledge were also constitutive of a feeling of trust that employees had towards their management. Highly skilled and blue-collar workers alike often expressed faith in the entrepreneurial capacity of their management; this is usually juxtaposed with the lack of knowledge and skills they find in the new management. For Edin, an engineer who received a stipend from Energoinvest to complete his studies, and who was employed in an armature factory since 1986, expertise and entrepreneurial values within Energoinvest were the basis for an orderly structure of management. Thanks to this, 'the hierarchy was respected. We knew whose any task was; we knew who was responsible for what.'<sup>65</sup> Blue-collar workers shared his view as well; Asim, an employee in the armature factory TDS in Sarajevo, noted how

'it was possible to negotiate on work and operations; before we used to ask [the experts]; for some work you need to do this, for some you need to do that, and we decided with those workers who were experts on the matter, who were qualified...but today it is not like that.'<sup>66</sup>

Today's perspective of course informs these views; workers often tend to view their current management as incompetent or corrupt, usually tied to party politics, and thus as lacking the expertise required to cover managerial positions. Perhaps idealised, this kind of testimonies reflect the extent to which the value of expertise was central to the 'socialist corporate culture' of Energoinvest, especially in comparison to how it is devalued today. For these workers, a strong hierarchy in the workplace was acceptable insofar as it was grounded on expertise. Even the position of Blum as the general director was considered similarly: 'I must mention Emerik Blum, the founder of Energoinvest.

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<sup>65</sup> Edin Ahmić, Interview with author, Sarajevo, 17.02.2016.

<sup>66</sup> Asim, 2016.

[...] There was not any kind of, how can I say, a tyranny of his, or anyone's autocracy', notes Munevera.<sup>67</sup>

Employees described their relationship to management as one of mutual trust and respect. As the next section illustrates, this created a positive attitude towards reforms. Managers' expertise and entrepreneurial knowledge, in combination with the expectations of market expansion, moved workers to debate constructively – and in many cases accept – late and post-socialist market reforms.

### **2.3.ii Brotherhood and Unity, Yugoslavism and company identity**

Employees' sense of attachment to their company did not derive just from the benefits of working for Energoinvest; it was not just the market successes, global ties, training and overall good relationship with the management that made Energoinvest workers feel strongly about their company. It was also how certain ideas and practices defining of Yugoslavism (workers' rule and solidarity, 'Brotherhood and Unity', socialist patriotism) were socialised in the company through the diffusion of a socialist 'corporate culture'.<sup>68</sup>

Energoinvest's management often remarked its commitment to the 'civil religion of 'Brotherhood and Unity' and pan-Yugoslav solidarity as part of its development philosophy. For example, in 1989 Nedžad Kolanović - Energoinvest's president of the workers' council – declared: 'despite the political and social turmoil and the economic and political crises which endangered our system [...] Energoinvest has remained a truly Yugoslav economic firm'.<sup>69</sup> This statement exemplifies the fact that this global firm was perceived to have a distinct Yugoslav identity, that corresponded to the *Yugoslav* way of doing business. Managers, cadres and employees were familiar with the company's accomplishments through its international prestige, business and research contacts.

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67 Munevera, Interview with author, Sarajevo, 26.03.2016.

68 Jović, 'Yugoslavism and Yugoslav communism', p.166.

69 Report from the meeting of the workers' council of Energoinvest, Šarić, Faruk, and Liljana Korjenić. 'Vrijeme Traži i Nove Napore, Ali Je i Izazov.' *Energoinvest List*, num.953, February 6 1989, p.3.

The company was also viewed as an institution that would foster integration and cohesiveness amongst the different populations and nations that composed Yugoslavia; this was particularly the case in Kosovo after animosities started emerging between the Serbian and Albanian ethnic population in the 1980s. Here, Energoinvest had established a couple of factories producing electrical equipment, which were partly related to Kosovo's mining complexes.<sup>70</sup> While reporting on the company's overall successes, the internal journal highlighted its contribution to the economic development of Kosovo, as well as to that of self-management and unity in the province.<sup>71</sup>

Consequently, when workers' unrest started to lean increasingly towards nationalist and separatist claims in the mid-1980s, the representatives of the League of Communist within Energoinvest's workers' council reiterated the importance of the company as a factor of (Yugoslav) unity. Workers' protests had become a compelling political issue for the Federation and had started to preoccupy the company's management as well. The director of Energomontimi, one of the factories in Priština, stated:

'Our workers are deeply convinced that only unity can keep this company and the whole country together. [...] If SFRJ had behaved in Kosovo as Energoinvest has done, we would not have any problems. Here there are no issues with nationalism, no problems amongst workers. And this is because Energoinvest has achieved much more than any other Yugoslav collective, or than SFRJ, when it comes to solid investment in Kosovo.'<sup>72</sup>

Representatives of the company's section of the League of Communists concurred: 'with concrete actions, Energoinvest has built bridges of friendship

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70 I use the word province here because at the time Kosovo was a Yugoslav autonomous province.

71 Report from the meeting of the presidency of the League of Communists of Energoinvest, 'Dobri Rezultati Dosadašnje Saradnje.' *Energoinvest List*, num.886, August 10 1987, pp.1-2.

72 Faruk Šarić. 'Zajedništvo Ne Smije Biti Parola.' *Energoinvest List*, num. 937, October 3 1987, p.4.

and elevates the symbols of brotherhood and unity at a level that can serve as a model for the whole Yugoslavia'.<sup>73</sup>

These examples illustrate how the management and workers' representatives in Energoinvest when facing potential divisions or internal turmoil, tried to mobilise workers' sense of 'Yugoslavness', based on 'Brotherhood and Unity' as well as on more concrete economic and development achievements. This spirit of 'Yugoslavness' would go on to be particularly poignant in the debate about the Marković reforms; marketisation and privatisation were discussed in the workplace too as a 'Yugoslav' path to transition.

Thus, the company had fully embraced Yugoslavist ideals. Energoinvest had a principle that, according to its former head of the Union Jakob Finci, had made the company great: 'it was a principle which we all respected and were proud of, which was that 'We are Energoinvest's, and Energoinvest is ours'.<sup>74</sup> This principle echoed the Yugoslav communist motto of 'We are Tito's, and Tito is ours', and is an excellent example of the diffusion of Yugoslavist ideas in the company.

A sense of self-identification with the company's 'Yugoslavist' values is still very much present amongst employees, who to this day define themselves as 'Energoinvestovci' (Energoinvest-men); it was not uncommon in Yugoslavia that workers would identify themselves with the name of their factories ('Tamovci' in the factory TAM, for example).<sup>75</sup> Zdravko, head of propaganda during the socialist period, defines what it meant for him to be an 'Energoinvestovac':

'it is that man who expresses loyalty towards his firm, for whom it is not irrelevant where he works, what's the name of his company, for whom it is not irrelevant if someone smears in this or that way. Especially if they are not right. I have to tell you so that you know, it was always like that and it will always

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73 Ibid.

74 Jakob Finci, interview in 'Naša Anketa. Energoinvest je simbol uspjeha', *Energoinvest list*, num. 1108, March 2001 p.2.

75 Musić, 'The Self-Managing Factory', p.116-117.

be...'.<sup>76</sup>

This kind of loyalty and pride amongst employees was pervasive, and remains today in the way workers, and managers refer to their experience in Energoinvest. When asked what it meant to be an 'Energoinvestovac', Dževad replied: 'Oh, that was an honour. And still today it is an honour to be an Energoinvest man, only that today we behave differently, there is not the same morality and quality of people that there was before...'.<sup>77</sup>

Thus, working in a successful company, well established globally, gave workers an enhanced sense of importance and participation to a collective project. Across skill stratification and geographical location, employees recall the moments spent in Energoinvest with a sense of great affection. Amila, an electrical engineer and then a cadre at Energoinvest, commented:

'We were like a big family; I mean that we liked more Energoinvest than our own family, really! It was one collective, relaxed atmosphere, no competition, we were always together, we made sports games and competitions [...], and I can tell you that all the time I was working in Energoinvest, it did not feel like work, it felt like playing! I just had new ideas, new programmes etcetera, there was enthusiasm. [...] it was really a socialist system, in which we were happy'.<sup>78</sup>

This feeling of domesticity, of being like in one's second (or even first) home often emerged in interviews with workers and cadres. Even the pronouns workers used (*my factory, my Energoinvest, us workers, we did, we worked* and so forth) to this day denotes the extent to which they were (and still are) attached to their workplace. For many of my interlocutors, the connection to their workplace fostered in them a strong attachment to the collectivist/humanist principles of Yugoslav socialism.

'I must return to *our* socialism.' – explained Munevera, a technician in Energoinvest Sarajevo in her interview. 'This socialism means help, friendship

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76 Zdravko Prlenda, Interview with author, Sarajevo, 10.12.2016.

77 Dževad, Interview with author, Sarajevo, 16.12.2016.

78 Amila Omersoftić, Interview with author, Sarajevo, 02.07.2014.

(*drugarstvo*) and something similar, caring for other men. [...] I think it is difficult for young generations to understand what socialism is. I do not talk with nostalgia, but I talk about my own experience...then you first looked at a person like a person (*čovjek kao čovjek*).<sup>79</sup>

Munevera's comment here is particularly interesting for two aspects. Firstly, she seeks to distance herself from what she views as nostalgic accounts; this is perhaps a way to legitimise further her view. Secondly, talking about the founding principles of socialism is her preferred way to illustrate the experience of pre-war Energoinvest. This view of the company as the embodiment of Yugoslav socialist values, common amongst interviewees, reveals the pervasiveness of a 'socialist corporate culture', which still survives today. The attachment to one's workplace as a space of both family ties and socialist/collectivist ideas made workers particularly prone to reforms like those of Marković, which carried the promise of strengthening the tie between worker and company.

In addition to an ideal sense of unity, the company was a provider of houses, work, general social security and extra benefits.<sup>80</sup> For example, it built or acquired property, which it would then convert into social housing for its workers. Energoinvest built large industrial complexes across the city and employed a significant proportion of its workforce, and this contributed to fast industrial development in Bosnia, and especially in Sarajevo. Neighbourhoods such as Alipašino Polje, Dobrinja and Novi Grad benefitted from the development of housing that Energoinvest initiated; the company in fact which had many of its factories in the area, and had built or acquired property for its workers there.<sup>81</sup> Although the housing system was often slow and flawed, since

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79 Munevera, Interview with author, Sarajevo, 26.03.2016, emphasis added.

80 Murat Čilimović. 'Ulaganja u Budućnost.' *Energoinvest List*, num. 954, February 13 1989, p.5.

81 Faruk Šarić. 'Na Prvoj Liniji Do Slobode.' *Energoinvest List*, num. 1046, May 1993, p.4; it is estimated that over 40 thousand citizens were living in this area. In: Robert Donia. *Sarajevo A Biography*. London: Hurst&Co., 2006, p.313.

it tended to privilege managers, cadres and clerks, it created a sense of security and wealth amongst those workers who could benefit from it.<sup>82</sup>

Moreover, like many other socialist enterprises, Energoinvest had its summer colonies on the coast and winter colonies in the skiing resorts near Sarajevo. Workers would be able to have group or family vacations in these facilities, which further contributed to their perception of wealth, status and privilege as employees of Energoinvest.<sup>83</sup> These activities were in turn particularly important in strengthening the ties between workers and their company, one that would lead them to embrace market and privatisation reforms as a transformation that would enhance and legitimise this tie even more.

The sense of collectiveness and attachment workers felt (and still feel) towards Energoinvest was also fostered by many leisure and recreational activities organised within the company, in Bosnia and across Yugoslavia. For example, Energoinvest organised sports activities. Amongst the most well known were the 'Trekking and Hiking Society' (*Planinarsko Društvo Energoinvesta*, which still exists today) and the sports event 'Energofis', a sort of Olympic games where workers of Energoinvest from across Yugoslavia participated.<sup>84</sup> Zdravko Prlenda, who worked in the propaganda department of Energoinvest, was one of the main organisers of these games. He recalls:

'at that time there would be up to 1200-1300 young boys and girls from the whole Yugoslavia, engaging in various sports competitions, and that lasted a few days in Sarajevo when the whole city would be under occupation of Energoinvest.'<sup>85</sup>

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82 For a thorough analysis on housing policies in late-socialist Yugoslavia, see Archer, 'Social Inequalities and Yugoslavia's Dissolution.'

83 Perhaps the most exhaustive account of tourism policies in socialist workplaces is offered by Igor Duda. "Workers into Tourists: Entitlements, Desires, and the Realities of Social Tourism under Yugoslav Socialism." In *Yugoslavia's Sunny Side: A History of Tourism in Socialism (1950s-1980s)*, 33–68. Budapest, New York: CEU Press, 2010.

84 Nebojša Šerić Šoba. 'Bob Rock.' *Radiosarajevo.Ba*, November 23, 2014. <https://www.radiosarajevo.ba/metromahala/ja-mislam/Nebojsa-seric-soba-bob-rock/172245>. Accessed 11 March 2018.

85 Zdravko Prlenda, Interview with author, Sarajevo, 10.12.2016.

Branimir, a high-skilled worker in RAOP Sarajevo, recalls how sports and leisure activities would be a moment of socialisation beyond the workplace, one that for him symbolises the values of cohesion, collectiveness and *drugarstvo* that he associated with Energoinvest:

'We had Energofis, the sports games of the workers of Energoinvest. And then there was another sports event just for the workers of my sector; they could come from Zagreb, Zrenjanin and so on, so we would have sports games of all the workers of my sector from all the cities of the former Yugoslavia. And in that way, we would also meet workers from those factories that were our competitors too. And we would go as the team representing Energoinvest. [...] And after the end of the games, we would have a party, where we would dance and eat, there would be drinks and Musić. It was great. [...] and that also created a spirit of Energoinvest. In some ways we, to put it literally, were proud because we were workers of Energoinvest.'<sup>86</sup>

Again, for him, these events represent another important aspect of his company's transnational orientation, one that would give him the possibility to socialise with other colleagues from across the Federation, while feeling proud to be a member of this collective.

Moreover, the company produced plenty of memorabilia, from objects with the company's symbol to badges, calendars and posters. To add a touch of colour to the company's Yugoslavist and internationalist spirit, the company even commissioned a 'tribute' song, composed by famous Sarajevo singers Kemal Monteno and Alija Hafizović, and distributed by Yugoton in 1982.<sup>87</sup>

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86 Branimir, Interview with author, 19.12.2017.

87 <https://www.youtube.com/watch?v=FcVz5XeYXF5>; Kemal Monteno is perhaps best not for the song 'Sarajevo ljubavi moja', recorded in the same year. Alija Hafizović is a Musićian and artist, once member of the Sarajevo prog-rock band 'Indeksi'; see also 'Poslušajte Kako Je Kemal Monteno Pjesmom Slavio Bh. Privredni Gigant Energoinvest.' *Radiosarajevo.Ba*, n.d. <https://www.radiosarajevo.ba/metromahala teme/poslusajte-kako-je-kemal-monteno-pjesmom-slavio-bh-privredni-gigant-energoinvest/216087>. Accessed on 11 March 2018.

Interestingly, the lyrics reiterated the company's remarkable successes on the world market:

*We had a luminous vision; we saw the opportunity for a collective power  
Our [workers'] councils discussed how by building factories, we had built  
people  
All our nations and nationalities knew that it would be better for them  
Energoinvest, Energoinvest, your name is known all around the world  
[...] Our bridges, with steel arms, have covered softly the whole globe  
[...] Sarajevo, Yugoslavia, Europe, the whole world! Energoinvest!*

The song concludes with an uplifting line, a reminder of Energoinvest's presence but also of its business trajectory. Here, too, the recurrent themes that defined an 'Energoinvest's' identity were present: international prestige, unity of different nationalities in work, and the collective effort in constructing factories and, as a consequence, their workers (Energoinvestovci).

Describing the creation of a company's spirit, Zdravko Prlenda, a long-term member of the journal's editorial board and the propaganda office in Energoinvest recalled that:

'In the journal, there was the editorial board, with the editor and four or five journalists, and they would discuss various themes: the development of production, the sports page...there were also social themes, and the sensibility towards social themes was very evident, there was always something to write about. [...] a feeling ruled in the editorial room: what should we write in order to encourage unity, to encourage a good disposition amongst people [...] the propaganda created a 'cult' of Energoinvest. Energoinvest took the liberty on its own, and through the journal, to consider itself 'more Catholic than the Pope', meaning that it would present itself as the best at this and that.'<sup>88</sup>

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<sup>88</sup> Zdravko Prlenda, Interview with author, Sarajevo, 10.12.2016.

As such, the aim of the journal and other cultural activities was to familiarise all employees with their global contacts, but also to present its operations in a positive light, and thus create an attachment (if not 'cult') towards the company and the workplace. The effects of this identity-building are still visible in employees' testimonies today, in part filtered through the lens of nostalgia for a company that had established its strong presence on the global market.

To sum up, Energoinvest had developed a strong identity as a Yugoslav market- and export-oriented company, based on the three ideological pillars of Yugoslav socialism: non-alignment, 'Brotherhood and Unity', and self-management. This corporate identity shaped their political identity as well, and managers and workers indirectly mobilised it during the reforms of the late 1980s when both referred to these characteristics as part of their debates over how workplaces should be reformed.

#### **2.4 The system is broken but can be fixed: Workers' and Managers' view of self-management**

In order to understand why market reforms were so well-received in a Bosnian workplace, it is also necessary to analyse how managers and workers viewed self-management. As we shall see, workers had developed views critical of some aspects of this system; for example, of how wage levelling (*uravnilovka*) and guaranteed employment had created idleness in the workplace. Workers' voices in many ways echoed the criticism that economists and reformers had expressed towards self-management and enabled workers to identify with the reforms discourse of the Marković government.

As was explored in the previous Chapter, the 1980s saw a strong scientific and academic effort to reform self-management and improve its implementation. Between 1988 and 1990, the Mikulić and Marković governments sought to redefine the bases of the Yugoslav economy, by redesigning socialist enterprises and reshaping workers' attitudes towards their workplaces. In Yugoslavia, self-management had been the model at the basis of the economic system and of its workplace relations since the late 1940s. Between 1948 and 1953, the top Party ideologues and close allies of Tito's Boris Kidrić and Edvard Kardelj started theorising a system of workers'

management through workers' councils that would differ from Soviet models of state-planned economy; together with party cadres and economists, they started framing what would be the Yugoslav road to socialism.<sup>89</sup>

In 1958, political and economic reformers established that social production would be managed by 'associated direct producers', i.e. workers, who would be in charge of income redistribution as well.<sup>90</sup> At the beginning of the 1960s, new reforms were championed by Kardelj, who proposed an extension of self-management to all spheres of economic social and political life. Workers would organise in 'working organisations', which included both enterprises and other public services (healthcare, education, socio-cultural activities).<sup>91</sup> When the 1974 Constitution was approved, the firm or 'working organisation' became the basic market decision-making unit. Each working organisation was subdivided into smaller production units. However, where market principles were not operating, and where a different type of decision-making was in place, these constituent units were characterised by workers' direct management.<sup>92</sup> The late 1980s saw the intensification of attempts to reform this model of de-centralised workers' management radically.

Through the company's newspaper it is possible to assess workers' understanding of reforms; in fact, workers' impressions and opinions frequently featured on the journal's pages, in the form of letters, interviews, and special sections (called '*Radnici govore*' – 'Workers talk'). These were generally quite varied, and collected rather critical opinions – sometimes directed at the journal itself. However, the journal was still an organ where dissent could be expressed, but in a controlled way. In this respect, oral history interviews provide further insight into workers' experiences of late-socialism, marketisation, and 'new socialist' reforms in the workplace. In particular, they allow to uncover workers' impressions of self-management, and the expectations they had formed around reforms.

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89 Unkovski-Korica, *The Economic Struggle for Power*, p.85, p.94.

90 Horvat, *The Yugoslav Economic System*, p.19.

91 Ibid., p.21.

92 Ibid., p.39.

The late 1980s were a moment of great workers' unrest across Yugoslavia. Workers in Serbia, Montenegro, and to a lesser extent Croatia and Bosnia protested the decreasing wages and falling living conditions, as well as the increasing number of the technocratic-managerial class. The corruption of government and technocratic structures led to the so-called 'anti-bureaucratic revolution' in Serbia and Montenegro; the corruption scandal of the food-production giant Agrokomerc in Bosnia also played into popular discontent towards managerial structures.<sup>93</sup>

Workers' requests were primarily directed towards a re-discussion of wage policies and mechanisms of decision-making in self-managed enterprises. Far from being a prerogative of market-oriented reformers, the criticism expressed towards self-management emerged powerfully within workplaces too. In Energoinvest factories in Srebrenica and Sarajevo, for example, it was remarked that many delegates did not participate in the workers' councils, and that 'in the OOUR [...] the workers' councils do not actually exist, and the bureaucratisation of self-management is impressively high'.<sup>94</sup> Workers were particularly critical of the malfunctioning of the mechanisms of workers' decision-making.

#### **2.4.i Work and non-work**

As the economic crisis started affecting Energoinvest as well, employees across skills, and particularly younger generations, started finding in self-management the reason for the growth of administrative bureaucracy, and blamed this system for its endemic inability to 'filter good workers from bad ones'.<sup>95</sup> Workers themselves viewed wage equality and employment security as the reason for unproductivity, lack of motivation, and idleness in the workplace. Workers were concerned about what was motivating their

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93 Nebojša Vladislavljević. 'The Breakup of Yugoslavia: The Role of Popular Politics.' In *New Perspectives on Yugoslavia: Key Issues and Controversies*, edited by Dejan Djokić and James Ker-Lindsay, 143-160. London: Routledge, 2011, pp.152-153.

94 'Samoupravna Organizovanost', *Sretno - List Radnika Radne Organizacije Energoinvest - Srebrenica*, num. 34, April 1989, p.7; 'Traganje za najboljim rješenima', *Energoinvest Armature*, num.5, February 1990, p.4.

95 D. Kostić. 'Šanse Koje Treba Iskoristiti.' *Energoinvest List*, num.1033, May 11 1991, p.8.

colleagues to work or not, and what impact was this having on the collective; skills and wages differentiations overlapped with the blurred distinctions between *rad* (work) and *nerad* (non-work). For example, as a representative of the workers' union in the Srebrenica mines remarked: 'it is necessary to clearly divide work from non-work [...] and pay the production, creative and innovative work adequately'.<sup>96</sup>

Non-work was not an official category and was different from unemployment. Workers usually employed it to define all those who enjoyed the benefits and status of 'being workers' without actually producing, those who were physically present on the workplace but did not fully engage with the requirements of their task. This discussion was not limited to Energoinvest factories but was common to industries across Yugoslavia. Workers in the large car producer Zastava in Kragujevac (Serbia) had voiced similar concerns about non-work and the productivity of cadres in contrast to that of workers.<sup>97</sup> While in Bosnia these critiques did not lead to a series of mass protests to the same extent of those that characterised Serbia's anti-bureaucratic revolution, one can note that the seeds of these debates were present across the Yugoslav Federation.

The debates about non-work further correspond with the terminology of 'unemployed employees' and similar terms used by many economists at the time. At the same time, technological inefficiencies and misuse of resources were connected – according to reformers – to self-management's inbuilt inability to encourage workers' motivation, creativity, and individual competitiveness. As argued by Jože Mencinger, former Slovene Minister of the Economy and prominent participant in the reforms debates, workers' control in the workplace had led to a diffusion of 'unemployed employees', i.e. workers who were neither necessary nor productive, and yet were kept in the workplace.<sup>98</sup> 'Unemployed employees' or 'non-workers' - distinguished from unemployed people – were workers who profited from the socialist system's permissiveness and from the lack of punishing mechanisms for those who did

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96 Presidency of the Union. 'Bez Stega i Ograničenja.' *Sretno - List Radnika Radne Organizacije Energoinvest - Srebrenica*, num. 34, April 1989, p.2.

97 Miodrag Stojilović and Momir Brkić, 'Poslušnima je zvonilo', *Komunist*, num. 1657, February 3 1989, p.12-13.

98 Mencinger, 'Privredna Reforma i Nezaposlenost.', p.217.

not fully respect employment agreements. Academic publications from the time suggest that self-managed workplaces were viewed increasingly as the source of inefficiency and lack of productivity of the economy in general.<sup>99</sup> This terminology overlapped with that of unproductivity and was often used by workers in order to further justify why they – the *real* workers – should not be punished for the failure or idleness of *non-workers*.

Workers were frequently interviewed about these issues on the pages of the company's journal; here, many would openly reproach wage equality and their colleagues' idleness. Here, reporters would try to include voices from all the workers' collectives linked to Energoinvest across Bosnia, and thus provided a rather extensive space for discussion beyond the central branch in Sarajevo. The reporting of such voices 'from below' reflected precisely the twofold nature of workplace journals: on the one hand, their purpose was to inform and educate employees over current issues, and report their concerns. On the other hand, it was also a medium where to diffuse the official party or government line about economic development and self-management; workers' voices were thus also used to give authenticity to the official discourse on reforms; this, however, does not undermine the veracity of these sources. Workers' concerns were sincere and were amplified on these journals, as they gave further legitimacy to the reforms' discourses and demands.

For example, Energoinvest steelworkers in the southwestern city of Čapljina remarked that they were *workers*, and they 'worked a lot because they had in [their] interest the interest of the collective', and further noted how common an opinion that was in their sector.<sup>100</sup> Others revealed that their understanding of discipline, work and productivity was rather close to what the management would later propose. Zijo, a machine worker, suggested that:

'everyone gets a wage in proportion to what he or she does, that we divide work from non-work. We constantly say that, but we do not behave like that. If

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99 Babić, Muratović, *Samoupravno Organizovanje u Teoriji*, p.183; Laslo Sekelj. "Realno Samoupravljanje", 'Realni Nacionalizam' i Dezintegracija Jugoslavije.' *Sociologija* XXXIII, no. 4 (1991): 587–99.; Derić, *Produktivnost Rada*, p.163.

100 J. Babić, and Š Vučjak. 'Produktivnost - Briga Svih.' *Energoinvest List*, num.890, September 21 1987, p.9.

my colleague does not work, he gets 75% of the salary, but if I fulfil my work, I only get 25% more.’<sup>101</sup>

As such, already a few years before the actual implementation of measures to increase productivity, workers in Energoinvest had started debating what were the factors that were lowering production rates and motivation. The climate was not only one of mutual accusation across skills or sectors, but was instead an open admission to personal shortcomings as well. A worker from a wagon factory expressed his view on unproductivity rather sarcastically:

‘None of us works eight hours [as according to the contract] in their workplace; if we did we would make wonders [...] we should say these things and openly discuss this; I am annoyed that in my sector we have half-workers (*polu-radnici*); they’re half in the factory, half working the land. But I live only off this work, and nothing else. And at the end of the month we both get the same’.<sup>102</sup>

Other workers started to encourage those with patches of land to abandon work and make use of those resources, in order to achieve a fairer redistribution.<sup>103</sup> Interestingly, a survey conducted at the beginning of 1990 reported that, when asked if they would be willing to put up with lower employment rates and dismissal of workers made redundant by new technology for the sake of economic stabilization, 44% answered yes, 40% no and 17% were undecided.<sup>104</sup>

Though worried by the decreasing living standards, workers often ended their comments on a positive and optimistic tone, appreciating that they were trying to solve these issues as a collective. For example, in 1987, as the

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101 D. Kljajić. ‘Probleme Moramo i Rješavati.’ *Energoinvest List*, num. 891, September 28 1987, p.6.

102 D. Kljajić. ‘Neka Radi Ko Zna i Hoće.’ *Energoinvest List*, num. 1002, March 12 1990, p.10.

103 D. Kostić et al. ‘Križa Je Kad Nema Posla.’ *Energoinvest List*, num. 1008, April 25 1990, p.11.

104 ‘Yugoslav Survey: A Record of Facts and Information.’ *Beograd: Jugoslavenski Pregled*, 1990, p.57.

economic crisis was reaching its peak, Energoinvest workers remarked that, in comparison with other factories and companies, their situation was not that bad, because they still had a lot of work to do.<sup>105</sup> This was also the reason why workers of Energoinvest participated to strikes to a lesser extent than their colleagues in other Bosnian companies, and more so in Serbia, Montenegro and Croatia did.<sup>106</sup> In fact, at the beginning of 1990, as other companies were struggling for reprisal due to the economic crisis, Bosnia established a record high for exports, above the Yugoslav average. For this, Energoinvest was praised as one of the companies maintaining an impressive level of production and export.<sup>107</sup>

Nevertheless, those who did go on strike, in Bosnia and elsewhere, were not rejecting self-management as a system per se, but rather were protesting against the bad practices that accompanied it; above all, they rejected the interference of politics in economic affairs of enterprises.<sup>108</sup> As for Energoinvest, those workers who did go on strikes were mostly metalworkers from East Sarajevo in October 1990 and then June 1991, who had not been paid for their work because of delayed payments from their buyers in Iraq – at the time involved in the Gulf War.<sup>109</sup>

Most of all, Energoinvest workers debated the meaning of work and, as a result, of what meant to be a 'worker'. They appropriated 'new' discourses of productivity, responsibility and motivation towards work, and shaped a new understanding of workers' role in the workplace, much more attentive to individual responsibility. Getting rid of 'non-workers' was viewed as a step forward in the quest for productivity and workers' motivation. At the same time, these workers' narratives were, in a way, official – they reflected the attitude towards economic reforms within the industrial workplace, while at the same time diffusing a discourse of reform. This aspect is crucial for the study of reforms, as it shows how building a consensus for reform in the workplace was

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105 I.C., 'Kako živiš, družo?' *Energoinvest List*, num. 885, July 1990, p.9.

106 Neca Jovanov. *Sukobi*. Subotica: Niksic, 1989, p.37.

107 I. Selak. "Uz čestitke i oprez", *Oslobođenje*, February 14 1990, p.9.

108 Branislav Radivojša. 'Radnički Motivi', *Komunist*, num. 1657, February 3 1989, p.15.

109 V. Mrkić. "Propast "Zdrave" Fabrike", *Oslobođenje*, October 10 1990, p.10; Z. J. "Obustava u brojkama", *Oslobođenje*, June 9 1991, p.11.

important for the Marković government. As we shall see more in Chapter 4, these reform ideas are still present today and inform workers' attitudes towards privatisation.

#### **2.4.ii Skills differences and wage distribution**

The reforms of the late 1980s were a resonated well with workers' long-term demands of transformation; debates over (un)productivity and responsibility towards work, for example, became another channel where workers could voice their criticism towards self-management. There is evidence that job competition between low- and high-skilled workers was rife in socialist Yugoslavia, and Energoinvest was no exception.<sup>110</sup> Here as well, different visions of merit and compensation emerged, questioning the socialist principles of wage equality. The division between low- and high-skilled workers was only one aspect of the broader discussion on reforms in the self-managed workplace. The distinction between 'productive' and 'non-productive' labour, or between direct producers and those with administrative tasks, already existing in Yugoslav companies, was further exacerbated by the economic crisis.<sup>111</sup>

In Energoinvest, the reforms' attempt at streamlining the over-bureaucratized structures of self-management gave factory workers the chance to bring forth their understanding of productivity: steelworkers and engineers alike were considered productive, as they both contributed to the company's overall production. Conversely, administration and bureaucratic cadres were viewed as personnel who did not actually produce profit.<sup>112</sup> In factories and mines of the Energoinvest groups across Bosnia debates emerged over what kind of work was deemed unproductive, and whose were the responsibilities of the overall company's inefficiencies. Blue-collar workers in the company's factories in Zvornik, for example, started claiming that the distribution of wages was unfair, as they 'thought they should have higher wages than workers in the service departments'.

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110 Woodward, *Socialist Unemployment*, p.315-318.

111 Turkish Comisso, *Workers' Control Plan and Market*, p.171-172.

112 This resonated with similar tones in Serbia's anti-bureaucratic revolution.

Similarly, miners in Srebrenica lamented the ‘enormous divisions regarding treatment, pay, and benefits. It is incomprehensible that the director has higher salaries than us’.<sup>113</sup> While low- or un-skilled workers claimed their relevance as the foundation of the enterprise’s success, having built it through hard work and devotion, highly skilled workers demanded ‘radical changes’ and ‘rewards for work and creativity’.<sup>114</sup> For example, the president of the workers’ council of an engineering and refinery company part of Energoinvest at the time stated: ‘it would be better if those who achieve and create profit could benefit from the result of their work’.<sup>115</sup> Highly skilled workers demanded to be also compensated for their knowledge, creativity and skills.

Here, workers mobilised the traditionally socialist principle of ‘distribution according to one’s work’ in order to argue for redistribution according to individual motivation, responsibility and productivity. ‘We hope that the number of executive personnel will diminish and that their work is valued by what they do’, stated a workers’ representative in Sarajevo’s Livnica Armature.<sup>116</sup> As an example, in the oil refinery of Modrica (Energoinvest), it was claimed that the new organisation should have deleted the ‘artificial working positions’ (i.e. administration) created after the decentralisation of the 1970s.<sup>117</sup> Workers argued that the management and administration, responsible for drafting production and business plans, was responsible for mismanagement. For example, according to a worker interviewed in the company’s journal:

‘we all want to work. The problem is that there is eighty of us in my department and we do not know what to do. The fact that workers do not have things to do is not our fault; we are happy when we have to work. The workers have to work, and for that, they are paid- others are paid to prepare the

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113 ‘Većina Nezadovoljna’, *Sretno - List Radnika Radne Organizacije Energoinvest - Srebrenica*, num.37, July 1990, p.6.

114 Kostić, D. et al. ‘Križa Je Kad Nema Posla.’ *Energoinvest List*, num. 1008, April 25 1990, p.11-12.

115 Ibid.

116 Nevenko Babčić. ‘Organizacioni Model u Funkciji Poslovnih Ciljeva’, *Energoinvest Armature, List Radnika Radne Organizacije*, September 1989, num.1, p.7.

117 M.C., ‘Život Traži Nova Rješenja’, *Energoinvest List*, num. 965, February 13 1989, p.7.

programme, to get contracts and find solutions with the operations and business. If they do not know how to do that, they should be responsible'.<sup>118</sup>

In this context, workers appropriated the reforms' discourse of responsibility and wage differentiation in order to further their view of workplace relations. A worker from the thermal-appliances factory TAT in Sarajevo declared in 1990:

'Nobody can decide on everything, because we do not all understand everything. We need to be aware of this and change things. The leadership should take business decisions, but if they make a mistake, they need to be responsible.'<sup>119</sup>

This remark is particularly significant, as it shows how workers were ready to abandon some of their decision-making power, as long as it meant a stronger sense of responsibility on the management's side. Šaban, a factory worker in an Energoinvest foundry in Tuzla, recalls:

'That system too had its defects. We would discuss for three hours in the workers' council, then we would receive a call from the top, and we would be told what decision to take. It would come from the [party] committee. The decision would be taken already, and that would be it.'<sup>120</sup>

Comments such as the ones above were frequent in the company's newspaper, as workers would manifest their criticism and, to a certain extent, lack of attachment towards the self-management mechanisms of decision-making. Most workers, like Šaban, did not view a reduction of their management rights that followed market reforms as a negative transformation; this was because they had a rather matter-of-fact understanding of self-management as a potentially useful system with many drawbacks. They were aware that the

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118 D. Kljajić. 'Neka Radi Ko Zna i Hoće.' *Energoinvest List*, num. 1002, March 12 1990, p.10.

119 Ibid.

120 Šaban, Sindikat Solidarnosti Tuzla, Interview with author, Tuzla, 29.04.2016.

management could heavily influence much of the decision-making in the company – particularly concerning new investments in production and research, and they were fine with this. What they were seeking was the decrease of (part) of their managerial duties, in exchange for ownership rights. Within the Energoinvest complex, only in a few cases factory unions brought up the issue of reforms' potential limitation of self-management rights;<sup>121</sup> even in these instances, the transformation did not lead to any major workers' action.

Market reforms aimed at restructuring the internal hierarchy, but also attempted to create new foundations for the relationship between man and work, by finding new sources of motivation in ownership reform. The rationale introduced was that of creating a new worker, prone to individual initiative, responsibility towards work and, ultimately, more efficient; this resonated well with high-skilled and blue-collar workers, as they also demanded wage differentiation and, even, a reform in the decision-making power of workers' councils.

## **2.5 Workers' shareholding, social ownership and the Marković reforms**

Between 1988 and 1991, the marketisation and privatisation reforms were designed to remake the workplace as a market-oriented enterprise, and they supported companies' internal reorganisation by re-defining management and property rights. Additionally, a fundamental component of the 'new socialist' project was that of re-shaping the individual for a new market-oriented enterprise. Privatisation would be implemented gradually, and workers' consent achieved by allowing them to maintain a certain degree of control over their own company through shareholding. This form of privatisation, as we explored in the previous Chapter, was ideologically acceptable because it offered workers, and not just private investors, the opportunity to buy companies and participate as shareholders.<sup>122</sup> While internal privatisation was the preferred method, foreign private investment was also encouraged. In a company like Energoinvest, with

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121 M.I., 'Uvažiti Riječ Radnika', *Birač – List Radnika Preduzeća*, num.112, February 12 1992, p.3.

122 Branko Milanović. 'Privatisation in Post-Communist societies.' *Communist Economies and Economic Transformation* 3, no. 1 (1992): 5–39, p.21.

a global presence and many international partners, foreign investment would bring fresh capital and further strengthen the company's global position. Although the management often mentioned foreign buyers, this being the beginning of the process of reforms meant that it was rarely specified who these foreign partners would be – other than the companies already in partnership with Energoinvest (the French Pechiney or the American Lunkenheimer for example). Nevertheless, foreign owners would, however, remain minority shareholders, as the core central branch in Sarajevo wanted to maintain control over its companies. This local decision was an important one, as in principle there was no national law specifically regulating majority ownership by foreign firms yet. While foreign investors were sought after, neither workers nor managers viewed them as a potential 'capitalist' threat to the 'socialist' values within the company – primarily because Energoinvest had already been exposed to Western-capitalist values since its global expansion of the mid-1960s.

In broad terms, the internal transformation of workplaces would be as follows: Energoinvest was going to become a shareholding corporation, and each former workers' organisation (RO or OOUR) would transform in a limited liability company or daughter firm. In the first steps of the transformations, workers would acquire 49% of the shares, and 51% would remain owned by the holding (in this case, the central branch in Sarajevo). The new company's statute of 1990 – approved by the management and the workers' council – envisioned that a year after the first sale of shares to workers these shares would become tradeable on the Yugoslav stock exchange. After this, anyone would be able to acquire shares, and the company's ownership structure would be more diversified. The new shareholders (workers at the start, and owners of shares later on), would be able to participate in the decision-making in the assembly of shareholders.<sup>123</sup> Two different bodies would now take the managerial decisions, previously carried out within the pyramidal structures of workers' councils: a management board (upravni odbor) and a shareholders' assembly.

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123 Informativni Glasnik Energoinvest s.p (Energoinvest Statute), *Energoinvest List*, December 27 1990, p.5.

On the one hand, the management board would deliberate in relation to the company's development strategy, ownership structure, distribution of profit, and naming the companies' directors. On the other hand, the shareholders' assembly was composed of 'representatives of the social capital elected from the ranks of workers and owners of shares in Energoinvest'. This body and would agree on the company's statute, determine the yearly budget, and decide on the redistribution of profits and losses. In this way, Energoinvest would become a holding.<sup>124</sup>

This transformation was carried out in agreement with the workers' council; workers had made clear that they were not against self-management, but against its wrongful application. Through the discussion within the workers' councils, as well as street protests, workers had voiced their discontent towards how self-management was organised. In this way, they made clear to reformers that they were in favour of a reform that would improve self-management, but not get rid of it.<sup>125</sup> Managers brought to the discussions with reformers the understanding that workers were in favour of reforms that would give them co-ownership.

To this day workers interviewed see Marković's proposal as a reform of self-management that would finally actualise their decision-making powers. The board of shareholders, which workers would be part of, was considered a more effective venue for negotiation than the workers' council was; this was because workers felt that their voices would be better heard they represented actual shares in the company and because this would eliminate political control on the workers' council. Šaban, the Tuzla factory worker who criticised the overbearing presence of the League of Communist in his workers' council, now stresses: 'We thought that [Marković] would have corrected the mistakes of the previous system, and he corrected them. And that is why we supported him. Reformers, just the word says it all.'<sup>126</sup>

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124 Ibid., p.6.

125 Ibid., p.8.

126 For Šaban, the mistakes of the previous system were for example that you could not have a career if you were not member of the party, or that you could not be in the party if you were religious. Šaban and Marko, Sindikat Solidarnosti Tuzla, Interview with author, Tuzla, 29.04.2016.

### 2.5.i Managers as reformers

In Energoinvest in the 1980s, the global market had become a synonym of progress and modernisation, precisely because of the prestige acquired at the international level. The necessity to 'keep up' with the Western world did not denote an understanding of the company as having to adapt to new standards. Rather, in the eyes of its managers, this enterprise was expected to contribute, shape and take part in the global market economy.<sup>127</sup> Entrepreneurs, reformers, and even representatives of the League of Communists section in Energoinvest sought to modify the decision-making process and the structure of the company, in order to compete more easily in the rapidly changing global market. As they further remarked: 'the market orientation of the whole Yugoslav economy will allow Energoinvest to develop further and ensure a more successful appearance in the international and domestic market.'<sup>128</sup>

Hence, the need to comply with global standards of production was linked to a reform of the workplace and demanded a change in labour and employment policies. In turn, this created labour redundancies, defined as 'economic' or 'technological' surplus – depending on whether they were skill-based or resource-based; this related to both the lack of technological skills on the workers' side, as well as the lack of financial resources to maintain the same number of employees.

The progressive abandonment of an egalitarian understanding of labour – typical of the self-managed enterprise that had to be reformed – left room for a more individualised approach to work, based on personal productivity, efficiency and responsibility. As the general manager declared in 1989, efficiency would be ensured 'by giving precedence to people's intelligence, creativity and entrepreneurship [...] which will not lead to the socialisation of the effects of bad work, but to the development of ideas that will affirm self-management and leadership'.<sup>129</sup> Thus, the management started adopting a

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127 Božidar Matić at the meeting of the workers' council, 'Energoinvest u vremenu i ispred njega', *Energoinvest List*, num. 1034, June 20 1991, p.3.

128 'Idejno-politički Stavovi o Organizovanju Energoinvesta u Uslovima Privredne Reforme', *Energoinvest List*, December 12 1988, p.3.

129 Božidar Matić, interviewed in *Energoinvest List*, February 6 1989, p.5.

discourse within the company that partly mirrored that of economists and reformers, and partly influenced it. For example, in an interview for the company's journal in 1989, the company's director of Finance Žarko Primorac stated:

'We finally have understood that the market economy is the motivation which we must aspire to, but at the same time we maintain the model of socialist systems to the extent to which it is possible.'<sup>130</sup>

In this context too, the internal re-organisation of the company was viewed as a reform of self-management, an improvement of its implementation rather than a complete dismissal of its principles.

The internal reorganisation of self-managed enterprises – as prescribed by the 'Law on Enterprises' (1988) and the 'Law on Social Capital (1989) – started in Energoinvest as well. The company's journal strongly promoted it on its pages; Energoinvest was going to be transformed into a holding (a company created to hold or own the shares of its daughter companies).<sup>131</sup> Thus, workers would have less decision-making power, particularly concerning investment strategies. This shift went hand in hand with new attempts at encouraging motivation and responsibility amongst workers, by introducing shareholding and salary differentiation.

The rationale at the basis of workers' shareholding was that this would be an opening to private investors (workers initially, and then other private investors in a second stage), which in turn would encourage enterprises to pursue efficiency and competitiveness by opening to private investors. In Marković's words:

'the establishment of [...] different forms of ownership, with a new evaluation of labour results, will induce socially owned enterprises to *differentiate between*

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130 'Ni u Svijetu Nije Med i Mlijeko', *Energoinvest list*, num. 980, September 18 1989, p.2.

131 Report from the meeting of the workers' council of Energoinvest: Faruk Šarić and Liljana Korjenić. 'Vrijeme Traži i Nove Napore, Ali Je i Izazov.' *Energoinvest List*, num.953, February 6 1989, p.3.

*good and bad workers* and to form mechanisms of work and business motivation. It will also be necessary to enable competition between employed and unemployed workers, i.e. make it impossible to monopolise a job position'.<sup>132</sup>

Hence, the message from the Federal government was clear: to exit from the economic crisis it was necessary for enterprises to create motivation and productivity; to do so, it was essential to reform ownership rights as well. Economists advising the Marković government were similarly oriented; aspects of expertise, motivation and entrepreneurship were entwined in their critical view of self-management. As they saw it,

'The first motivating factor amongst workers is the personal income, and only second comes self-management. A large number of workers think that there is nothing to be self-managed. What motivates and directs workers is not just work but rather the basic material interest. We have to keep in mind that our worker is a self-manager, but also a businessman (*privrednik*) that works according to the principles of the market economy.'<sup>133</sup>

In this context, an understanding of workers as profit-driven individuals who would find motivation in higher wages rather than management power became increasingly hegemonic. In order to 'make' workers into market-oriented beings, it was necessary to motivate them with something in return. For the workers of Energoinvest, the return was in the promise of even more success in the world market, as well as a direct benefit in being shareholders of a successful company.

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132 Marković, „Changes in the Yugoslav Social System to Meet the Needs of Society’, statement by Ante Marković at the joint session of the Federal Chamber and the Chamber of Republics and Provinces of the Assembly of the SFRY on the occasion of the election of the President of the Federal Executive Council on March 16, 1989, Federal Executive Council Secretariat for Information, ed. *Yugoslav Changes*, p.37 (emphasis added).

133 Dragutin Radunović. ‘Produktivnost Rada i Tržišna Orijetacija Bitne Pretpostavke Izlazka Iz Krize.’ *Ekonomist - Organ Saveza Ekonomista Jugoslavije* 1 (January 1989), p.17.

Here, the general management employed concepts of progress and development necessary to comply with world market standards, in order to gain support for the reorganisation and restructuring of property relations within the company. At the same time, it was still necessary to remark that these market reforms were a gradual transformation aimed at refining socialism, rather than seen as a radical shift to capitalism. This argument would encourage workers to become shareholders and, in turn, would motivate them to work. As such, the market reforms were discussed as a technical, rather than political transformation. During a speech in 1991, Energoinvest's general director Božidar Matić argued:

'the ownership restructuring is our only exit strategy. The motive for this is not political, but only related to efficiency. [...] the world does not recognise the vision of [social, collective] ownership that we have, and thus this has to be transformed into one known to the world'.<sup>134</sup>

Mentioning the partners of Energoinvest at the international level was a way of signalling that foreign investors might have been thrown aback by the complicated definition of the company's capital as 'social property' (*društvena svojina*), belonging to society and being administered or managed by workers. At the same time, it was also a way of mobilising the company's culture of internationalism. Referring to the world's attitude towards social property was another way of reminding the workforce that the reforms would improve relations with their world partners and that this was in line with its principles as a Yugoslav market-oriented company.

Consequently, the firm's journals became a platform where to discuss, and to a certain extent promote, the positive benefits of a redefinition of social property. The discourse employed was one of increased efficiency and positive outcomes primarily for workers, who welcomed the possibility of becoming shareholders of their own company. This model entailed an essentially 'reformed' version of Yugoslav socialism, since it appealed to the Yugoslav

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<sup>134</sup> Božidar Matić interviewed in *Energoinvest List*, 11 February 1991, p.3-5.

socialist idea of workers as owners of their factories. As frequently remarked in the company's statute,

'the selling of social capital through internal shares will allow workers of Energoinvest to favour from the acquisition of private ownership [...] Energoinvest will encourage entrepreneurship and support its inventive workers to take business risks and [...] benefit from their results.'<sup>135</sup>

Hence, managers tried to mobilise workers' consent further by showing their appreciation for creative and entrepreneurially-driven employees. Further, they attempted at channelling workers' trust towards the company and away from state management – 'even when it comes to finding a job'.<sup>136</sup> In the pages of the company's journal, authors frequently remarked that the transformation of ownership *in combination* with a management restructuring would allow the company to 'be more efficient, not subjected to state intervention'<sup>137</sup> and thus provide 'better quality than what was obtained with the previous [self-management] system'.<sup>138</sup>

In 1990, according to the newly approved Law on Social Capital, the enterprise was given the power to issue shares and sell them internally to workers currently or previously employed, with a discount proportional to the working years spent in the company.<sup>139</sup> These shares could subsequently be sold on an internal stock exchange, formed after the completion of the first sales process. Workers would thus participate as shareholders, 'owners of the social capital'.<sup>140</sup> Their management and decision-making powers would be limited to the board of shareholders; executive decisions (over investments, new research and new joint ventures) would pertain to a management board or board of directors.

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135 Informativni Glasnik Energoinvest s.p (Energoinvest Statute), *Energoinvest List*, December 27 1990, p.2.

136 Kostić, D. 'Da Li Smo Se Dobro Razumjeli?' *Energoinvest List*, num. 1033, May 13 1991, pp.6-7.

137 Informativni Glasnik Energoinvest s.p (Energoinvest Statute), December 27 1990, p.2

138 Ibid., p.3.

139 Art 1 Laws on economic reforms in Yugoslavia, Beograd 1990, p.23.

140 Ibid., p.5.

This model was different from the privatisation schemes implemented in the Central-Eastern European region. In Poland and Czechoslovakia, for example, rather than employees' buy-outs and internal sales of shares to workers, the preferred method was that of free distribution of privatisation vouchers to the whole population. As explained in the previous Chapter, the key difference here was precisely the nature of ownership rights and the intent of ownership reforms. On the one hand, in the former Soviet bloc privatisation was a pillar of the radical transformation signifying the break with socialism, and thus had to be carried out as quickly as possible through generalised private ownership.<sup>141</sup> In Yugoslavia, on the other hand, privatisation was a means through which improving efficiency and motivation, and thus was supposed to include primarily workers.

### **2.5.ii Workers' views on shareholding: shaping reforms from the bottom-up**

In the late 1980s, workers of Energoinvest had appropriated this reform discourse based on rewarding individuals for their skills and productivity. They had been exposed to a working environment imbued with the terminology of efficiency, motivation, and market rationality; yet, they also developed their own views over how to re-shape the subject-worker, in order to motivate him/her and get rid of inequalities in the workplace (exemplified by non-workers).

Efforts directed at reforming market socialism, and faster technological development, were common within Energoinvest as well. Despite criticisms directed at the partial malfunctioning of self-management, workers' decision-making had still fostered a very concrete sense of attachment to their workplace. Crucial for this attachment was that every year the workers' council would approve the redistribution of profit. Besides wages, employees could reinvest additional profit within technological and infrastructural development of each company or factory. Workers' buy-outs had further strengthened the 'ownership' tie that workers felt towards their workplaces, as they could reinvest part of the profit they had created, back into 'their own' company.

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<sup>141</sup> Nellis, *The World Bank, Privatization*, p.6.

Workers' self-understanding as co-owners of their factories was a widespread phenomenon and had developed throughout decades of self-management. Sociological and pioneering oral history studies conducted across Yugoslavia in the 1980s recorded that workers understood their position in the self-managed workplace as that of co-owners (*suvlasnici*).<sup>142</sup> In Energoinvest too, workers had developed a strong sense of attachment, almost a feeling of ownership, towards their factories.<sup>143</sup> To this day, those who experienced a self-managed workplace recall how they perceived it as their own. Munevera, for example, reflects that:

'At that time we felt that the company was ours. Because that is where we collaborated, where we worked, and there we had the right to show our dissatisfaction and satisfaction. So it was normal that we cherished it as ours, basically as our workplace.'<sup>144</sup>

In the late 1980s, workers had also started to demand a transformation of workplace and property relations that would sanction their role as producers and co-owners of their company. In this context, workers did not want to dismiss social ownership completely, but rather formalise their position as workers-owners in their workplaces.

Already in 1987, before the implementation of the Mikulić and Marković reforms of 1988 and 1990, workers had started debating not only the issue of work and non-work but also what could motivate them to be more productive.<sup>145</sup> Workers were aware that the blurred definition of social ownership was not an incentive for those who had to manage it, i.e. workers themselves. Furthermore, they recognised that social property in its legal definition was not 'actually' theirs and that this was leading workers to be dismissive of the responsibility it entailed. For example, in 1987 a machine worker and socio-political activist in

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142 Dušan Drezga. *Radnici Govore o Samoupravljanju*. Zagreb: Globus, 1982, p.44.

143 See Calori and Jurkat, 'I'm both a worker and a shareholder...', p.678.

144 Munevera, Interview with author, Sarajevo, 26.03.2016.

145 D. Kljajić. 'Probleme Moramo i Rješavati.' *Energoinvest List*, num. 891, September 28 1987, p.6.

the automation factory Procesna Automatika in Sarajevo reminded his colleagues that:

‘we must invest more efforts in changing the understanding and relations towards social ownership. I am concerned that many think that social ownership is nobody’s but it is everybody’s, and all together, equally, we need to take care of it. I think that with better behaviour we would have better results.’<sup>146</sup>

Workers had thus grown concerned about how their colleagues handled social ownership.

Thus, workers were also looking for a stark change in self-management in their workplaces. As a result, due to the combination of sound economic reform with the ‘new socialist’ model of workers’ shareholding, Marković’s popularity grew enormously amongst Bosnian workers, and Energoinvest was no exception. Workers interviewed on the company’s journal in 1990 (the year in which reforms were introduced) enthusiastically supported his project of economic and political reform, as they viewed in it the possibility to exit from the economic crisis and obtain some benefits in the process. For example, Jusuf, a blue-collar worker from a factory in Bosanski Samac, north-east Bosnia, declared on the company newspaper in 1990: ‘we’re ready to tighten the belt a bit more[...] My comrades and I trust comrade Ante Marković, and we are certain that with better and bigger work we will be able to exit from the crisis’.<sup>147</sup>

While the journal might have filtered these comments, it is also true that they are rather different from the kind of workers’ comments that appeared on the journals of other large companies across Yugoslavia. In large factories in Serbia, Montenegro and Croatia, workers had been voicing their grievances towards reforms and the general situation of economic decline in their workplaces.<sup>148</sup> Their discontent with the rule of technocratic elites in their companies, and with the League of Communists’ inability to put an end to the

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146 D. Kljajić, ‘Svijest Se Ne Mijenja Preko Noći.’ *Energoinvest List*, num. 891, September 28 1987, p.7.

147 ‘Vjerujem Anti Markoviću’, in Kostić, D. et al. ‘Krizna Je Kad Nema Posla.’ *Energoinvest List*, num. 1008, April 25 1990, p.11.

148 Cvek, et al. ‘Jugoslavensko Radništvo u Tranziciji’, p.9.

economic crisis had led to Serbia's 'anti-bureaucratic revolution' of 1988-1989.<sup>149</sup> Conversely, Bosnian workers – though also involved in strikes in 1987-1988 – were much more prone to favour Marković's reform project.

A Yugoslav-wide survey carried out in 1990 later confirmed this support. The data reported that Marković and his leadership had received widespread support in Bosnia, where 56% of the population surveyed believed that pluralising ownership was a good solution. Interestingly, this survey also showed that there was almost unanimous agreement on a stricter work discipline in the workplace. Interviewees were divided on how to solve the economic crisis; solutions such as 'to change attitude towards work, introduce a market economy, or seek expert advice or support the development of SMEs' scored similarly (all between 12-18%).<sup>150</sup> Here, workers understood 'market economy' more in terms of trade than labour competition. Within Energoinvest, for example, the company's market presence was considered beneficial with respect to the trade opportunities it entailed; in fact, these had brought stability and higher wages to workers in comparison to their colleagues in other companies. Hence, they were more prone to favour market reforms, as 'the market' was what had brought success and stability to their company.

The management recognised workers' requests for change and reform in the workplace. Jakob Finci, who at the time was the president of the union within Energoinvest, explains the dialogue between management and workers as follows:

'In the late 1980s, we started to change that attitude of the people. That is: that you are important, as a company we will support you and give you everything, but you should understand that we as a company should change a little bit and you should support this. And the usual answer was "yes, why not? as far as I am feeling good, I have everything that I need; I have a free apartment, I have a chance... so why not support Energoinvest to change what

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149 Archer proposes that this was not just a Serbian phenomenon, but it occurred in Croatia as well, see Rory Archer. "Antibureaucratism as a Yugoslav Phenomenon: The View from Northwest Croatia." *Nationalities*, Forthcoming.

150 'Yugoslav Survey: A Record of Facts and Information.' *Beograd: Jugoslavenski Pregled*, Vol. xxxi (3), 1990, p.53.

the company thinks needs to be changed?” [these were our ways] to almost influence the workers to vote for such decisions. So these decisions had not been imposed on anyone, all the decisions had been made through the workers’ will. How we achieved these workers will, that is another question.<sup>151</sup>

Managers viewed reforms pragmatically, as an opportunity to re-shape workers’ attitudes towards work, while keeping them on board with the reform project with the promise of shareholding. Here, they picked up their employees’ demands for shareholding in connection to motivation in the workplace. Since managers were familiar with reformers’ groups, they would often bring these ideas to the discussions table.

In fact, in the late 1980s, managers at Energoinvest started working in close collaboration with the Reforms Commissions under the Mikulić and Marković government. Already at the end of 1988, the vice president of the Federal Executive Council Janež Zemljarič visited Energoinvest and UNIS, where he met with the general managers and discussed plans for reform. It was not unusual for reformers at the time to draw upon feedback from large enterprises, to verify whether reforms were proceeding on the right path. As Zemljarič declared, such discussions between the federal government and managers of large enterprises (like Energoinvest) ‘will allow bringing an improvement regarding liquidity, motivation of workers, and accumulation, and this will lead to further stabilisation’.<sup>152</sup> These meetings between federal officials and company directors were very frequent and were the spaces where Marković’s team had the opportunity to test and discuss reforms ideas with entrepreneurs.<sup>153</sup> In giving their support, directors were also speaking on behalf of their companies and workers’ councils. For instance, in July 1990, after one of these meetings, the government issued a statement noting that Marković had the support of Yugoslavia’s general directors.<sup>154</sup>

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151 Jakob Finci, Interview with author, Sarajevo, 08.03.2016.

152 “Podrška Promjenama”, *Oslobođenje*, September 24 1988, p.3.

153 In October 1990, for example Marković’s vice president and Slovenian economist met with entrepreneurs, including Energoinvest’s finance director Žarko Primorac, to discuss about reforms. “Hod do mukama etatizma”, *Oslobođenje*, October 13 1990, p.3.

154 T.C. “Direktori uz Vladu”, *Oslobođenje*, September 19 1990, p.1.

Moreover, the political and ideological affinity that Energoinvest's managers felt towards the Marković government derived also from biographical proximity. As remarked in all the interviews with managers, Marković was primarily an entrepreneur. This professional expertise, together with his political inclination and his idea of 'new socialism', was appealing for managers and workers alike. As his collaborator and Energoinvest manager Žarko Primorac recalls:

'Yes, Ante Marković was a partisan, was a communist, was all these things, but he was a man who worked with the world [economy] his whole life, he looked differently at the development of the country'.<sup>155</sup>

Marković's professional familiarity with management cadres in Energoinvest granted him their sympathy and support for his project.

Thus, the transformations translated into legislation by reformist governments were not just imposed from the top-down. Instead, reform-oriented managers appropriated translated them within the company, following its specific corporate identity. Top managers of major enterprises like Energoinvest (but also Energoprojekt, Crvena Zastava and others) were actively involved in the drafting of economic reforms of 1988-1991.

Both government institutions and enterprises, thus, developed a discourse of gradual reformism, which would further open the Yugoslav economy to market principles. Here, too, the re-shaping of individuals given the new market mechanisms proposed by reforms resonated with the management, aware that the workforce also demanded a change in this direction. In 1988, for example, the company's General Director Dragutin Kosovac – who had been president of the executive council of Bosnia and Herzegovina between 1969 and 1974 – joined the Mikulić's Commission for Reform; here, he promoted these changes as the initial steps of a much longer path towards economic transformation. Afterwards, top cadres, particularly economists such as Žarko Primorac (President of Energoinvest's group for the coordination and implementation of reforms) or Hakija Turajlić (General Director at Energokomerc) worked in

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<sup>155</sup> Žarko Primorac, Interview with author, Zagreb, 16.03.2016.

tandem with the working groups in the Federal Executive Council tasked with the implementation of reforms.<sup>156</sup> Moreover, Kosovac and Primorac were part of the Bosnian Republic Council for Economic Development and Economic Policy. Within this body, they discussed how to proceed further with marketisation, and how to motivate workers to work more efficiently.<sup>157</sup> Professor Žarko Papić, an economic advisor in the Federal government during the second half of the 1980s, remarked that:

‘Energoinvest and other big companies had an impact, literally the most direct impact, not only on concrete issues but on economic policies...it was completely normal that the prime minister would receive a delegation of those large firms, who would tell him what was working, and what was not and so on...’<sup>158</sup>

This view further confirms that there was direct contact between large enterprises, economic reformers and the federal government. The latter would rely on consulting managers of large enterprises on economic development issues.

Beyond the closeness of managerial groups to reformist groups and political elites, large exporting firms like Energoinvest had a significant power to shape politics because of their importance for Yugoslavia’s global economic integration. These companies were in fact pillars of the current economic system but had also shown to have the potential to innovate and carry out transformations that would be beneficial for further economic development.

Hence, when Marković proposed that companies would be privatised gradually by selling shares internally to the workforce, he knew he could count on workers and managers: both had shown their support for his reformist agenda. He responded to their demands in two ways: firstly, by re-organising

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156 Ko. D., ‘Radne grupe za praćenje privredne reforme’, *Energoinvest List*, num. 941, October 31 1988, p.2.

157 VIII Sjednica Republičkog Društvenog Savjeta za Privredni Razvoj i Ekonomsku Politiku, Sarajevo 10 November 1988. Republički Društveni Savjet za Privredni Razvoj i Ekonomsku Politiku, Folder 51, Državni Arhiv Bosne i Hercegovine.

158 Žarko Papić, Interview with author, Sarajevo, 18.05.2016 and 22.06.2016.

labour relations and decision-making in the workplace in a way that would also appeal to workers' demands; secondly, by formalising workers' position as owners. As a result, the workers' councils of each Energoinvest company voted in favour of transforming social ownership into workers' shareholding.<sup>159</sup>

While the company's journal reported the legal and organisational transformations occurring within the company, oral history interviews with the management and workforce provide further insight into the ideas and motives that led managers to advocate for the implementation of reforms in such a fashion. According to the managers active during the Marković reforms, the rationale for introducing workers' shareholding was partly a pragmatic choice in order to secure workers' consensus, and partly in line with the principles of New Socialism.

To this day, managers position themselves as having been at the forefront of a reforms project that – according to them – could have been a turning point in the fate of socialist Yugoslavia. They present their viewpoint as staunch supporters of a social-democratic change that would have transformed, rather than diminished, workers' role in their company. For example, Mirsad Kapetanović, deputy manager of the research institute IRCE reflects:

'I belong to a generation who honestly believed that self-management and that system where the direction should have been towards that kind of privatisation, that the worker buys the shares so that it would not be social ownership but something similar, and then the workers would be owners of their factory. And the relation between managers and workers was without much distance anyway...we were colleagues who work similar jobs. For example, even when we went abroad for business trips we would choose some place to eat that would be cheap, so everybody could go. Everybody was valued, had his or her dignity'.<sup>160</sup>

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159 Informativni Glasnik Energoinvest s.p (Energoinvest Statute), *Energoinvest List*, 27 December 1990, p.1-2; according to a member of the union at the time, this organ worked with the government and the institutions at the time in order to explain to people the social and economic changes that were occurring. Edhem Biber, Interview with author, Sarajevo, 13.06.2016.

160 Mirsad Kapetanović, Interview with author, Sarajevo, 12.05.2016.

Moreover, Energoinvest's late-socialist managers view themselves as having been forerunners of a reform process characterised by mediation and gradualism. Educated according to Energoinvest's managerial philosophy of what could be defined as 'entrepreneurialism with a human face', they strived to increase the company's efficiency according to methods embedded in the self-management practice.

Žarko Primorac, economist and then a member of the Federal Commission for the revision of the law on associated labour (the commission tasked with reforming companies' internal organisation) recalls that:

'nobody thought that on that basis the enterprises would become privately owned. We were thinking about something else, how we would develop like other countries. [...] we thought that the companies must be more efficient (*efikasnije*). You cannot regulate through a law that someone would be more efficient, and you cannot prescribe any regulation, the only thing that you can think of is some form of economic instrument, which will make me, or any other person, interested in being more efficient. And that is how we reached the terms, conditions and instrument which was called internal shares'.<sup>161</sup>

Even after two decades since the dissolution of socialist Yugoslavia, and thus free from the political constraints of the time, managers find it difficult to describe their reforming effort as one of capitalist-like privatisation. Instead of attributing this choice of method strictly to political constraints, managers thought of workers' shareholding as a central reform that would introduce a new type of economic motivation, and thus get rid of 'non-work' – a demand that workers had voiced as well. Here, managers' narratives are still imbued with the reforms' discourse of the late 1980s and still contribute to an understanding of the Marković reforms as the 'last chance' to reform Yugoslavia and prevent its collapse.

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<sup>161</sup> Žarko Primorac, Interview with author, Zagreb, 16.03.2016.

Similarly, in their current testimonies workers make sense of their support for the Marković reforms precisely by linking his proposal of workers' shareholding with their feeling of attachment and ownership of their factories. It was in this moment that their sense of attachment to their workplace was codified and recognised in legal terms. For them, it made sense that workers would be co-owners of their factories, as this resonated the most with their understanding of what social ownership was meant to be, and what, in turn, workers' role in the workplace was. Mustafa was a member of the company's union since his first employment in Energoinvest in the mid-1970s; he remembers how the Marković model

'was a very positive step. We accepted that in Energoinvest, and we registered the shares, we took part of our salary and took share-participation in Energoinvest. That was a good solution, of course. The worker, the householder (*domaćin*) will be better at keeping his own house [than the state]. It would have been better like that.'<sup>162</sup>

This kind of remark is persistent amongst workers interviewed about that period, and it reveals a common narrative of the Marković reforms as a transformation that gave factories to their rightful owners. Regardless of management rights, the past understanding of Energoinvest as belonging primarily to 'Energoinvestovci' still lingers.

For a long time, workers had understood themselves as owners of their factories, encouraged by the socialist definition of 'social ownership' as something that belonged to them. This transformation was a step further, a legal recognition of their role as collective co-owners not only of the means of production but of the capital produced as well. It was a recognition of their self-identification as workers-owners. Asim, a machine worker in TDS-Sarajevo, recalls:

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<sup>162</sup> Mustafa Jugo, Interview with author, Sarajevo, 23.06.2016.

‘And that [reform] was ok, because it was a contribution from the workers. Because we made these factories, I have made this factory myself, it has been built while I was working here. We allocated a part of our salaries for the construction of these factories, for their development. And so it was normal that I should have some participation in it, and that is why I got those shares. We wanted to be co-owners. Those shares were mine, so if the factory decided to sell them I would be a shareholder, and I would get a percentage of that.’<sup>163</sup>

Hence, the workforce in Energoinvest saw in shareholding a further opportunity to accumulate additional resources, in a context of significant financial instability. As Dževad, an engineer in a profitable Energoinvest factory remarked:

‘People thought that they would receive some benefits in a certain way, that they will be owners, and that they would be richer. It was not really whether a director or the state would be in a management position; they rather thought that through their ownership they would be a bit richer.’<sup>164</sup>

Workers in Energoinvest were conscious that their earnings (part of the company’s profit) were reinvested in the company. It was this crucial element, rather than whether or not they managed their factories, that ultimately fostered a sense of ownership in their own company. Conversely, they were glad to leave the responsibility of management to competent hands.

Workers accepted the discourse of gradualism and appropriated the idea of a ‘third way’ transformation of socialism in the workplace. The re-definition of property as belonging to the individual worker-shareholder, rather than the wider society, was thus completed on a variety of levels: not only the reforms and managers sanctioned it, but also employees internalised the new reconceptualisation of industrial property as advocated by reformists.

Shareholding formalised workers’ position as workers-owners-self-managers. It was in this moment that the workplace became a space for identity

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163 Asim, 2016.

164 Dževad, Interview with author, Sarajevo, 16.12.2016.

re-shaping, as workers became owners of (formerly social, now private) capital. Workers translated their attachment to the company into ownership, where still the collective of shareholders would be the main owner of the company. It was in this pivotal moment that the formulation workers-owners was established and diffused amongst the workforce. This workers-owners identity emerged in this context and resulted from the combination of top-down and bottom-up processes. As we will see in the next Chapters, its centrality within the market and privatisation reforms would shape the expectations and reactions workers had towards the privatisation reforms that followed the conflict of 1992-1995.

## **2.6 Conclusion**

In the late 1980s, the self-managed workplace increasingly became a space where workers' identities were shaped according to new ideas of how should enterprises be organised. In Energoinvest, managers sought to give incentive to workers by mobilising their Yugoslav and corporate identity, while at the same time encouraging their self-understanding as individual workers, producers, and owners in a market-oriented economy. Far from passively accepting or rejecting these changes, workers too debated their own role within the workplace and started to discuss their productivity; this contributed to shaping the reforms in a way that would actualise workers' attachment to their companies and the feeling of ownership towards their factories.

In this context, workers internalised market principles – or in fact the idea of the market and the idea of social-democratic privatisation. They accepted reforms because they resonated with the specific values and ideas that they held of their own company and position within society. Firstly, market relations, as well as idealisations of the market, existed in socialist Yugoslavia. Secondly, ideas of motivation, efficiency and responsibility pertained the socialist workplace, and workers viewed them as compatible with reformed socialism rather than a transition to capitalism. Thirdly, workplace identity was not only a residual of orthodox socialist ideology, but it drew upon Yugoslav internationalism, market idealism, and the 'socialist corporate culture' of Energoinvest. Rather than pushing for the abandonment of socialism, workplace identity was mobilised in order to legitimise its reform.

While workers criticised the official socialist jargon of ‘social property’ (*društvena svojina*) as something that did not match their daily experience of their workplace, they still conceptualised property not just as a private right of the individual, but as a right of *individual workers belonging to a collective*. Workers felt entitled to ‘social ownership’, albeit recognising it was a fuzzy (legal) category – neither private, nor public, nor collective. Therefore, social ownership engendered certain expectations, rights, modes of behaviour, as well as social and labour identities. No matter how critical workers were towards self-management, ‘non-work’ and unproductivity, they still used their understanding of ‘work’ and ‘ownership’ – embedded in Yugoslavism, socialist ideals and specific corporate culture – in order to influence the process of privatisation. In a certain way, they had internalised these notions and adapted them to their worldview.

Marković’s project of new socialism was, to their eyes, the right combination of innovation and tradition. It gave breadth and legitimacy to their views, and moulded their identity as late-socialist workers-owners: critical towards the dogmatism of self-management, and yet unwilling to embrace liberal ideas of individual private property and labour market competition. Ultimately, this is what shaped their expectations and reactions towards market and property reforms that followed in the late 1990s.

### III. Workers' identity and the Bosnian conflict (1992-1996)

#### 3.1 Introduction

This Chapter focuses on the impact that the dissolution of Yugoslavia and the following ethnic conflict had on large enterprises undergoing reforms. It proposes to look at the ethnic conflict from the bottom-up perspective of a large 'Yugoslav' company (Energoinvest), which provides a compelling story about the reframing of (collective) identities in moments of ethnic polarisation. During the conflict, workers became 'fighters', 'warriors' defending their homeland and workplace; this hyphenated identity overlapped with that of workers as 'owners' of their factories, a feature of the 'socialist corporate culture' discussed in the previous Chapter, and further consolidated after the Marković privatisation reforms. As we shall see, this created a complex set of expectations amongst workers' groups and shaped the way they approached re-employment after the conflict. Moreover, it altered the nature of the post-conflict workplace and, eventually, the very ways in which post-war privatisations came about.

The literature on the collapse of socialist Yugoslavia and the war in Bosnia can be divided into two broad groups. The first analyses the causes of the Yugoslav dissolution in relation to the rise of ethnonationalist politics. This literature mostly produces historical arguments that highlight how the Yugoslav equilibrium of decentralised political and economic powers was an unstable one; this literature suggests that the Party's policy of silencing ethnonationalist grievances – or neutralising them with the promises of socio-economic prosperity – was bound to fail under the pressure of a combined social, economic and political crisis.<sup>1</sup> The second group investigates the Bosnian conflict as an ethnic one and argues that the Dayton peace agreement de facto

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<sup>1</sup> Lydall, *Yugoslavia in Crisis*; Carl-Ulrik Schierup. *Scramble for the Balkans: Nationalism, Globalism and the Political Economy of Reconstruction*. Basingstoke: Macmillan, 1998. Meier, *Yugoslavia: A History*.

legitimised the ensuing ethnic polarisation.<sup>2</sup> These works tend to view this period as the triumph of ethnonationalist logic and focus primarily on the ethnopolitical nature of the conflict, the polarising agency of nationalist parties, and the mobilisation of historical and political grievances that overlapped with the ethnic ones.

Both these bodies of literature understand ethnic fragmentation during the Yugoslav break-up as a phenomenon that involved nationalist parties and large political masses, (de)mobilised by nationalist rhetoric. Here, the political and cultural élites are held responsible for the polarisation of former Yugoslav societies along ethnic lines, and for seeking to maintain control through the activation of fears of ethnic annihilation that mobilised ethnic animosities.<sup>3</sup> These studies sometimes 'overestim[at] the importance of national identities at the expenses of other (non-national) factors'.<sup>4</sup> Moreover, top-down approaches have left out spaces of everyday life interaction between ethnic groups, or have included them as examples of rising ethnic tensions in a collapsing Yugoslavia. In this context, the workplace as a space of identity formation and negotiation of ethnic identity is only marginally taken into account.

Studies that do include workers' identity in the analysis of nationalism in collapsing Yugoslavia are often conflicting. Some maintain that the economic and political crisis of the late 1980s led to a return to tradition within the Yugoslav society, which in turn implied a resurfacing of ethnic grievances amongst workers-peasants. Conversely, recent analyses have sought to counter the view of the working classes as masses easily mobilised by the nationalist rhetoric of the 1990s, arguing that nationalist parties co-opted class

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2 Mitja Velikonja. *Religious Separation and Political Intolerance in Bosnia-Herzegovina*. College Station, Texas: Texas A&M University Press, 2003. Magaš, *The Destruction of Yugoslavia*, p.82; Gagnon, *The Myth of Ethnic War*, p. 134.

3 According to Anthony Oberschall. 'Social Movements and the Transition to Democracy.' *Democratization* 7, no. 3 (2000): 25–45; Boris Bizumić. 'Theories of Ethnocentrism and Their Implications for Peacebuilding.' In *Peace Psychology in the Balkans: Dealing with a Violent Past While Building Peace*, edited by Olivera Simić, Zala Volčić, and Catherine R. Philpot, 35–56. London: Springer, 2012, p.46; see also Steven Majstorović. 'Ancient Hatreds or Elite Manipulation? Memory and Politics in the Former Yugoslavia.' *World Affairs* 159, no. 4 (1997): 170–82.

4 Jansen, 'Remembering with a Difference', p.193.

grievances.<sup>5</sup> While these analyses' end-point is usually the collapse of Yugoslavia, this Chapter seeks to go beyond this and look at the conflict years from a labour-identity perspective.

Finally, studies on post-Dayton Bosnia have analysed inter-ethnic divisions and the fragmentation of the Bosnian society, focusing on rural and urban communities, divided neighbourhoods, or cities.<sup>6</sup> Here, the (im)possibility to return to one's previous home, community, or network is brought as evidence of the challenges of ethnic (re)integration in post-war Bosnia.<sup>7</sup> This focus betrays a rather narrow view of ethnicisation in post-socialist Bosnia as a transformation that affects only certain aspects of everyday life (home, neighbourhood life, education, family and friendship) but not others (for example employment).<sup>8</sup>

However, post-Dayton Bosnia is a society where the institutional framework has affirmed ethnic identities at the expense of other forms of self-identification, for example, class. As much as ethnic, national, religious, gender and class identity intersected in socialist Yugoslavia, so they did in war and post-war Bosnia. Though this might seem self-evident, it is an aspect often overlooked in the literature on post-Dayton Bosnia, where labour and class 'identity' are seldom brought in the analysis (other than to illustrate the problematic socio-

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5 See, for example: Carl-Ulrik Schierup. 'Quasi-Proletarians and a Patriarchal Bureaucracy: Aspects of Yugoslavia's Re-Peripheralisation.' *Soviet Studies* 44, no. 1 (1992): 79–99; Bougarel, *Bosnie, Anatomie d'un Conflit*, p.113; Goran Musić. "They Came as Workers and Returned as Serbs': The Role of Rakovica's Blue-Collar in Serbian Social Mobilizations of the Late 1980s.' In *Social Inequalities and Discontent in Yugoslavia*, edited by Igor Duda, Paul Stubbs, and Rory Archer. Oxon - New York: Ashgate, 2016.

6 Bakke, Ward. 'Social Distance in Bosnia-Herzegovina', p.231; Cornelia Sorabji. 'Bosnian Neighbourhoods Revisited: Tolerance, Commitment and Komšilik in Sarajevo.' In *On the Margins of Religion*, edited by Frances Pine and Joao Pina-Cabral, 97–112. Oxford: Berghahn Books, 2008; John O'Loughlin. 'Inter-Ethnic Friendships in Post-War Bosnia-

Herzegovina: Sociodemographic and Place Influences.' *Ethnicities* 10, no. 26 (2010): 26–54.

7 For example, Monika Palmberger. 'Practices of Border Crossing in Post-War Bosnia and Herzegovina: The Case of Mostar.' *Identities: Global Studies in Culture and Power* 20, no. 5 (2013): 544–60; Paula M. Pickering. *Peacebuilding in the Balkans: The View from the Groundfloor*. Ithaca, United States: Cornell University Press, 2007.

8 Cathie Carmichael. 'Violence and Ethnic Boundary Maintenance in Bosnia in the 1990s.' *Journal of Genocide Research* 8, no. 3 (2006): 283–93; Gearóid Ó Tuathail and Carl Dahlman. 'The Effort to Reverse Ethnic Cleansing in Bosnia-Herzegovina: The Limits of Returns.' *Eurasian Geography and Economics* 45, no. 6 (2004): 439–64.

economic conditions citizens face as a result of the war and slow post-war economic recovery).<sup>9</sup>

Beyond the Bosnian case, the intersection between ethnicity and class as articulated and developed in workplaces has remained under-researched in the studies of ethnonationalism in post-socialist countries.<sup>10</sup> In fact, both in the former Yugoslavia and post-Soviet regions, research has tended to be divided between works on labour and post-socialist working classes on the one hand, and works on the ethnonationalisation of society on the other.<sup>11</sup> This Chapter contributes to filling this gap (for the Bosnian case), with an approach that can have ramifications for the broader study of the topic in Eastern Europe.

As the Chapter argues, workers' labour and class identity did not fade during the ethnic conflict but became entangled with ethnic tropes. As the conflict escalated, workers' self-identification as guardians of the workplace (which pre-existed ethnic polarisation) became increasingly relevant for workers' self-positioning in a new political context. Since workers were recruited as soldiers-warriors-fighters in increasingly ethnically defined armies, their hyphenated identity as 'workers-warriors' became ever more articulated in ethnic terms. Here, the ethnicisation of society and social relations was partly reproduced in workplaces, where however it overlapped with workers' labour identity. Parallel to this, *workplaces* were ethnicised. The war caused a geographical division of the country, which fragmented companies along ethnic lines. In our case, this

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9 Nikolaos Tzifakis and Charalambos Tsardanidis. 'Economic Reconstruction of Bosnia and Herzegovina: The Lost Decade.' *Ethnopolitics: Formerly Global Review of Ethnopolitics* 5, no. 1 (2006): 67–84; Gligorov, Vladimir. 'Socialism and the Disintegration of SFRJ.' In *Slovenia: From Yugoslavia to the European Union*, edited by Mojmir Mrak, Matija Rojec, and Carlos Silva-Jáuregui, 15–31. Washington: The International Bank for Reconstruction and Development, The World Bank, 2004.

10 Here i borrow loosely from identity theory (Sheldon Stryker and Peter J. Burke. 'The Past, Present, and Future of an Identity Theory.' *Social Psychology Quarterly* 63, no. 4 (2000): 284–97, p.287,290; and from intersectionality theory Hancock, Ange-Marie. 'When Multiplication Does not Equal Quick Addition: Examining Intersectionality as a Research Paradigm.' *Perspectives on Politics* 5, no. 1 (2007).

11 Grdešić, 'Mapping the Paths', p.133-134. all discuss the unmaking of the South and Eastern European working classes; most notably, Kideckel views ethnicity as a full replacement for the cult of labour in post-socialist Romania, in: Kideckel, 'The Unmaking of Working Class.', p.128.

led to a re-configuration of different branches as ‘Bosnian’ or ‘Serb’ Energoinvest.

Moreover, due to this fragmentation, and because of workers’ internalisation of their identity as *veterans*, in the post-war context workplaces became a space of normalisation of an ethnic discourse of exclusion. This normalisation, as the Chapter will finally illustrate, was particularly evident in relation to issues of (re)employment in the post-war context. The internalisation of a worker-warrior-veteran identity and the ethnicisation of workplaces – which emerge clearly from a close-up, detailed study of a workplace during ethnic conflict – became a critical factor that shaped how workers envisioned access to employment and privatisation in the immediate post-war period. The conflict contributed to re-shape, rather than to eradicate, the corporate culture and workers’ collective identity within Energoinvest.

This Chapter contributes to the general literature on post-socialist workplaces and the diffusion of ethnonationalism by highlighting the connections and overlaps between these two processes. As the Chapter claims, the urban workplace was a space of ethnicisation, but not of the kind we have usually understood – characterised by top-down, openly conflictual ethnic and ultranationalist tension. Rather, it was marked by a ‘silent’ ethnicisation, i.e. a process of internalisation of ethnic tropes by workers’ groups who were *also veterans*.

### **3.2 The descent into war: creeping nationalism and workers’ anti-nationalist stand**

As the previous Chapter argued, large Yugoslav corporations like Energoinvest had been important sites for the articulation of internationalism and ‘Yugoslavist’ ideals before the war. In such companies, the development of a ‘socialist corporate culture’ had fostered amongst workers a sense of attachment not only to their factory and own workplace but to the idea of internationalism, engagement and success in the global market. Moreover, it had encouraged a sense of solidarity amongst workers across ethnic groups and republican boundaries. In a survey carried out across Yugoslavia at the beginning of 1990, Bosnian respondents understood their Yugoslav identity as

also connected with loyalty to supra-nationalism. Most respondents characterised relations between members of different national groups as being good in the place of work. The majority of Bosnian workers interviewed in the survey defined these inter-ethnic workplace relations as very good or satisfactory.<sup>12</sup>

Energoinvest as a socialist corporation had championed the Yugoslavist idea of a labour force united by work and undivided by nationalism or ethnicity. For example, there were yearly pan-Yugoslav sports games for its workers (Energofis), and employees would hold celebrations for Labour Day involving workers from different factories. Moreover, throughout the whole decade of the 1980s, the journal held special issues for the commemoration of Tito's death (4<sup>th</sup> of May, 1980), republishing parts of his most famous speeches on Yugoslavia, socialism and 'Brotherhood and Unity'. As an example, in an article titled 'Tito's words – the words of the future', the paper remarked the importance of rejecting the 'theories of one single ruling nation [meaning people, or ethnic group], as they are something that is anti-Marxist and anti-Leninist'.<sup>13</sup>

The journal often reported on exchange visits of factory representatives from different Yugoslav republics; these had economic purposes, but also functioned as reminders of the inter-ethnic and inter-republic solidarity that existed in Energoinvest. For example, in 1988 an article reported a speech from a delegate of Energomontimi (a factory of the Energoinvest group in Kosovo) who praised the work ethic and inter-ethnic equilibrium of its Albanian, Serb, and Roma workers; as stated, this was a symbol of 'the unity of Energoinvest, which is known in every corner of Yugoslavia'.<sup>14</sup> As the reporter noted, 'People have applauded this speech, which means that they know how to value what a healthy collective means for the strengthening of the Yugoslav unity'.<sup>15</sup>

While the journal had at times propagandistic tones, it also reported workers' voices, who maintained similar views over the ethnonational relations within

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12 'Yugoslav Survey: A Record of Facts and Information.' *Beograd: Jugoslavenski Pregled*, 1990, p.58.

13 'Titove Riječi – Riječi Budućnosti.' *Energoinvest List*, num. 964, April 26, 1989, p.2

14 Šarić, Faruk. 'Zajedništvo Ne Smije Biti Parola.' *Energoinvest List*, num. 937, October 3, 1987, p.4.

15 Ibid.

their workplaces. A factory worker in the northeastern town of Gradačac declared at the time to the factory newspaper:

‘in our factory [...] there’s a multinational composition of citizens. And because of this, in this environment, we never had national excesses. I am concerned when I see those who mislead people and nations. It hurts my soul when I read that Tito and the League of Communists are blamed for this situation because it is not true’.<sup>16</sup>

Here, workers’ voices – perhaps carefully selected – were published to demonstrate the feeling of pan-Yugoslavism from below.

The workforce and management in Energoinvest had taken pride in the shared values of international engagement, Yugoslavism and anti-nationalism, and still strived to show their rejection of escalating nationalist tones. Large industrial companies, and especially those that spread across the Yugoslav federation, had been a vital socialisation device for the spreading of the Yugoslav *workerist*<sup>17</sup> national identity and the solidarity principle of ‘Brotherhood and Unity’ amongst the working classes. As such, they were important areas for the diffusion of anti-nationalist tendencies.<sup>18</sup>

Cherishing a Yugoslavist anti-nationalist and supra-nationalist view was no prerogative of just Energoinvest, nor just industrial workplaces.<sup>19</sup> Diverse groups of citizens and activists across Yugoslavia were demonstrating their dissent towards the country’s rapid descent into nationalist chaos in 1991 and 1992, taking to the streets in protest.<sup>20</sup> However, similar to Serbia and Croatia, nationalist political elites interested in an ethnic homogenization of the country

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16 ‘Niko Nas Neće Zavadići’ *Energoinvest List*, num.1008, April 25, 1990, p. 11-12.

17 I understand ‘workerism’ in its broad sense as a tendency to glorify or idealise the working classes and manual labour, which was common in socialist Yugoslavia. I do not understand workerism as the political philosophy of ‘Operaismo’.

18 Musić, ‘They Came as Workers ...’, p.34-35. Musić, ‘The Self-Managing Factory’, p.205.

19 These were in fact issues already discussed in academic literature, see: George Klein. ‘Workers’ Self-Management and the Politics of Ethnic Nationalism in Yugoslavia.’ *Nationalities Papers: The Journal of Nationalism and Ethnicity*, 5, no. 1 (1977): 1–21.

20 Ljubica Spaskovska. ‘Landscapes of Resistance, Hope and Loss: Yugoslav Supra-Nationalism and Anti-Nationalism.’ In *Resisting the Evil, [Post] Yugoslav Anti-War Contention*, edited by Bojan Bilić and Vesna Janković, 7:37–62. Southeast European Integration Perspectives. Nomos, 2012, p.48.

sought to demobilise the democratic and anti-nationalist opposition that stemmed from civil society.<sup>21</sup>

The first multi-party elections in 1990 signalled the victory of nationalist parties across the Yugoslav Federation, which began to crumble under growing secessionist pressures from political elites in the different republics.<sup>22</sup> Democratically elected governments in Slovenia and Croatia pushed for independence and opted out of the Federation in 1991. In Bosnia the situation was particularly complex, as the country was characterised by an ethnically mixed population of 43.5% 'Bosnian Muslims', 31.2% 'Serbs', 17.3% 'Croats' and 5.5% 'Yugoslavs'.<sup>23</sup>

After 1990, none of the nationalist parties that represented each of the three main ethnic groups had obtained an absolute majority, nor was willing to rule in coalition with others. When the Yugoslav National Army sided with Serbia and responded to Croatia's independence with an armed conflict, it was clear that the conflict would extend to multi-ethnic Bosnia, especially after the country held its independence referendum in March 1992.<sup>24</sup> National media started reporting ethnic-related incidents, with episodes of vandalism of monuments with ethnonationalist slogans, or workers going on strike to protest against ethnic-based nepotism.<sup>25</sup>

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21 As it is argued in Gagnon, *The Myth of Ethnic War*, 132-133.

22 Ramet, *The Three Yugoslavias*, pp. 378-379.

23 Data from the last Yugoslav census of 1991, Zavod za statistiku Bosne i Hercegovine - Bilten no.234, Sarajevo 1991, p.44.

24 The ensuing war of 1992-1995 would result in an incalculable loss in terms of human lives, infrastructure, heritage and economic assets. Though the numbers vary greatly according to sources and studies, it was estimated that between 97 thousand (civilians) and 200 thousand people (including soldiers) have disappeared or have lost their lives in the Bosnian conflict, with almost 1.3 million people who were granted the status of refugees. <https://iwpr.net/global-voices/bosnias-book-dead>; Moreover, 'the net loss to the country (i.e. war losses + those living in exile outside Bosnia-Herzegovina) amounts to some 1.6 million people, or 35% of the projected 1995 population, while the gross loss (including also refugees living within the country but outside their domicile area) amounts to 2.2 million people, or 49% of the projected 1995 population.' Murat Praso. 'Demographic Consequences of the 1992-95 War.' Bosnian Institute, 1996, <http://www.bosnia.org.uk/bosrep/juloct96/demwar.cfm>. Accessed on 11 March 2018.

25 As it was the case for the workers of Fočatrans, in the South-Eastern town of Foča (now Republika Srpska), who went on strike accusing their boss of nepotism; according to the press at the time, Muslim employees abandoned the strike after rumours that their (Serb)

In this context, some worrying signals started emerging in Energoinvest factories too, particularly in ethnically mixed communities such as Mostar (35% Bosnian Muslim and 34% Bosnian Croat) or Zvornik (59% Bosnian Muslim and 38% Bosnian Serbs).<sup>26</sup> For example, in Zvornik – a city at the border with Serbia – Energoinvest had a range of extraction mines and factories. Here, the nationalist and military escalation of 1992 had created tensions amongst the population, and it had negative consequences for the import-export between Bosnia and neighbouring Serbia.<sup>27</sup> Employees often wrote on the pages of the company's journal about the difficulties they were experiencing in an increasingly fractured community. These letters and articles mostly appealed to their fellow workers and citizens to maintain the spirit of brotherly togetherness that had characterised their city.<sup>28</sup>

Here, the company even organised an evening with music, food and celebration called 'Hajde da se družimo' (Let's hang out), bringing together 300 workers from all the factories of Zvornik and Mali Zvornik (on the other side of the river Drina, in Serb territory), to show that 'the Drina does not divide people'.<sup>29</sup> This initiative was in defiance with the increasingly toxic nationalist rhetoric that was affecting communities across Bosnia, and it is evidence that the workplace was indeed a space where national tendencies and supra-national identities were produced and contested.

To this day, workers recall how the situation had become growingly tense. Technician Munevera, employed in Energoinvest's central branch in Sarajevo, recalls:

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colleagues were targeting the director because of his Muslim origin. Anđelić, *Bosnia-Herzegovina: End of a Legacy*, p.176.

26 Zavod za statistiku Bosne i Hercegovine - Bilten no.234, Sarajevo 1991.

27 'Blokade Vode u Kolaps', *Birač – List Radnika Preduzeća*, num.113, March 25, 1992, p.1.

28 Cvjetko Cvjetinović. 'Otvoreno Pismo', *Birač – List Radnika Preduzeća*, num.112, February 12, 1992, p.5 'Paralele', *Birač – List Radnika Preduzeća*, num.113, 25 March 1992, p.4; 'Kuće Pored Linije', *Birač – List Radnika Preduzeća*, num.113, 25 March, p.7; the author of this article remained anonymous, but specified that he thought that it was 'absolutely irrelevant whether he was a Serb, Croat, Muslim, or maybe Bulgarian'.

29 'Veće za Pamćenje', *Birač – List Radnika Preduzeća*, num.113, March 25, 1992, p.3.

'Right before the war, we saw that things started to be divided, that groups started to separate...I want to say, the orthodox [Serbs]. For example, there was a woman, a colleague of mine, I found here nice, and I made an effort for her to get a job with us [...] she had two kids, so I thought, come on, let's help her out. Afterwards, we were in the same hierarchical position, except I had been there for longer. One day she asked me quite abruptly: "Come on, do some photocopies". To me? I left it there, but that is how that group started to separate. A kind of impatience appeared and we could feel that atmosphere. [...]I do not want to speak in national terms, but ... for example my boss, who was a Muslim, was supposed to go on a business trip, but our new director, a Serb, sent his own cousin instead!'.<sup>30</sup>

In her account, Munevera stressed many times that she did not want to discuss workplace relations strictly in ethnic terms, something that has been very common in all the interviews I collected with workers. Munevera has been the only interviewee to discuss openly ethnic frictions in the workplace before the war. In a group interview with workers from the factory TDS in Sarajevo, a factory worker hinted at divisions amongst workers before the war but was quickly silenced by his colleagues and defined 'a drunk'.<sup>31</sup>

Most of the workers interviewed for this study chose to recall their workplaces before the war as spaces of harmonious ethnic coexistence, where 'nobody cared what your surname was'. Branimir, for example, was a technician in the RAOP factory in Lukavica (now East Sarajevo). He recalls how he would go to play handball with other workers of Energoinvest, to train for the pan-Yugoslav games 'Energofis'. As he put it,

'I did not know their surnames, I knew that one was 'Haso' for example, but I did not know or did not care that 'Haso' meant 'Hasan' [a typically Muslim name]. In our factory, for example, half of the workforce was Serb; the other

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<sup>30</sup> Munevera, Interview with author, Sarajevo, 26.03.2016.

<sup>31</sup> Workers of TDS collective interview, Interview with author, Sarajevo, 17.02.2016.

half was Croat and Muslim. I do not remember there being frictions before the war'.<sup>32</sup>

Dževad recalls that, as a Muslim, he left his religion outside of the workplace, because his company allowed him complete freedom:

'I was a practicing Muslim then, in Tito's time, and still am. And I used to go to the mosque, and nobody had issues with that. There were around 1100 employees in my factory [Livnica Armature], and some of us would go to the mosque on Friday, and so would I. So from 12 to 1, I was absent from the workplace, but we had our internal regulations, so each employee had 6 hours a month for private things, if you had to run some errands or you had to go to the doctor and so on...so I was a Muslim, but outside the workplace'.<sup>33</sup>

Workers' views on inter-ethnic relations within the workplace are of course subjective and diverse. All of them recalled how they were strong opponents against the rise in nationalist rhetoric that characterised those years. This perception might be because nationalism in today's Bosnia is considered a social and moral taboo, or because a narrative of pre-war ethnic harmony is widespread in the Bosnian context.<sup>34</sup>

Many interviewees also recalled how they participated in anti-war protests in the early 1990s. In fact, in 1991 and 1992 workers joined anti-nationalist protests across Bosnia in great numbers.<sup>35</sup> Under the slogans 'We will not let you divide us' and 'Against the war, for peace, work and bread' thousands of

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32 Branimir, Interview with author, phone interview, 19.12.2017.

33 Dževad, Interview with author, Sarajevo, 16.12.2016.

34 Larisa Kurtović. 'What Is a Nationalist? Some Thoughts on the Question from Bosnia-Herzegovina.' *Anthropology of East Europe Review* 29, no. 2 (2011): 242–53, p.246; Bakke, Ward. 'Social Distance in Bosnia-Herzegovina', p.230.

35 For a more detailed account of anti-war movements, see Bojan Bilić. *We Were Gasping for Air: [Post]Yugoslav Anti-War Activism and Its Legacy*. Edited by Wolfgang Petritsch and Christophe Solioz. Vol. 8. Southeast European Integration Perspectives. Geneva: Nomos, 2012.

workers marched in Sarajevo between the end of 1991 and the spring of 1992.<sup>36</sup> Arben, a worker from a factory in Tuzla, recalls how: 'it was roughly 200 of us, we went to Sarajevo to protest against the war...we organised it with the union, but not those from today, the communist union...we were beaten up by the police, pretty bad...'.<sup>37</sup>

Another banner workers carried during the protests was particularly significant: it read 'Workers – Yes, Warriors – No' (*Radnici da, Ratnici ne*),<sup>38</sup> this was the first instance in which workers publicly employed the hyphenated term 'worker-warrior', which would become increasingly significant as the war proceeded. In this context, workers were strongly rejecting what they anticipated would become their fate, the imposition of a role they refused to embody. Asim, a former blue-collar worker in an Energoinvest factory in Sarajevo, recalls:

'the majority of my colleagues, 90% of workers were soldiers (*borci*), warriors (*ratnici*) they did not have another choice, even in places where people did not want to fight, they had to. I know, when the first grenade fell, I did not...three nights, three nights I was in prison. In the beginning, I did not want to go, but it was not possible... you must. [Asim took a long pause] I feel terrible when I think about that'.<sup>39</sup>

Like many workers across the country, Asim and his colleagues tried to resist engaging in the conflict.

In the months leading to the war outbreak, and immediately afterwards, workers in Energoinvest maintained a rather strong anti-nationalist stand, based on their self-identification as workers. For example, a group of factory workers of the armature-producing collective in Sarajevo expressed their strong

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36 Sulejman Hrlje. 'Sindikata Po Mjeri Interesa Radnika. Referat Na Kongresu.' Prvi Posleratni Kongres Sindikata Bosne i Hercegovine, September 25, 1997. *Vijeće Saveza Sindkata Bosne i Hercegovine*, 197:61. Državni Arhiv Bosne i Hercegovine, Sarajevo.

37 Arben, Interview with author, Tuzla, 17.07.2012.

38 Spaskovska, 'Landscapes of Resistance', p.58.

39 Asim, Interview with author, Sarajevo, 29.05.2016.

rejection towards the nationalist rhetoric that was becoming dominant in the country and in Yugoslavia more in general. As they wrote:

'We are against those who look for nationalism instead of class and people, and in that way manipulate workers and their interests by sparking nationalist feelings. [...] We are promised national identity with which to express hatred against others, and [by doing so] we will split the country we built together. [...] We do not want to be put one against each other, we are workers facing the same problems.'<sup>40</sup>

Through speeches and demonstrations, workers of Energoinvest were trying to maintain an internationalist, inter-ethnic solidarity, derived from what they had collectively understood as the spirit of Energoinvest.<sup>41</sup> This grassroots workers' antinationalism was picked up and encouraged on the company journal. This was not the only case of workers' anti-nationalism reported on the company's newspapers, as similar responses to growing radicalisation emerged in other companies in the former Yugoslavia.<sup>42</sup> However, Energoinvest was peculiar in that its anti-nationalism also tied to its identity as a global, market-oriented company – this emerged from both the journal's pages and employees' accounts. Here, the resilience of the company's multi-national spirit was going to serve as an encouragement for those employees who had remained in the country but was also a reiteration of the importance that market contacts had for the very existence of Energoinvest.

The loss of international contacts resulting from the destabilisation and isolation of the Bosnian economy constituted a key concern for managers and workers. The ways in which they discussed the consequences of the Yugoslav dissolution and the ensuing economic instability on Energoinvest highlight the

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40 R., I. 'Panem et Circenses.' *Energoinvest Armature List Radnika Radne Organizacije*, num. 6, April 1990, p.3.

41 Although the historiography on this topic is still quite scarce, there is evidence that workers of large conglomerates, for example in Serbia, were also strongly against the mounting nationalist rhetoric that characterized Serbian politics in the early 1990s. Musić, "They Came as Workers ...", pp.34-35.

42 Lowinger, 'Economic Reform and the 'Double Movement'', p.135.

resilience of the company's 'socialist corporate culture'. For example, at the end of 1991, the company's general director Božidar Matić warned that the loss of trust from foreign partners, hardly likely to invest in a country at war, was leaving Energoinvest without vital partnerships and investments.<sup>43</sup> Particularly with the beginning of the siege in Sarajevo in April 1992, the company's headquarters remained isolated from many of their production and research centres, as well as from their partners across the country.

Until almost one year into the war, the journal kept mentioning Energoinvest's global and (pan) Yugoslav connections as something definitive of the company's ethos, which would guarantee its survival even after the conflict. For example, as the chief editor remarked on the second 'war issue' (*ratno izdanje*):

'the borders of our country are closed for business and transport, but [our partners] in the world believe in us, and the daughter firms of Energoinvest outside Bosnia are successfully working in Ljubljana, Maribor, Skopje and Zagreb and have kept connections with our partners in the world. Energoinvest has to create the history of the business world and ensure the survival of its workers.'<sup>44</sup>

Hence, the idea of market relevance as a pillar for the very identity of Energoinvest as a company and a workers' collective remained strong. Even one year into the conflict, the journal remarked that the central branch in Sarajevo had received positive news from their operations in Libya, Ethiopia, Tanzania, and Algeria, where Energoinvest was building electric power lines. 'One year of war' – the journal remarked – 'has shown how we can still maintain our reputation successfully and acquire new investors'.<sup>45</sup>

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43 Interview with General Director Božidar Matić, in Dušica Kljajić. 'Od Najvećeg Izvoznika Do Rizičnog Partnera.' *Energoinvest List*, num. 1038, December 1991, p.3.

44 Faruk Šarić. 'Ne Posustajemo!' *Energoinvest List*, num. 1045, November 1992- March 1993, p.1: 'Energoinvest has already produced extensively with the goal of strengthening the economy as a form of struggle for the liberation and renovation of the country', N.N., 'Podrška vladinom konceptu', *Oslobođenje*, December 10, 1994, p.6.

45 'Svijet i Dalje Nudi Poslove', *Energoinvest List*, num. 1046, April-May 1993, p.4

Internationalism and inter-republic solidarity were also called upon as a strategy to maintain workers' solidarity. When the first news reporting the looting of company material by the Serb paramilitary forces reached Energoinvest's headquarters in the besieged city, the management and unions tried to appeal to workers beyond the border. For example, the president of the general union (Savez Sindikata) Sulejman Hrle called for the mobilisation of workers in the 'aggressor states' (Serbia and Montenegro) to raise their voices against the looting of machinery, knowledge and even trade-marks, allegedly carried out by their military forces.<sup>46</sup> The company's journal started to portray these events as the consequence of aggressive Serbian expansionism, to which however workers across Yugoslavia could still resist. This view is perhaps most evident in an open letter addressed to Serbian and Montenegrin workers, calling for solidarity across borders. Here, the journal editor wrote:

'What the Četniks<sup>47</sup> are providing you with has been stolen from Bosnian factories, mines, institutes and laboratories. [...] Brothers in the collectives! We have fought for the same things, for a flat, a salary, a pension. And today is the same; you do not have regular salaries, thousands of you are waiting for a job [...] or maybe the front? [...] And in the end, if your Četniks cannot be considered people, you, workers, remain people.'<sup>48</sup>

Here, the workplace became an ideal space of identity (re)mobilisation, where workers were supposed to find solidarity beyond national animosities. Physical equipment transcended its material attributes, becoming a signifier for the suffering of Bosnian working class, as well as a reason to call on workers' solidarity across borders.<sup>49</sup> Yes, the reasoning went, Bosnia was attacked by

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46 'U posjeti Delegacija Sindikata BiH', *Energoinvest List*, num. 1046, April-May 1993, p.2.

47 Term inherited from WW2 to describe Serb nationalists.

48 Faruk Šarić. 'Pišem Radnicima Srbije i Crne Gore.' *Energoinvest List*, num. 1046, April-May 1993, p.1.

49 Many directors lamented the lack of material and resources due to theft, and remarked how, in spite of that, knowledge and ability of cadres and researchers were still available resources to the company. See interview with Božidar Begović, vice-president of the sector for machine and process equipment, Begović, Božidar. 'Radi Se i Planira.' *Energoinvest List*, num. 1046, April-May 1993, p.3. The issue of stolen material from factories was particularly

another state, but this was primarily a nationalist design that should not corrupt the spirit of workers' solidarity. Thus, the persistence of this workers' identity and its preservation as a supra-ethnic one was juxtaposed with nationalistic tones, as the war was increasingly discussed as an aggression on the Bosnian territory by expansionist Serb forces.<sup>50</sup> However, as the next section will demonstrate, with the escalation of the conflict, Energoinvest's factories increasingly became a space of patriotic mobilisation.

### **3.3 Workers-warriors and the fracturing of workplaces**

This section illustrates the progressive shift towards a more ethnically-based understanding of workers' role as defenders of the workplace-homeland.

With Yugoslavia breaking apart, the very notion of 'homeland' changed: defending the workplace as workers, and defending the homeland as fighters became almost synonyms. In this context, the country's dissolution resulted in a fragmentation of spaces. Warring factions fought over borders, streets and houses; similarly, nationalist and anti-nationalist forces disputed public spaces. The experience of Energoinvest suggests that the workplace too was a space of contention, where new ethnonationalist discourses challenged different notions of internationalism and Yugoslavism.

Workers who undertook compulsory military service in the 1970s and 1980s Yugoslavia had been exposed to a rhetoric of patriotism and encouraged to think of themselves as defenders of the (Yugoslav) homeland. In fact, the term worker-warrior (*radnik-ratnik*) had existed already in socialist Yugoslavia, where citizens were required to participate in military training as part of the Territorial Defence (Teritorijalna Odbrana). The hyphenated formulation of citizen-soldier

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common and pressing throughout the conflict. Soldiers and groups from both sides would utilise stolen equipment, materials and machinery for various usages – mostly for weaponry purposes. See Peter Andreas. *Blue Helmets and Black Markets: The Business of Survival in the Siege of Sarajevo*. Ithaca and London: Cornell University Press, 2008, p. 35.

<sup>50</sup> This is also a common scholarly interpretation of the conflict, one that views the war as a Serbian aggression resulting from Greater Serbia's expansionist goals. See Sabrina P. Ramet *Thinking about Yugoslavia: Scholarly Debates about the Yugoslav Breakup and the Wars in Bosnia and Kosovo*. Cambridge: Cambridge University Press, 2005.

was quite common in Cold War Europe as well, and in this context assumed *workerist* terms.<sup>51</sup>

In Yugoslavia, workers in workplaces were routinely trained as reserve forces, i.e. lightly armed local defence groups, supposed to support Army military operations in case of a foreign invasion of the Yugoslav Federation.<sup>52</sup> Companies like Energoinvest had their sections of the Territorial Defence, which engaged workers in yearly training and celebrated commemorations of the partisan uprising and liberation of the country. On these occasions, the company journal assumed celebratory tones, remarking how the Territorial Defence was a force engaged in the protection of the homeland and the workplaces. For example, in 1988 the yearly celebration of the Yugoslav partisan uprising of 1941 (*Dan Borca* or 'Day of the fighters') the journal described it:

'this is the day of the Yugoslav worker and warrior – everyone is a *radnik-ratnik* [worker-warrior]. [...] The army of workers in all republics and autonomous regions is an army of fighters for self-management, for higher productivity, but also to defend their country from potential enemies. This is a day where we must say that Yugoslavia is one and united!'.<sup>53</sup>

Thus, in the Yugoslav socialist era, Energoinvest had already employed the terminology worker-warrior. Here, defending the workplace as workers, and the homeland as fighters became two entangled notions.<sup>54</sup>

Employees interviewed for this research often reflected on such entanglement. In their accounts of the war, both workers and managers frequently brought up the importance of preserving and defending their company. Here, the workplace was often a site of recruitment, and some

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51 Bryan S. Turner. 'The Erosion of Citizenship.' *British Journal of Sociology* 52, no. 2 (2001): 189–209, p.195.

52 Glenn E. Curtis, ed. *Yugoslavia: A Country Study*. Federal Research Division Library of Congress. Washington, D.C: Federal Research Division, Library of Congress, 1992, p.237.

53 Š, F. 'Armija Rata za Narod Mira', *Energoinvest List*, num.928, July 4, 1988, p.1.

54 Unfortunately, it has not been possible to assess the extent to which this understanding was widespread beyond the company.

workers-fighters saw themselves struggling on behalf of workplaces that, to them, represented the old Yugoslav order. Workers in urban settings across Bosnia – where most of the industrial production took place – were the demographic group most likely to declare themselves as ‘Yugoslavs’ in the national census.<sup>55</sup> As opposed to rural areas, in urban spaces, the ‘socialist’ legacy of pride in the workplace and the need to defend it as ones’ homeland remained strong.<sup>56</sup> For Dževad, a worker in the Armature factory in Sarajevo and a veteran, the socialist era still shaped the way he and his colleagues understood their role as ‘workers-warriors’:

‘Each factory had its own keepers, firefighters, and those were people who had weapons. [...] So when the war started there were people in the workplace, and they protected the factory. Every year in Yugoslavia we used to go for two weeks for military exercises. We kept those weapons in the factory, in a warehouse. And in a moment during the war, we were in a tough situation, and we used those weapons...So, people had that feeling for keeping the property, to fight for it’.<sup>57</sup>

In the few interviews with workers that the journal managed to collect and report during the first years of the conflict, workers showed this understanding of workplace and homeland, working and fighting, as entangled. A factory worker in 1992 reportedly declared: ‘In the end, are not we fighting a war today for tomorrow’s higher wages, houses, standards and freedoms?’.<sup>58</sup> Here, in a moment of traumatic and often imposed re-adjustment of alliances, workers’ identity as *workers* still played a central role in employees’ self-representation.

Thus, patriotism and resistance became tied to workers’ solidarity and values, as employees embraced their hyphenated identity of workers-warriors,

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55 They were ‘2.67 times’ more likely to identify as Yugoslavs as the average Bosnian citizen’, Goran Opačić, Ivana Vidaković, and Branko Vujadinović, eds. *Living in post war communities*. Belgrade: IAN, 2005, p.19.

56 Ioannis Armakolas. ‘The ‘Paradox’ of Tuzla City: Explaining non-nationalist local politics during the Bosnian War.’ *Europe-Asia Studies* 63, no. 2 (2011): 229-261.

57 Dževad, Interview with author, Sarajevo, 16.12.2016.

58 ‘Iz Održavanja. Ne Pitaju za Radno Vrijeme’, *Energoinvest List*, num. 1044, September 1992, p.3.

albeit with a very new political meaning: no longer a rhetorical term relegated to partisan commemorations, but an appropriate form of self-positioning towards the coming war. Rather than *ethnic* fighters, they maintained a labour identity alongside their new identity as warriors, in the name of an older classed ideal derived from their earlier experience as Yugoslav workers.

Workers' direct engagement in the conflict occurred through the Territorial Defence. In fact, after the outbreak of conflict in the spring of 1992, the Yugoslav National Army was fragmented and mostly sided with the Serb paramilitary forces; without an official army, the Bosnian government initially mobilised the Territorial Defence. Energoinvest and other companies were thus engaged in providing logistical support for the defence forces, in terms of both equipment and personnel.<sup>59</sup> In the company's journal, workers' engagement in the fight over contested territories was celebrated as an example of workers-fighters' engagement in the protection of their workplaces. Some of Energoinvest's most important production factories were near the front line – particularly the industrial complexes in Stup, Dobrinja, and Lukavica.<sup>60</sup> Therefore, many workers in the besieged Sarajevo joined or were conscripted first in local defence and paramilitary groups, then in the official army.<sup>61</sup> These engaged in great majority workers from the city and its surroundings;<sup>62</sup> most of them were

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59 Smahil Čekić, Omer Ibrahimagić, and Nijaz Đuraković, eds. *Opsada i Odbrana Sarajeva 1992 - 1995*. Sarajevo: Institut za istraživanje zločina protiv čovječnosti i međunarodnog prava Univerziteta u Sarajevu, Sarajevo, 2008, p.364-365.

60 These areas of Sarajevo were directly on the front line, and were in different times under the control of the Serb forces or of the Bosnian national army (Dobrinja and Stup); Lukavica since the start of the war belonged to the Serb claimed territories, and is now part of Republika Srpska. Andreas, *Blue Helmets Black Markets*, p.51-55.

61 Armija Bosne i Hercegovine and Teritorijalna Odbrana (Territorial defence and police); Ajnadžić, Nedžad. *Odbrana Sarajeva*. Sarajevo: Sedam, 2002, p.59. The TO was the republican defence force formed by transferring JNA units to the civilian authorities in each republic. Hoare, Marko Attila. 'Civilian-Military Relations in Bosnia-Herzegovina 1992-1995.' In *The War in Croatia and Bosnia-Herzegovina 1991-1995*, edited by Branka Magaš and Ivo Zanić, 178-1999. Oxon and New York: Frank Cass Publishers, 2005, p.179.

62 Roughly 80% of the fallen soldiers in the ARBiH were workers, and 83% had a secondary school qualification; Ajnadžić, *Odbrana Sarajeva*, p.217-222; the forces defending Sarajevo counted almost 35000 soldiers.in 1995; around 80% were citizens of Sarajevo, and mostly belonged to its working class. This social stratification was similar for the over 80.000 soldiers engaged in ARBiH. Nedžad Ajnadžić. 'Sociološka Analiza Poginule Boračke Populacije u Jedinicama Odbrambenih Struktura u i Oko Grada Sarajeva.' In *Opsada i Odbrana Sarajeva*, 2008, p.122.

ethnic Bosnjaks, but there were also ethnic Croats and Serbs, though in smaller percentages.<sup>63</sup>

As an example of workers' self-organisation aimed at the local defence of workplaces, the mobilisation in the Sarajevo borough of Dobrinja received nation-wide praise as evidence for the courage and resilience of citizens and Energoinvest workers. Dobrinja had developed as a working class and middle-class residential area in the early 1980s in preparation of the Winter Olympic Games of 1984. Energoinvest owned many flats in this area, and an estimate counted that over 2000 employees were residing here.<sup>64</sup> A strategic post for both the Serbian and Bosnian forces (being close to the airport and giving access to a part of the Serb-controlled territories) this district saw violent clashes between the two factions and was partly regained by the Bosnian Army in late 1992.<sup>65</sup> Here, initial self-organised workers' defence was vital in the first months of the conflict.<sup>66</sup> As an example, an article titled 'Today warriors, tomorrow workers' – again using the trope '*ratnici-radnici*' – reported a phone conversation with workers isolated in the borough of Dobrinja, praising them for their courage in defending, primarily, their workplace 'You have proven yourselves in the fight today as you have yesterday in the workplace'.<sup>67</sup> The entanglement of work and fight, of defending the homeland and the workplace, is here perhaps most evident. Hence, in the first months of the war, the workplace was a space of mobilisation in which 'old' ideas of socialist 'workerism' and solidarity coexisted with new pressures for determining ethnic alliances. Munevera, a technician in Sarajevo, recalls that she reacted with

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63 Ajnadžić, *Odbrana Sarajeva*, p.215. According to Pejanović, there were roughly 2.5% Serbs and 2.6% Croats in the Army; Mirko Pejanović. 'Uloga Sarajeva u Odbrani Multietničnosti i Državnosti BiH.' In *Opsada i Odbrana Sarajeva*, 2008, p.59.

64 Šarić, Faruk. 'Na Prvoj Liniji do Slobode', *Energoinvest List*, num. 1046, April-May 1993, p.4; it is estimated that over 40.000 citizens were living in this area.

65 Donia, *Sarajevo A Biography*, p.313

66 Jovan Divjak. 'The First Phase, 1992-1993: Struggle for Survival and Genesis of the Army of Bosnia-Herzegovina.' In *The War in Croatia and Bosnia-Herzegovina 1991-1995*, edited by Branka Magaš and Ivo Zanić, 152–77. Oxon and New York: Frank Cass Publishers, 2005, p. 131.

67 'You have proven yourselves in the fight today as you have yesterday in the workplace.', in: 'Danas ratnici, sutra radnici', *Energoinvest List*, num.1044, September-October 1992, p.3.

incredulity towards the emergence of ethnic alliances in her workplace. As she remembers:

‘We had a colleague, who was also a technician; myself and another colleague used to hang out with him, he was young and had a kid. You know, we thought that he was joking, he said: ‘You will be my first, I can see your window from Vrača [on the hills around Sarajevo]’, where he lived. We laughed then, but afterwards we saw that he really thought that’.<sup>68</sup>

Similarly, there had been episodes both in Bosnia and across the former Yugoslavia that saw workers being radicalised and embracing ethnonationalist logic. For example, Albanian workers in the Kosovo mine of Trepča went on strike against the unlawful dismissal of their (Albanian) leader by Serb leadership.<sup>69</sup> Yet, as a recent study has convincingly argued for the case of a Serbian factory, the apparent ‘ethnic radicalisation’ of workers was the result of management and political leadership co-opting workers’ (class-based) demands into an ethnonationalist framework.<sup>70</sup>

Apart from Munevera’s accounts, and as far as the press reported, there were no similar incidents in Energoinvest, as the company tried to maintain its official line of being a bastion of Yugoslavism and inter-ethnic coexistence. Rather than an isolated phenomenon, it was common across Yugoslavia that workers would try to preserve Yugoslavism and a supra-nationalist spirit, through strikes, demonstrations and their demands for economic reform in workplaces.<sup>71</sup>

However, as the conflict progressed and workers were increasingly conscripted in the official armies, the workplace was co-opted into an increasingly dominant ethnonationalist logic. The very concept of ‘homeland’ to defend was shifting, from Yugoslavia to a national focus. An understanding of the war as a ‘Serb aggression’ turned workers-warriors into defenders of the

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68 Munevera, Interview with author, Sarajevo, 26.03.2016.

69 Sekulić, ‘Ethnic Intolerance Ethnic Conflict’, p.806.

70 Musić, ‘The Self-Managing Factory’, p.331.

71 Lowinger, ‘Economic Reform and the ‘Double Movement’, p.135.

(Bosnian) homeland.<sup>72</sup> This shift was due to the changing nature of the defence forces, as well as the fact that the conflict had crystallised the company's isolation and fragmentation.

These ruptures were further reflected in the journal. The sources here become patchy, as the journal's publisher had to deal with the scarcity of material and a very precarious situation; yet, they offer a unique insight into a workplace's experience of conflict. One year into the siege of Sarajevo, it was impossible for the paper to offer coverage of news outside the city. While less representative of the overall situation of Energoinvest's companies across Bosnia or Yugoslavia, the journal still offers a valuable take on the life of workers under siege, and on the way a company sought to represent itself in such a complicated time. With no other company journal being available for this time, it remains a remarkable document of how an isolated company became 'ethnicised' as the result of the conflict.

In 1993, as the siege of Sarajevo reached its first year and a ceasefire did not seem to be in sight, the company's management abandoned its position of neutrality and notified its support for the Bosnian Army forces (Armija Bosne i Hercegovine).<sup>73</sup> Of the roughly 14.500 workers that Energoinvest employed in Sarajevo, more than 3.000 were deployed in the Army of Bosnia-Herzegovina.<sup>74</sup>

Between late 1992 and early 1993, the Bosnian defence forces, and particularly those engaged in Sarajevo, had become increasingly ethnically homogeneous; this was the consequence of a political design of the Bosnian-Muslim nationalist party (SDA) which 'started to follow flawed policies in the army and police, saying that the Bosniaks [muslims] were the central nation in Bosnia [...] thus relegating local Serbs and Croats to their 'reserve homelands'.<sup>75</sup>

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72 Woodward, *Balkan Tragedy*, p. 8-9.

73 F. Šarić. 'Ne Posustajemo!' *Energoinvest List*, num. 1045, November 1992- March 1993, p.1.

74 H. Arifagić. 'Biće Nova Lukavica.' *Oslobođenje*. November 17, 1994, p.5; See also data available at <http://www.prometej.ba/clanak/drustvo-i-znanost/pojedinacan-popis-broja-ratnih-zrtava-u-svim-opcinama-bih-997>.

75 Divjak, 'The first phase', p.173.

This homogenisation affected the way in which the company sought to represent itself, and on how it reported on its workers. The same employees who had self-organised a worker-based defence of the borough of Dobrinja were now conscripted in the Army; a more patriotic, nationalist rhetoric co-opted their views. An interview with Izmet Hadžić, a former engineer at Energoinvest and improvised commander of the workers' defence unit, is particularly revealing.<sup>76</sup> Here, he celebrated the contribution many of his workers-warriors brought to the defence of a now ethnically-defined workplace:

'We are from all parts of Energoinvest, and we all fight for the freedom of our factories. Warriors and workers of Energoinvest are so united that it is difficult to explain. I only know that we are all like one, we live like one. [...] We often talk about our factories, about the day in which we will enter them with weapons, and we will change them for tools and workers' uniform. [...] Energoinvest is worth fighting for; its workers want to return to their factories, they want their machines. This will be achieved with weapons, but it is sure that the Bosnian-Herzegovinian Energoinvest has an army of fighters.'<sup>77</sup>

His view, duly reported on the company journal, is emblematic of the coexistence of *workerist* rhetoric (talking about factories, unity of workers) and patriotic tropes (fighting for the freedom of factories and homelands); it is also revealing of the shift towards an 'ethnicised' view of the factory (a Bosnian-Herzegovinan Energoinvest).

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76 Hadžić together with other residents of the borough tried to organize a brigade between May and Sept 1992, as Dobrinja was being more and more isolated. He estimates at the beginning of the siege between 3-5000 people left in exodus from Dobrinja to the centre of the city. He was after made commander of this brigade, which was part of the Army of Bosnia-Herzegovina, and was defending roughly 20,000 people (according to his witnessing). He also witnesses that he had roughly 2000 men; 60% of his soldiers were Bosnjaks, while roughly 13% were Serbs and 6% Croats. Case Number IT-98-29-T, the Prosecutor versus Stanislav Galić., No. 12140 (23 July 2002).

77 Faruk Šarić. 'Na Prvoj Liniji do Slobode', *Energoinvest List*, num. 1046, April-May 1993, p.4; subsequently, the ARBiH-controlled Dobrinja would become strategically essential, as the infamous Sarajevo Tunnel (Tunel Spasa) connected this area to the area outside the besieged city (Butmir). See Donia, *Sarajevo A Biography*, p.326.

Workers I interviewed recall how they felt these pressures to ‘become Bosnians, Serbs, or Croat’ and fight for the homeland, but they internalised the ethnonationalist logic of defending the (ethnic) homeland only insofar as they were part of different ethnic-based armies. Their view is perhaps best exemplified in the words of Mladen, an engineer from Energoinvest’s IT company IRIS, who fled Sarajevo at the end of 1992:

‘If I stayed for one more day, I would probably...I would have been forced to join their [Serb] forces and to shoot at Sarajevo or to...I would have probably killed myself rather than join their forces, and plans.’<sup>78</sup>

Mladen here chose to leave his factory, his home and family behind in order not to be conscripted in nationalist forces. He perceived that the ethnonationalist division of the country was being imposed on him, against his view of the country as a multi-ethnic society.

On the other hand, Muarem, a former ‘worker-warrior’, was also of the view that Bosnia should remain a united, ethnically heterogeneous country: ‘During the war, I fought for the country. I thought we should defend our country to be a single, united one. To be like we were once’.<sup>79</sup> This excerpt reflects the official line of the Bosnian-Muslim forces, presenting themselves as fighters against the country’s fragmentation into ethnic-based entities. However, Muarem’s words are striking in that they do not refer to a new Bosnia, based on the coexistence of ethnic groups, but on the ‘old’ (Yugoslav) Bosnia where, in his words, ‘you did not care about your colleague’s surname’.

For many workers, defending Bosnia from an essentially nationalist war was in many ways equated with anti-nationalist politics. Although this might have been resulting from the Bosnjak discourse of keeping Bosnia multi-ethnic – in response to Bosnian Croats and Bosnian Serbs seeking stronger ties with their kin state – I have found this view amongst workers of different nationalities/ethnic backgrounds. Marko, a former ‘worker-warrior’ in Tuzla, had a rather class-based, rather than an ethnic-based view of the divisions brought

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78 Mladen, Interview with author, Sarajevo, 17.07.2014.

79 Muamer, Interview with author, Tuzla, 09.05.2016.

by the conflict. While explaining what it meant to be a 'worker-warrior', he stated:

'Workers-warriors are the ones who went to the front line, those with expertise and political positions did not go...fighters (*ratnici*) were those workers, who went on the front lines...the others, we used to call them 'the cellar people', because they used to hide when the grenades were falling, only to come out afterwards...'.<sup>80</sup>

For Marko, his identity as a worker overlapped with the one as a soldier; what he chooses to recall is not much the ethnic unity of his battalion, but rather the class or privilege dynamics within it.

Branimir, a technician, bitterly reflected that his own people (Serbs) considered him a 'deserter' because he managed to flee from Sarajevo thanks to the help of one of his Muslim colleagues.<sup>81</sup> Albin had voluntarily joined the JNA (Yugoslav National Army) then transferred into the ArBiH (Army of Bosnia and Herzegovina), and finally in the HVO (Croatian Defence Council). He remarked how he did not even know the reasons for fighting, and that he moved from one army to the other, not because of patriotism or ideology, but because 'in HVO the food portions were bigger'.<sup>82</sup>

From today's perspective, it is difficult to assess the extent of ethnic radicalisation amongst workers; participants tended to minimise ethnic division or radicalisation during the war and discussed the conflict as purely a matter of survival, as a moment of great confusion and absence of logic.

That the conflict and new nationalist pressures were transforming the nature of Energoinvest from a Yugoslav to a Bosnian company became even more evident when it was nationalised in November 1994. By decree of the Republic of Bosnia, initially aimed at gaining control over companies directly related to military/defence production, all property still listed as 'social property' over the

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80 Marko, Interview with author, Tuzla, 15.07.2016.

81 Branimir, Interview with author, phone interview, 19.12.2017.

82 Albin, Interview with author, Tuzla, 25.07.2012.

whole territory was going to undergo nationalisation.<sup>83</sup> This change meant a *de facto* transfer of most of Bosnia's companies to direct state control.<sup>84</sup> As such, the company became disputed not only between military forces on the ground but also amongst political forces. The country was divided, and the jurisdiction and legitimacy of the war parliament were questioned both by Republika Srpska (Serb dominated area) and by the Croat-dominated para-entity of Herceg-Bosna. This legal transformation was an attempt at consolidating ethnonational control over industries, workplaces, production and real estate within the entities, and so Republika Srpska proceeded, later on, to approve a similar law within its territory.<sup>85</sup> This separation had profound repercussions on a company like Energoinvest, whose factories were now state property of two different entities: the Bosnian-Croat and the Serb dominated areas; this consolidated the fragmentation of Energoinvest's factories across (geographical) ethnic boundaries.

Moreover, this meant a change in the management, now directly nominated by the state Ministry of Energy, Mining and Industry. Although workers were still trying to hold onto a Yugoslavist, non-ethnicised vision of society and workplaces, the ruling political forces (namely, the Bosnian-Serb, Bosnian-Croat and Bosnian-Muslim nationalist parties) imposed an ethnonationalist design onto countrywide companies like Energoinvest.

Because of the country's territorial division, many of the company's refineries, factories and research centres in Zvornik, Lukavica, Doboje, Srebrenica (all in Republika Srpska) were no longer under control of Energoinvest's headquarters in Sarajevo. While being *de facto* separate companies, *de jure* they had maintained their status as part of Energoinvest holding.

Furthermore, the use of equipment, patents and trademark from what was soon named 'Serbian Energoinvest' was particularly contested by the central management in Sarajevo, which saw this as an outrageous attempt at

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83 Službeni List (official gazette) Republike Bosne i Hercegovine 7/93, 33/94.

84 I. Polimac. 'Politikantstvo Zaustavlja Zakone.' *Oslobođenje*. December 23, 1994, p.3.

85 Službeni glasnik Republike Srpske 4/93, 29/94, 31/94, Mujkić, Ervin. 'Državna Imovina u Bosni i Hercegovini - Geneza Problema.' *Fondacija Centar Za Javno Pravo*, 2012, 1–30, p.10.

secession, echoing the state position over the independence of Republika Srpska. In 1994-1995, towards the end of the war, the company's journal portrayed the formation of a 'Serbian Energoinvest' in the Republika Srpska as damaging for the stability and unity of the 'Bosnian Energoinvest'.<sup>86</sup> The journal reiterated that despite its losses, Energoinvest had managed to maintain its core in its cadres, engineers, and knowledge:

'There is another energoinvest (with small letters) that has been trying already for a thousand days to be Energoinvest. However, it will not be. [...] Energoinvest will keep working, it has something of the Bosnian stubbornness [*bosanski inat*] in it.'<sup>87</sup>

The tone of newspapers at the time was one of mobilisation of resistance against an external aggressor; here, the attributes of the 'resisting nation' overlapped with those of the 'resisting company', as Energoinvest increasingly ascribed itself specific national characteristics - the Bosnian defiance or stubbornness (*inat*), being the most representative.<sup>88</sup>

This 'patriotic' shift was ascribable also to the appointment of a new general manager, Edib Bukvić, former vice-president of the government and prominent figure in the Bosnian-Muslim nationalist Party of Democratic Action (SDA)<sup>89</sup>. A former employee of Energoinvest, Bukvić epitomised this 'nationalist' turn in his acceptance speech in June 1994:

'in the past two war years, those who had gained much from Energoinvest destroyed its image. This is the so-called Serbian Energoinvest. [...] We will benefit from the abandonment of a huge number of unnecessary cadres, especially those cadres which have rebelled in the hills [a very elliptical way of

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86 'Srpski (Neuspjeli) Plagijat', *Energoinvest List*, num. 1051, November-December 1994, p.3.

87 'I Ostali i Opstali', *Energoinvest list*, num.1052, January-March 1995, p.1.

88 Bosnia and Herzegovina filed a case against Serbia at the International Court of Justice based precisely on the understanding of Serbia and Montenegro as aggressor states (accused but then acquitted of genocide).

89 The nationalist party at the time led by president Alija Izetbegović.

referring to Serb paramilitary forces] because if those people had wanted to work, they would not have fought.<sup>90</sup>

Henceforth, business contacts, patents and cadre knowledge became increasingly part of a process of 'ethnonationalisation' of the company, as the fight for its legacy assumed nationalistic traits.

The division between Serbian and Bosnian Energoinvest was immediately tangible for workers of the industrial and research complex of Lukavica, located immediately behind the lines of the Serbian controlled territory. It was impossible for many of those residing in the Bosnian Army-controlled territory to reach the workplace on the other side. As Mirsad Kapetanović, director and general manager of the Research Development centre for electro-energetics Istraživačko Razvojni Centar Elektroenergetike (IRCE) in Lukavica recalls:

'the institute remained there [in Republika Srpska], and we were never able to go back. So, since Energoinvest was still the owner and founder, we remained here and, as workers, we reassembled, and we built IRCE and the factories, all that had remained in Lukavica. [...] our motto was that we do not need anything, we can do everything from scratch because we knew how it was. So we built a new factory'.<sup>91</sup>

In order to restart the production in Sarajevo, the general management and director Bukvić decided to rebuild part of the production line in the Bosnian part of Sarajevo. The central branch in Sarajevo, in fact, had maintained all the international links and networks created in the decades of Yugoslav non-alignment. This project was supposed to revive the production of steel armatures for an initial value of 15 million USD.<sup>92</sup>

As production revived in the Bosnian-controlled Sarajevo, it created further difficulties for the remaining factories in Lukavica (now in Republika Srpska),

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90 Bukvić appointment speech, in: R. T. 'Moglo je i bolje i savjesnije', Energoinvest List, num.1049, June-August 1994, p.1.

91 Mirsad Kapetanović, Interview with author, Sarajevo, 12.05.2016.

92 H. Arifagić. 'Biće Nova Lukavica.' *Oslobođenje*. November 17, 1994, p.5.

which saw their workforce significantly reduced, together with its possibility to regain part of their former capacity. Moreover, the former international links and networks were lost, as the central branch in the Federation-controlled Sarajevo had acquired them. The director of the 'Serb' Energoinvest in Lukavica was also primarily concerned about safeguarding his company and factories. In our interview, he bitterly remarked how the division from Energoinvest Sarajevo was detrimental for his company. As he recalls:

'I constantly told my close colleagues that [...] we have to keep and preserve this property. [...] But we kept it only as physical property... the market, the business partners, those were gone.'<sup>93</sup>

As a result, Bosnjak workers who had remained in the besieged Sarajevo went to work for the 'Bosnian' Energoinvest, while those in Lukavica for the 'Serb' Energoinvest. Hence, the very fact that this production and research centre was duplicated created an ethnic-based division of the company.

This research centre was not the only former Energoinvest factory split in two; another example was TAT (Tvornica Aparata), a large thermoelectric factory which had an export of 110 million USD and employed over 1200 workers before the war. Built in the large industrial area of Stup, in the outskirts of Sarajevo, Serb and Bosnjak forces had fought over it throughout the war. After 1995, a 'Tvornica Aparata-Lukavica' (TAT) in East Sarajevo (Republika Srpska) existed in parallel with a TAT in the Federation's part of Sarajevo, still bearing Energoinvest's trademark.<sup>94</sup> According to a commentator:

'The Serbs got the machinery, the Bosnjaks the land and the collapsed buildings. All got something, but TAT lost everything: partners abroad, prestige, large contracts. There is work neither for those who took the machinery nor for those who had the old location'.<sup>95</sup>

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93 Miro Klepić, Interview with author, Lukavica, 29.03.2016.

94 'Javnu prodaju nekretnina i pokretnina stečajnog dužnika', Energoinvest Termoaparati, 26 January 2017, available at: <http://www.tat.ba/novosti2.html>.

95 Amer Kapetanović. 'Lijepe Fabrike Lijepo Gore.' *Dani*.n.165. July 28, 2000. <https://www.bhdani.ba/portal/arhiva-67-281/165/t16502.htm>.

In conclusion, during the war the company and its workplaces started to lose their international and multi-ethnic position; front lines divided them, and these became spaces that had to be defended from aggression. Workers struggled to maintain their company as it used to be: internationally successful and engaged in the global market, a place where expertise was most valued and where 'nobody cared what your surname was'.<sup>96</sup> However, the war and the nationalising patriotic discourse diffused within the workplace, and the army had progressively fractured Energoinvest across ethnic boundaries.

After the war, the central management sought to re-centralise Energoinvest, albeit with little success. Between 1996 and 1998, the management board of Energoinvest started the restructuring and recapitalisation of the company as a holding; this was an attempt at limiting separatist tendencies. Those companies that had been connected to Energoinvest until the beginning of the war (former OURs) were assigned the status of daughter firms. In this period, under the collaboration of Amila Omersoftić, Božidar Matić and Edib Bukvić, the board was praised for the effort in maintaining the company together, in times when 'many wanted to be independent'.<sup>97</sup>

This initiative did not go down well, as managers and groups of workers in the newly created entities of Republika Srpska and the Federation of Bosnia-Herzegovina sought to form independent companies and keep control on capital and estates. For instance, the company Energopetrol was one of the biggest and most profitable daughter firms of Energoinvest engaged in oil refining and distribution; in 1995, it tried to separate from the central branch in Sarajevo. When the general management tried to resist this separation, they filed a lawsuit against the then director Edib Bukvić, asking for their full independence from Energoinvest to be recognised.<sup>98</sup> According to the director

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96 Meaning nobody was interested in your ethnicity, as it has been remarked in all my interviews with workers and managers.

97 'Nedžad Branković Novi Direktor.' *Energoinvest List*, num. 1085, September 1998, p.1.

98 Generalni Servis ONASA, 'Zaposleni u 'Energopetrolu' podnijeli krivičnu prijavu protiv direktora 'Energoinvesta', March 4 1997; a similar case occurred in Energocomet and in Automatika, two small companies where employees had bought part of the capital before the war and were seeking to operate independently from Energoinvest; Borić, F. 'Privatizacija Privatiziranog Preduzeća?!' *Dani*, num. 496, December 15, 2006, p.10.

of Energopetrol: 'we want to be returned the legal subjectivity as we had registered in court. We want to remain within Energoinvest [central], but as a legal subject with our own account'.<sup>99</sup>

In Republika Srpska, concerns had emerged when a 'separatist' group of workers and managers formed an illegitimate 'copy' of the Modriča oil refinery just a few kilometres across the border with the Federation. Here, too, issues were raised with the legitimacy of the brand and commercial ties of a company carrying the trademark of Energoinvest but not being its recognised daughter company.<sup>100</sup> Thus, there were pressures in both entities to privatise parts of Energoinvest according to ethnopolitical alliances.

### **3.4 Re-employment, discrimination and the ethnicisation of workplaces**

The previous two sections have illustrated the transformative effect the ethnic conflict had on workplaces and workers: the latter were drafted as soldiers and (partly) internalised the identity of the worker-warrior. At the same time, the geographical division of the country into ethnically-homogenous areas implied a fragmentation of companies along those same lines. This section explains how a further ethnic division of the workforce in Energoinvest came about as a result of this shift in workers' identity and their self-positioning in society. Workers of this company supported policies that would reward veterans by granting them re-employment; in turn, this led to a further ethnicisation of workplaces, with workers struggling to return and be re-employed.

Here, workplaces lie at the intersection between two phenomena. On the one hand, a process of ethnic polarisation pervaded the country's political and socio-economic environment after the war. Factories of Energoinvest, like many companies after the war, became spaces for political clientelism to thrive, as ruling parties would directly nominate new managers. Later, this created strong opposition amongst workers, who participated in the 2014 protests against corrupted privatisation deals brought forward by ethnonationalist elites. On the

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99 Generalni Servis ONASA, 'Zaposleni u 'Energopetrolu' podnijeli krivičnu prijavu protiv direktora 'Energoinvesta', March 4 1997.

100 D. Kovačević. 'Preć utni blagos oslov za nezakonje', Reporter, February 2, 2004, p.18-19.

other hand, as this section argues, workplaces have also been the theatre of what I term a 'silent' ethnicisation. After the war, workers internalised and partly normalised the ethnic homogenisation of their workplaces, by viewing it as an inevitable outcome of the conflict; they also supported rewarding veterans for their contributions during the war. This expectation partly clashed with the socialist image of workplaces as spaces of tolerance and unity beyond ethnic division, which still lingers amongst workers.

The literature on this topic has argued that policies of reintegration and benefits were destined to the citizens-soldiers of a newly ethnopolitical polity. In both Bosnia and Croatia, for example, 'reintegration was largely left to the national and entity governments, leaving ample space for nationalist elites. [...] they created policies whose aims were ambiguous, blending reintegration with compensation yet inevitably favouring the citizen-soldier'.<sup>101</sup> However, veteran groups, who expected to return to their employment, influenced the nationalist elites. This pressure derived from veterans' identification as 'workers-warriors'.

The issue of employment during the war had been controversial from the start, as war-related restrictions were often used to homogenise workplaces ethnically. A government provision implemented in 1992 obliged workers to maintain their position in the case of a declaration of war and implied that whoever was absent from work without justification would lose their job.<sup>102</sup> Municipalities too had their regulations: in the city of Tuzla, for example, the local government ordered for the immediate sacking of any workers who were absent from their workplaces without justification. Although these decisions were an attempt to stop people from leaving their hometowns, they also excluded those minorities who, feeling threatened during the conflict, decided to flee to their ethnic-majority areas. This measure thus discouraged those (mainly Serbs) who had decided to leave.<sup>103</sup>

The towns of Prijedor, Banja Luka, Mostar, and Livno saw mass layoffs of

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101 Oliwia Berdak. 'Reintegrating Veterans in Bosnia and Herzegovina and Croatia: Citizenship and Gender Effects.' *Women's Studies International Forum* 49 (2015): 48–56, p.51.

102 Službeni glasnik BiH, n.19, November 1992, p.529.

103 Službeni glasnik Opštine Tuzle, n.3, May 25 1992, pp.74-75; *Ibid.*, n.4,p.93,25.05.1992; *Ibid.*,n.3.,p.77, 18.06.1992; *Ibid.*,n.4,p.109, 8.07.1992.

ethnic minority workers and those in mixed marriages during the war.<sup>104</sup> Furthermore, these provisions meant that, after the war, it would be particularly difficult for people to return to their previous employment. Thus, in the immediate aftermath of the war, (re)employment of ethnic minorities remained controversial, as now veterans of 'ethnic'-based armies were asking for priority in re-employment

At the beginning of the war, the majority of workers at Bosnian Energoinvest had tried to demonstrate their anti-nationalism or had actively resisted against it. Their recruitment under different 'ethnic' armies and the increasingly patriotic tones associated with their roles as defenders of the workplace-homeland contributed to a shift in their self-identification and self-perception. With their workplaces partially destroyed and the prospects of a long phase of economic insecurity, these demobilised workers-warriors started voicing demands to be rewarded for their contribution to the war. In a situation of extreme precariousness, and with few jobs available, rivalries started emerging over who deserved re-employment in previously mixed workplaces.

Mate was a Croat blue-collar worker employed in the large company 'Aluminij' Mostar (a branch of Energoinvest) until late 1991. He recalls his return to work after his time as a soldier in the Bosnian-Croat army HVO:

'I started to work again in 1999. I was a Croat soldier for five years; I carried the shotgun and fought for, for something, why I do not even know. I fought to survive like everybody else. And now, think: you are in the position as a director of Aluminij which is in the territory that HVO and Croats controlled at the time. And now all of a sudden you cut the ribbon and you say: 'ok now those who were [employed] here will return'. And those against whom I fought come to work, and I stay at home without a job. In a time when the situation was terrible, you can imagine. That was impracticable. Do you understand? Muslims could not just come back. First, you had to pacify, to employ your people, and if there was space for the others, no problem. Do you understand? There was the war, and it was a catastrophe. And now [it was as if] I come and I say 'You can not,

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104 Human Rights Watch. 'War Crimes in Bosnia-Herzegovina: U.N. Cease-Fire Wo not Help Banja Luka.' 8 June 1994, p.18.

you did not work here before, I will bring in him from there', but until yesterday I saw him through the gun sight'.<sup>105</sup>

Like Mate, demobilised 'workers-warriors' discuss their participation in the war in a similar way: the conflict itself was a matter of survival; but it was in returning to one's life as a civilian, i.e. as a worker, but also as a veteran of an 'ethnic' army that one discovered new ethnic-based frictions. For those interviewed who defined themselves as workers-warriors, the country's geographical division and one's participation in the war (in each of the three armies) signified the internalisation of a veteran's identity.

Since the three warring factions were primarily (though not completely) ethnically-based, a veteran identity was very likely to be subsumed in an ethnic one. This is not to say that workers did not identify as Serbs, Muslims, Croat or Yugoslavs before the war; yet, they claim that this was something that remained outside of the workplace. The conflict itself was a catalyst for ethnic identification to feature more strongly in workers' daily lives, and as a result, in their workplaces. For demobilised soldiers, it was a practical issue that veterans should have priority in re-employment and that others could return afterwards. Dževad, a veteran from Energoinvest-Armature in Sarajevo, reflects:

'The policy after the war was the priority employment for demobilised soldiers, our workers who were in the defence forces. So we all received those demobilised soldiers back in the production in the factory. That was the priority. It was almost an order, but it made sense. [...] After all we were all men, we were all sent to war, so we all had the right to go back'.<sup>106</sup>

Željko, a worker from Lukavica (East Sarajevo) also noted that, to him, it made sense that 'only the Serbs who lived in Republika Srpska and those who had been in Republika Srpska and fought for it during the war would have employment priority'.<sup>107</sup>

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105 Mate, Interview with author, Mostar, 17.12.2016.

106 Dževad, Interview with author, Sarajevo, 16.12.2016.

107 Željko, Interview with author, phone interview, 18.12.2017.

Thus, after the war, demobilised workers-warriors internalised an understanding of employment as a reward for their contribution as soldiers. At the same time, aware of the scarcity of work, they believed veterans of the 'winning' army, or of the ethnic-majority group in a specific area, should have priority in re-employment.

This understanding shaped re-employment policies, and in turn was reinforced by them. For example, already at the beginning of 1995, demobilised soldiers started to demand solutions to the problem of employment of veterans, war invalids, and members of the families of fallen soldiers.<sup>108</sup> In demanding their re-employment, union representatives constantly stressed 'workers' decisive role in defending the country', which had to be rewarded by granting them 'social and material security'.<sup>109</sup> On many occasions, and particularly in parliamentary discussions with the government, the union remarked workers' dissatisfaction with the slow pace of workplace reconstruction, and stressed how this was particularly unfair towards those 'workers-warriors who had defended Bosnia'.<sup>110</sup> Here, the issue of post-war re-employment was presented as a matter of equal rights for veterans rather than workers. The Federation's general union advocated for giving the priority of return to those demobilised workers-warriors who were still waiting to be re-employed.<sup>111</sup> Demobilised soldiers ought to have priority in re-employment because 'they had made the biggest contribution to their country's freedom'.<sup>112</sup> Workers-warriors and their

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108 BH Press. 'Dogovor o Zapošljavanju RVI.' *Oslobođenje*, March 23, 1995, p.3.; see also MINA. 'Posao Za Vojne Invalide.' *Oslobođenje*, October 18, 1995, p.6.

109 Sulejman Hrle, Open letter to workers: 'Saopštenje za Javnost Prvomajski Proglas', April 30, 1997 Folder 142, Documents Collection of the Council of Independent Unions, Državni Arhiv Bosne i Hercegovine, Sarajevo.

110 Sulejman Hrle, head of the general union, at the 'Sjednica Ustavotvorne Skupštine Federacije Bosne i Hercegovine,' June 3, 1996. Ustavotvorna Skupštine Federacije Bosne i Hercegovine, num. 2354, folder 56, Arhiv Federacije Bosne i Hercegovine, p.52/1.

111 Speech by Sulejman Hrle at the founding meeting of the Council of Independent Unions of Bosnia and Herzegovina, 'Zapisnik Sa Prve Konstituirajuće Sjednice Glavnog Odbora Saveza Samostalnih Sindikata Bosne i Hercegovine,' November 26, 1997. Folder 142, Documents Collection of the Council of Independent Unions, Državni Arhiv Bosne i Hercegovine, Sarajevo, p.3.

112 Sulejman Hrle's speech at an assembly of the Council of the Independent Unions, 29 September 29, 1997. Folder 142, Documents Collection of the Council of Independent Unions, Državni Arhiv Bosne i Hercegovine, Sarajevo, p.6.

representatives had thus opted for a negotiation strategy that would stress on their role *as patriots*.

Hence, the union established its advocacy of workers' rights on the dyad worker-warrior, basing their requests on the same patriotic logic of reward. This logic became the main principle guiding the demands of veterans' organisations too. These groups were particularly powerful in post-Dayton Bosnia, where a myriad of such associations sprung up and strongly voiced demands for reward, at times directly challenging international institutions involved in the implementation of the peace process.<sup>113</sup> Across the country, these groups were particularly concerned with issues of employment and demanded the 'development of priority employment schemes for vets'.<sup>114</sup> Veteran groups, often divided along ethnic as well as political lines, generally operated at a 'high level of synergy with the government and the municipal authorities', keen on gaining and maintaining the support of these groups.<sup>115</sup>

Glorifying former combatants and rewarding them with privileges was a common and well-established tradition in socialist Yugoslavia after the partisan struggle, and became one that new political forces drew upon.<sup>116</sup> After 1996, different nationalist forces ruling in the two entities 'define[d] the war differently and accordingly also its heroes and victims'.<sup>117</sup> Similar to that which was occurring in Croatia – where veterans of the 'losing' Army (Serbs) were not entitled to any benefits – in the two entities (Federation of BiH and Republika Srpska) reward policies became tied to ethnicity. Although these policies were supposed to guarantee equal re-employment for those whose working relations had been halted by the war, they became yet another process through ethnonational distinctions were affirmed.

As such, in the immediate aftermath of the war, re-employment strategies

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113 Bojičić-Dželilović, Vesna. 'Peace on Whose Terms? War Veterans' Associations in Bosnia and Herzegovina.' In *Spoilers of Peace Processes: Conflict Settlement and Devious Objectives*, 2004, p.14.

114 Kendra Gregson. 'Veterans' Programs in Bosnia-Herzegovina.' Sarajevo: The World Bank, June 2000, p.11.

115 Xavier Bougarel. 'The Shadow of Heroes: Former Combatants in Post-War Bosnia-Herzegovina.' *International Social Science Journal* 189 (2006): 479–90, p.483.

116 Berdak, Reintegrating veterans, p.51.

117 Ibid., p.52.

became an arena for (indirect) ethnicisation. Both Republika Srpska and the Federation implemented regulations to favour the re-employment of veterans and demobilised soldiers, with an expected return in political consensus.<sup>118</sup> In Republika Srpska, soldiers who had fought in the Army of Republika Srpska (predominantly Serb) had employment priority.

Re-employment policies were highly contested in the Federation, and thus can illustrate even better the extent of ethnic fragmentation in workplaces. Here, veterans of the Croatian Defence Council (HVO) and the Army of Bosnia and Herzegovina (ArBiH) – separate factions at war between 1992 and 1994 – were supposed to be included in the same Federal regulations favouring veterans' re-employment. Frictions between the two constitutive nations of the Federation (Croat and Bosnjak-Muslims) and their respective veteran groups started emerging.

For example, the municipality of Sarajevo promoted veterans' return to their workplace, demanding collaboration from companies across the municipality.<sup>119</sup> According to the law, demobilised soldiers (roughly 12000) would have the return to their workplace guaranteed. In case of physical destruction, they would have had to be employed somewhere else, in accordance with their qualification. Further, enterprises that could not fill the workplace with their former workers had to employ demobilised soldiers from ArBiH.<sup>120</sup> However, representatives of the Croat nationalist party HDZ soon questioned these provisions, since they claimed these did not grant equal rights to veterans of the two armies. As they stated at a parliamentary meeting, the law led

'to inequality for all those who were part of HVO - because at some point that was characterised as an enemy army [...]. Those who had the fortune to be in ArBiH had their workplace waiting for them, and have a priority in

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118 Article 143, Službene novine Federacije BiH', broj 43/99; Službeni glasnik Republike Srpske broj 16/96; see also Gregson, Veterans' program, p.2.

119 S.T. 'Povratak Poslu.' *Oslobođenje*, November 24, 1995, p.7.

120 M.R. Babić. 'Demobilizacija Pa Posao.' *Oslobođenje*, December 18, 1995, p.8; on workers' demobilization and return to work, see also Badžak, Edhem. 'Ratnici Se Vraćaju Poslu.' *Oslobođenje*, December 14, 1995, p.13.

employment if they did not work; those who were in HVO [...] did not have any theoretical chance to think about the rights of demobilised soldiers.’<sup>121</sup>

Similarly, according to an interview given to Bosnia’s leading newspaper in 1995 by Energoinvest’s general director and high-rank member of the Bosnjak nationalist party SDA Edib Bukvić,

‘it is necessary to start paying people according to their work so that they can live off their own salaries. For now, it has not been possible for us, as we still need to retrieve production. [...] Work without salaries is nothing less dangerous than salaries without work, as it has been in the past’.<sup>122</sup>

Thus, government officials and company managers were aware of the need for a swift re-employment of citizens, in particular of demobilised soldiers.<sup>123</sup>

Hence, in both entities, and within the three ethnonationalist ruling governments, the new vulgate became that of veterans’ re-employment. Soldiers and citizens were also workers, and yet a populist intent is visible in this reconceptualisation of employment relations. Delegates of the social-democratic party (SDP) in the Bosnian national parliament noted evidence of this shift, and summed up the transformation of political tones and discourse in post-socialist Bosnia: ‘Once [in socialist times] we used to speak in the name of the working class, and now in the name of the nation.’<sup>124</sup>

This process had already been in motion during the war when minority communities were victims of mass layoffs based on ethnicity. Perhaps most notorious of all is the case of Aluminij Mostar, a major producer and refiner of

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121 N. Lozančić (HDZ), Speech at the Federal Parliament. ‘Nastavak 5 Sjednice Doma Naroda Parlamenta Federacije Bosne i Hercegovine,’ May 19, 1998, Sednice Doma Naroda Parlamenta Federacije Bosne i Hercegovine, num. 2389, folder 91, Arhiv Federacije Bosne i Hercegovine, p.4/1.

122 N., N. ‘Nagrada Ili Uvreda.’ *Oslobođenje*, March 14, 1995, p.5.

123 This was perhaps partly a legacy of the former Yugoslav system, where unemployment had been virtually a taboo. See Woodward, *Socialist Unemployment*, p.347.

124 Sejfidin Tokić speech in Parliament, ‘11. Sjednice Zastupničkog Doma Parlamentarne Skupštine Bosne i Hercegovine,’ May 10, 1999. Online Archive of the Parliament of Bosnia and Herzegovina, p.71.

alumina belonging to the Energoinvest group until 1991. Here non-Croat employees were excluded from re-employment.<sup>125</sup> Another major case was that of the mining complex in the town of Prijedor (Republika Srpska), where non-Serb employees were fired en masse after the beginning of the war.<sup>126</sup>

Cases like those of Mostar and Prijedor had occurred in both entities; here, employees who believed they had been dismissed because of their ethnic origin were entitled to file a complaint in their municipality. Most of these cases saw former citizens of one entity – for example, Bosnjaks from Republika Srpska now residing in the Federation where they would be with their majority ethnic group – sue their employers in their entity of origin and demand compensation for their unlawful dismissal. In an instance presented in front of the Human Rights Commission, for example, an applicant accused the authorities of Republika Srpska of denying him a fair trial concerning the unlawful occupation of his company (affiliated to Energoinvest). As the court ruling stated:

‘at the end of 1992, due to the outbreak of hostilities on the territory of Bosnia and Herzegovina, [his company] stopped working and the entire complex in which the applicant’s business premises were located, was illegally taken over by Elektroskola Banja Luka. The applicant felt that he was forced to stop working on his business premises because he was of a different nationality. The applicant thereby lost his ability to use the business premises.’<sup>127</sup>

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125 Direct Request (CEACR) - adopted 2007, published 97th ILC session (2008)  
*Labour Inspection Convention, 1947 (No. 81) - Bosnia and Herzegovina* (RATIFICATION: 1993) Available at  
[http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:13100:0::NO::P13100\\_COMMENT\\_ID:2278709](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:13100:0::NO::P13100_COMMENT_ID:2278709)

126 Pickering, *Peacebuilding in the Balkans*, p.99-100; Daniela Lai. ‘Transitional Justice and Its Discontents: Socioeconomic Justice in Bosnia and Herzegovina and the Limits of International Intervention.’ *Journal of Intervention and Statebuilding* 10, no. 3 (2016): 361–81.

127 Teofik Jusufagić against The Republika Srpska, Case no. CH/00/3862, (Human Rights Commission within Constitutional Court of Bosnia and Herzegovina November 1 2004), p.2; the court here noted the accusations of ethnic discrimination but found that the applicant had not been able to provide substantial evidence in support of his claim, p.6.

Former employees of other companies or institutions in both entities presented similar instances to the court and claimed their work had been illegally terminated, at times because of their ethnic and national origin.<sup>128</sup>

Moreover, returnees and IDPs in both entities explained their unwillingness to return to their previous homes and jobs in the entity where they would be a minority because they expected employment discrimination.<sup>129</sup> In the Federation, 'a total of 52,286 complaints had been filed with the [...] requests for the re-establishment of legal working statuses'.<sup>130</sup> The parliament of Republika Srpska adopted similar provisions, and received '58,488 requests from people who believed that their employment had terminated illegally'.<sup>131</sup> Thus, roughly 110,000 employees of both entities sued their former employers for unlawful dismissal during the war on the grounds of their ethnicity. However, workers who were granted the right to appeal against an unlawful decision of dismissal based on ethnic grounds often reported a feeling of disappointment over their compensations.<sup>132</sup>

Energoinvest employees as well argued to have been unlawfully denied their property rights or their rights to strike; they appealed the country's Constitutional Court claiming rights over wages in arrears and company's flats,

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128 Case no. CH/99/2356 Fikreta Bjekić against The Republika Srpska, 13 May 2000 Ljiljana Radović against The Federation Of Bosnia And Herzegovina, No. Case no. CH/98/959 (Human Rights Commission within Constitutional Court of Bosnia and Herzegovina May 7, 2004), p.3; Hamid Čoban against The Federation Of Bosnia And Herzegovina, No. Case no. CH/99/2898 (Human Rights Commission within Constitutional Court of Bosnia and Herzegovina May 5, 2004), p.2; Jasminka Sarač against The Federation Of Bosnia And Herzegovina, No. Case no. CH/99/2743 (Human Rights Commission within Constitutional Court of Bosnia and Herzegovina June 3, 2003), p.3; Appeal of Silvana Tomić against the judgment of the Supreme Court of the Federation of Bosnia and Herzegovina ('the Supreme Court') No. 070-0-Rev-06-000170 of 24 January 2007, No. AP-1093/07 (Constitutional Court of Bosnia and Herzegovina September 25, 2009), p.4.

129 Pickering, *Peacebuilding...*, p.99.

130 UN Committee On The Elimination Of Racial Discrimination, Reports Submitted By States Parties Under Article 9 Of The Convention, Information provided by the Government of Bosnia and Herzegovina on the implementation of the concluding observations of the Committee on the Elimination of Racial Discrimination, 18 June 2009, p.2-3.

131 Ibid., p.3.

132 Amnesty International. 'Bosnia and Herzegovina. Behind Closed Gates: Ethnic Discrimination in Employment,' January 26, 2006, p.13; also Sandić-Hadžihasanović, Gordana. 'Vlastima RS Stiglo Upozorenje Iz Strazbura.' *Radio Slobodna Evropa*, June 11, 2007. <https://www.slobodnaevropa.org/a/706309.html>. Accessed 12 March 2018.

or asked to be compensated in shares.<sup>133</sup> In a large case against the country's decision to freeze foreign accounts in 1992, and subsequently privatise formerly national banks, one of the applicants stated that he would accept compensation in shares of Energopetrol (Energoinvest's oil refining and oil distributing company).<sup>134</sup>

If one were to evaluate the degree of ethnicisation in workplaces, the abovementioned data would give a rather bleak picture of ethnic exclusion from workplaces. It might seem straightforward that the war had radicalised workers-veterans into actively seeking the ethnicisation of their workplaces; and, in turn, that the readjustment of inclusion-exclusion patterns based on ethnicity did bring ethnic minorities to perceive themselves as such, and challenge in court their exclusion from employment as ethnically-based.

Workers' narratives about the 'ethnic' rearrangement of their factories are illustrative of a subtler transformation. Although the interviews collected cannot claim to be representative of the Bosnian workforce overall, they do represent the voices of workers of the 'transition' generation in a large market-oriented (former) Yugoslav company. These are voices of those who lived through the major transformations that affected their country and company (market and privatisation reforms, the collapse of Yugoslavia, the descent into war), and in turn their lives as well. The ethnicisation of different aspects of everyday life, including workplace relations, did not imply an unambiguous shift from 'worker' to 'ethnic member'. When I inquired about the ethnic relations in their workplace, they viewed the management, institutions and regulations as having become imbued with ethnonationalist logic. 'You cannot find a job if you are not of this or that nationalist party' is a ubiquitous phrase amongst workers.

In contrast, when describing themselves and the workplace relations on the

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133 Appeal of Ms. Milica Mirković-Kalinić against the judgment of the Cantonal Court in Sarajevo ('the Cantonal Court') no. Gz-1733/04 of 17 September 2004 and judgment of Municipal Court in Sarajevo ('the Municipal Court') no. Pr-377/02 of 5 March 2004, No. AP 1070/06 (Constitutional Court of Bosnia and Herzegovina March 30, 2007), p.5, Appeal of Ms. Mara Memić et al. against Supreme Court of the Federation of Bosnia and Herzegovina no. 070-0-Rev-07-001747 of 17 April 2008, No. AP 2581/08 (Constitutional Court of Bosnia and Herzegovina June 29, 2011), p.4.

134 Duraković et al, Cases no. CH/98/377, et al., (Constitutional Court of Bosnia and Herzegovina, November 7 2003), p.11.

shop floor, they tend to employ a narrative of anti-nationalism and inter-ethnic harmony. The most striking example of this was Munevera, who pondered on whether to return to her workplace in Energoinvest after the war but decided against it because of the way the director behaved. In her words:

‘After the war, I went to visit Energoinvest only once, because I did not like the way in which they work, specifically the way they entered the building. The secretary of the director of my branch, she had to salute him with ‘Selam Alejkum’. I did not like that he had to be saluted like that, and I saw that there was no place for me anymore.’<sup>135</sup>

From workers’ narratives, ethnicity penetrated the workplace not much in the way workers viewed themselves in relation to ethnic ‘others’, but rather through the (perceived) shifts in the access to employment, as well as due to the consolidation of ethnically homogeneous entities.

None of the workers interviewed would openly describe their workplace as fragmented due to ethnically-based frictions within the workforce; instead, they would elicit ethnic-based remarks through other issues in their workplaces. Ethnicity would feature in workers’ narratives as a consequence of the war, a factor which imposed geographical and political – rather than interpersonal – fragmentation. The premise in all the personal accounts is similar: before the war, workers were united and did not reason in ethnic terms. For example, this is how Marko reflected on (ethnic) divisions of the workplace and the return to employment:

‘Those who had left when the war started, they could not be re-employed. They had been fired because they had left their jobs without notice. Because I think that those who left Tuzla, those were considered traitors, but I think, maybe they did not leave to fight on the other side, maybe they went abroad, maybe they simply did not want to fight...they fled...but some people thought that they were traitors, so there were situations in which they could not be re-

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135 Munevera, Interview with author, Sarajevo, 26.03.2016.

employed. People of all nationalities, Bosnjaks too, they fled. So when the war was over, they came back looking for employment, but they could not because they had been fired, because they had left the country.’<sup>136</sup>

For Marko, the workplace is yet another place where the war and the issues of re-employment have made ethnicity into a critical factor in shaping social relations. Like many of his colleagues, he also views the ‘ethnicisation’ of the workplace as something that was enforced by geographical divisions during and after the war, and by the difficulty of return where one would be an ethnic minority.<sup>137</sup> Like Marko, Muamer reflects:

‘[before the war] we were all like brothers. Nobody asked anyone what his or her name was’

*‘and how was it after the war?’*

‘[...] Of course many left for the Republika Srpska at the beginning of the war and fought from there. Then, they had the right to return, but they did not. They were afraid, and we do not know what they thought. After the war, things started to be a bit more stable, over time. People started a bit to reason again... politics that is. It ‘drowned people in their brain’. I personally think that all those politicians who have stirred and brought to this war, they should be killed, and we should be a unified nation, and not think in national terms’.<sup>138</sup>

Muamer’s view of the transformations in his workplace is quite common, as the unwillingness to return is viewed as being imposed by political factions seeking to divide citizens and the workforce.<sup>139</sup> These reflections often stem from interviewees’ current views of the Bosnian society as forcefully being kept divided by the interests of ethnonationalist political elites.

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136 Marko, Interview with author, Tuzla, 15.07.2016.

137 this is in contrast, for example, with what O’Loughlin has claimed, that working class people in Bosnia tend to be less tolerant towards other ethnicities than members of other social strata; see O’Loughlin, ‘Inter-Ethnic Friendships’, p.32.

138 Muamer, Interview with author, Tuzla, 09.05.2016.

139 Rifat, Interview with author, Lukavica, 22.06.2016.

While workers and managers might feel uncomfortable in discussing personal ethnic grievances, it remains significant how they channel them through a narrative of geographical division along ethnic-based boundaries, imposed by aggressive nationalist forces. At the same time, it is evident from these testimonies how the lack of minority returns to pre-war workplaces has been somewhat normalised through the narrative of *being on the other side*.

Aside from the court cases, the testimonies collected amongst current and former workers of Energoinvest did not illustrate a clear ethnic separation in workplaces, but rather a normalisation of an ethnic discourse about re-employment. While in other companies and workplaces the situation might be different, it is worth noting that in this sample, we can see a 'silent' form of ethnicisation. Workers are careful to present themselves as victims or powerless bystanders of an ethnic-based reconfiguration of their workplace that results from nation-wide processes of ethnonationalisation, rather than as active contributors to this transformation. This self-positioning could be because 'active' or 'vocal' ethnic discrimination is considered a taboo in much of Bosnian society; at the same time, it could be deriving from an understanding of the workplace as anti-national or supra-national, something that still lingers in (post) socialist workers' groups. This is not at all to say that there are not complex ethnic dynamics within companies. Rather, it is to highlight differences and often contradicting narratives of fragmentation or unity that emerge from workers' accounts. These show how workers make sense of those transformations that significantly influenced their working lives.

Other factors emerge from workers' accounts as fundamental obstacles to their return to employment: the sheer destruction of physical workplaces (factories, machinery, research centres); and the geographical, political, ethnic division of the country, sanctioned by the peace agreement.<sup>140</sup> Miro, at the time an engineer in the Energoinvest complex in Eastern Sarajevo (now in Republika Srpska), commented:

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140 Ó Tuathail, Dahlman 'The Effort to Reverse', p.459.

'people left Energoinvest out of fear above all. You know here it was under the control of the Army of Republika Srpska, the Serbs remained. What was under control of the Army of BiH, then the Muslims and Croats remained there [...] now we are looking at that in terms of citizens, not workers. Workers are people, and since the front line was there, Muslims could not come to work, the companies stopped working, there was the war. Who remained here? The Serbs, because they live here. Muslims could not come from Sarajevo to work because there was the war. And after the war, as well they could not come, because...because the arrangement was such, politics, hostilities, the convictions of criminals from one side or the other and so on. All this had an impact in the way the citizens divided into entities according to which nationality [ethnicity] they belong to. At the beginning of 1996 when the war finished, we called all the workers back who had worked here in Energoinvest to come back to work. We did not say 'only the Serbs should come, wherever they are', but we called all workers. Six-hundred out of 2600 came, and we all employed them. Many did not come because of personal reasons; they were afraid of coming here to Lukavica, they did not there. However, it was the same on both sides. A large number of Serbs worked in Energoinvest, but those of us who were in the war on this side did not dare to go there.'<sup>141</sup>

These testimonies further illustrate the extent to which work and participation in the war are entangled in employees' views. They perceive as reasonable and understandable that minority workers would not want to return to their workplaces, out of fear derived from the unstable post-war equilibrium.

For some workers, ethnicity became attached to employment in workplaces only as a function of one's involvement in the conflict. For others, the impossibility of re-employment was purely economic-based. Rifat, a former worker in Lukavica (now Eastern Sarajevo in Republika Srpska) who identified as Bosnjak-Muslim, also found it impossible to return to work; he confirmed Miro's view on the division as emerging from a lack of resources and from logistical obstacles:

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141 Miro Klepić, Interview with author, Lukavica, 29.03.2016.

'I could return [to Lukavica], but there was no job, no production you see? There were a couple of colleagues who came to me, who were working there, Serbs, with whom we meet now, we have a coffee, normally...but there was no job, they also tried, but it was not enough salary to pay even for the bus to go there, so they did not manage...'.<sup>142</sup>

Rifat did not seem to see any difference between the challenges him or his Serb friends had to face upon returning to work. Yet, the very fact that he felt the need to add that not even his Serb friend could find a job in a factory in Republika Srpska shows that somewhat this could have been a possibility. The creation of a border in his city, assigning his former workplace 'to the other side' brought ethnonational division right within a space he assumed to be immune: that of his factory. Zdravko, an ethnic Croat and former employee in Energoinvest, also stresses how difficult it was to be re-employed, regardless of one's ethnicity:

'For what I know, those who wanted to work could work. But there were not workplaces; there was no need for them...there were positions for the Muslims, who had remained here during the war and who kept their jobs. But one cannot say, you cannot say that because I am a Croat I cannot work in Energoinvest, that is categorically not true, because I worked. And there were Serbs too.'<sup>143</sup>

Zdravko, who had a particularly positive attachment towards Energoinvest, remarked matter-of-factly that those who had maintained their jobs during the war were the ones most likely to be employed afterwards. However, ethnicity still features in his narrative, as a token against which he measures the openness and tolerance of his company. Thus, workers' narratives engage with the issue of ethnicity entering their workplaces but do so through the trope of employment and work.

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142 Rifat, Interview with author, Lukavica, 22.06.2016.

143 Zdravko Prlenda, Interview with author, Sarajevo, 10.12.2016.

These testimonies show how the complex entanglement of work and ethnicity in the workplace came about, as a result of (re) employment issues. They illustrate that the war affected workers' identities since interviewees understood themselves as workers-warriors and favoured an exclusion from employment of those who left or fought for another army. They internalised as inevitable the exclusion of other (ethnic) workers from workplaces. At the same time, the hyper-ethnicisation of political and public discourse and their past self-identification as workers has influenced the way in which they view ethnicity as a taboo. In this, they took advantage of their new veteran systems while still professing a *workerist*, non-ethnic identity.

Workers interviewed had a very ambivalent attitude towards these transformations. An ethnic-based logic of who was or was not entitled to return to the workplace crept into workers' reasoning and expectations. To some extent, they did embrace ethnicisation of workplace relations as a matter-of-fact consequence of the war, one that would in some ways advantage them. At the same time, ethnicity in the workplace remains a taboo, and a narrative of the workforce as united, anti-nationalist, Yugoslav is still present.

'It is the politicians... when they feel the end is coming for them, they start stirring frictions – they say 'he is like that, they are like that, this one destroyed a mosque, that one broke a glass window in the church', they brew things amongst people. They do not let us go to Lukavica [Republika Srpska], or those from Lukavica to come, but we would meet. But it does not suit them if we are good, they could not govern otherwise. When our Serb colleagues come, we talk with them, and we are fine...but if you were to watch TV, you would think we hate each other. It is those idiots...'.<sup>144</sup>

This excerpt illustrates that workers do not want to portray themselves as driven by the same ethnonationalist logic of the political class they criticise; often, they remark that their social life is punctuated with informal meetings with co-workers of other ethnic groups. Thus, similar to other aspects of everyday life, the

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144 Workers of TDS collective interview, Interview with author, Sarajevo, 17.02.2016.

workplace has been a locus where ethnicisation could be articulated but also resisted.

### 3.5 Conclusion

The literature on the ethnicisation of education, citizenship, and social relations in Bosnian urban neighbourhoods has shown that post-war ethnic divisions have profoundly re-shaped many aspects of everyday life.<sup>145</sup> While schools, neighbourhoods and public or cultural spaces are often characterised by more or less clear ethnic-based separation, studies have also shown the everyday interactions and negotiations that defy such differences.<sup>146</sup> Housing restitution and the return of internally displaced people constitute a particularly problematic site of ethnic friction.<sup>147</sup> Youth groups, civil society organisations and ordinary citizens engage in formal and informal interactions that bridge ethnic tensions.

In all these analyses the workplace seldom constitutes a space of inquiry of similar phenomena.<sup>148</sup> This might be a sign of the diminished relevance of work and workplaces in post-socialist lives; double-digit unemployment rates and a high pace of de-industrialisation are surely evidence of a shrinking world of work. However, even in companies undergoing privatisation or bankruptcy procedures where production is not at its full capacity, a sense of community within the workplace, and the interactions deriving from this are still relevant for

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145 Azra Hromadžić. 'Discourses of Integration and Practices of Reunification at the Mostar Gymnasium, Bosnia and Herzegovina.' *Comparative Education Review* 52, no. 4 (2008): 541–63; Igor Štiks. *Nations and Citizens in Yugoslavia and the Post-Yugoslav States: One Hundred Years of Citizenship*. London, New York: Bloomsbury, 2015.

146 Kappler, Stefanie. 'Everyday Legitimacy in Post-Conflict Spaces: The Creation of Social Legitimacy in Bosnia-Herzegovina's Cultural Arenas.' *Journal of Intervention and Statebuilding* 7, no. 1 (2013): 11–28.; Takševa, Tatjana, and Agatha Schwartz. 'Hybridity, Ethnicity and Nationhood: Legacies of Interethnic War, Wartime Rape and the Potential for Bridging the Ethnic Divide in Post-Conflict Bosnia and Herzegovina.' *National Identities*, n.d., 2017. <https://doi.org/10.1080/14608944.2017.1298580>.

147 For research on the privatisation of housing, see Jansen, 'Privatisation of Home and Hope'.

148 Vesna Bojčić-Džellilović has briefly written about the public sector as a site of ethnicisation in employment, see Vesna Bojčić-Džellilović. 'The Politics, Practice and Paradox of 'Ethnic Security' in Bosnia-Herzegovina.' *Stability: International Journal of Security and Development* 4, no. 1 (2015): 1–18.

many workers' groups. As workers' testimonies have shown, workplaces are indeed sites where anti-nationalism and 'silent' ethnicisation become entangled, and often overlap with the legacy of socialist values and attitudes towards ownership and workplace relations.

In conclusion, workplaces and workers' identity have significantly featured in the post-war consolidation of ethnicity as a factor shaping Bosnian socio-economic relations. From both the top-down and the bottom-up, key shifts of workers' hyphenated identities (from workers-owners to workers-warriors, to ethnic-workers) shaped the way workplace and employment relations were conceptualised in the post-war context. Here, two aspects contributed to this ethnic shift: firstly, wartime introduced ethnic understandings of self, which overlapped with the socialist corporate legacy of worker-warrior. Secondly, re-employment regulations and restitution mechanisms were ethnicised. As a result, veterans and their hyphenated 'worker-warrior' identity came to embody the passage from a system of workers' centrality to one of ethnic centrality. Veterans became the embodiment of 'ethnic' policies of re-employment, through mechanisms of rewards.

From this 'micro' perspective, it is possible to view the process of ethnicisation and the return to work after the conflict under a new light. Communities and workplaces did not just become ethnically divided because they were radicalised by nationalist parties who exploited dormant ethnic grievances. Instead, workers were conscripted in different armies, and their subsequent rights to re-employment were ethnicised; this, ultimately, is what has strengthened a vision of workplaces as ethnically divided.

As we shall see in the next Chapter, the complex overlap of worker and veteran identity tropes shaped the way in which post-war economic reforms were understood and resisted.

## IV. Ethnic privatisation: post-war reforms and the (re)making of ethnic workplaces (1996-1999)

### 4.1 Introduction

This Chapter explores the formulation and introduction of forms of 'ethnic' privatisation as a nation-building strategy. It situates this economic process of transformation within a context – that of the workplace – where hyphenated identities (workers-owners, worker-fighter) had emerged (see Chapters 2 and 3). The Chapter focuses on the first phase of privatisation following the end of the conflict in 1995 and shows how the late socialist (Marković) reforms (see Chapter 1) partly constituted the blueprint for post-war transformation. Similar to late socialism, post-war reforms were designed as a project seeking to remake workplaces and ownership relations. As the country was being re-designed across ethnic lines, the new reforms enshrined a *de facto* ethnic-based regulation of property rights.

The phenomenon of ethnic privatisation has remained at the margins of the scientific inquiry on transition and privatisation in Eastern Europe, with only a few mentions in works that focus on the multi-ethnic communities of Latvia and Czechoslovakia.<sup>1</sup> In post-colonial countries undergoing privatisation such as South Africa, the ethnic distribution of property rights has usually been associated with land ownership rights;<sup>2</sup> post-conflict societies characterised by ongoing ethnic divisions, such as Sri Lanka and Zimbabwe, offer compelling examples on the ethnicisation of land ownership, whereby land is re-distributed unevenly to members of a majority ethnic group.<sup>3</sup> Moreover, for the case of

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1 Gershon Shafir. *Immigrants and Nationalists: Ethnic Conflict and Accommodation in Catalonia, the Basque Country, Latvia, and Estonia*. Albany: State University of New York Press, 1995, p.192.

2 Alan Emery. 'Privatization, Neoliberal Development, and the Struggle for Workers' Rights in Post- Apartheid South Africa.' *Social Justice* 33, no. 3 (2006): 6–19; Bruce J. Berman. 'Ethnicity, Patronage and the African State: The Politics of Uncivil Nationalism.' *African Affairs* 97 (1998): 305–41.

3 Benedikt Korf. 'Ethnicised Entitlements? Property Rights and Civil War in Sri Lanka.' *ZEF Discussion Papers on Development Policy* 75 (2003): 1–34, p.25; see also James Muzondidya and Sabelo Ndlovu-Gatsheni. "Echoing Silences: Ethnicity in Post-Colonial Zimbabwe, 1980-2007." *African Journal on Conflict Resolution* 7, no. 2 (2007): 275–97.

Mozambique, it has been argued that the (neoliberal) privatisation of land and state assets is in partial continuity with the country's socialist past.<sup>4</sup>

Bosnia also experienced similar phenomena, as property rights related to company shares became *de facto* ethnicised. However, the political-economy literature that focuses on 'transition' in former Yugoslav countries, and Bosnia in particular, has very rarely discussed (ethnic) privatisation as a phenomenon with some continuity with the socialist past.<sup>5</sup> The reason for this lies in the fact that most of the works on post-1995 in Bosnia employ a generally top-down approach to the study of post-war political economy and ethnic relations, leaving out reflections on Bosnia's recent socialist past.<sup>6</sup> Bosnia is often included in broader studies assessing the role of the international community during ethnonationalist conflicts and post-war reconstruction across the globe (from Kosovo to Rwanda, from Timor Leste to Afghanistan).<sup>7</sup> This literature has oriented towards assessing the best or worst practices in humanitarian intervention, as well as the role and responsibilities of international actors supporting nation-building from the top-down.<sup>8</sup> This literature suggests that a one-size-fits-all neoliberal dogma has been applied in Bosnia, causing major

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4 Anne M. Pitcher. *Transforming Mozambique: The Politics of Privatization 1975-2000*. New York and Cambridge: Cambridge University Press, 2002, p.239.

5 Steven L. Burg. 'Bosnia Herzegovina: A Case of Failed Democratization.' In *Politics, Power, and the Struggle for Democracy in South-East Europe*, edited by K. Dawisha and B. Parrott, 122-45. Cambridge: Cambridge University Press, 1997, p.140.

6 Upchurch, 'State, Labour and Market', p.2; Jasmin Mujanović. 'The Baja Class and the Politics of Participation.' In *Unbriable Bosnia and Herzegovina: The Fight for the Commons*, edited by Damir Arsenijević, 10:135-44. Southeast European Integration Perspectives. Baden-Baden: Nomos Verlagenschaft, 2014.

7 Scott Leckie. *Housing, Land and Property Rights in Post Conflict United Nations and Other Peace Operations. A Comparative Survey and Proposal for Reform*. Cambridge: Cambridge University Press, 2009; Ralph Wilde. 'Accountability and International Actors in Bosnia and Herzegovina, Kosovo and East Timor.' *ILSA Journal of International & Comparative Law* 7 (2000): 455-60.

8 Belloni, *State Building and International*, p.102; see also Mary Kaldor and Vesna Bojičić. 'The 'abnormal' Economy of Bosnia-Herzegovina.' In *Scramble for the Balkans: Nationalism, Globalism and the Political Economy of Reconstruction*, by Carl-Ulrik Schierup, 92-117. Basingstoke: Macmillan, 1998; Ó Tuathail, Dahlman, 'The Effort to Reverse', p.450; Pugh, 'Local Agency and Political Economies', p.309. A vast literature on the shortcomings of privatisation in Eastern Europe also brings forward similar arguments: see Bunce, 'The Political Economy of Postsocialism.', pp.758-759; Stiglitz, 'Quis Custodiet Ipsos Custodies?'; Boeri, 'Learning from Transition Economies', p.368.

problems of corruption, lack of transparency and ethnonationalist rule.<sup>9</sup> Here, the international community institutionalised ethnic classification in its remaking of Bosnia and further established an ethno-neoliberal framework that allowed ethnic privatisation to happen in the interests of local nationalist elites.<sup>10</sup>

As this Chapter argues, the privatisation of enterprises and state capital was neither purely imposed by the international community, nor simply co-opted by ethnic elites interested in ‘accumulation by dispossession’, i.e. in centralising wealth and power in the hands of elites by dispossessing citizens, workers, and veterans.<sup>11</sup> Rather, it was a strategy that drew upon new and old ideas of privatisation, in order to consolidate (ethnic-based) alliances with workers. This is not to say that local elites did not benefit from often ‘shady’ privatisation deals; rather, here I show that the post-war formulation of property reforms was *also* influenced by a complex and multi-layered workers’ identity, shaped by the legacy of market socialism. These reforms were conceptualised not as a complete erasure of socialism, but as a reformulation of some of the late socialist market reforms principles, adapted to the new (ethnicised) post-war setting. As we shall see, government officials picked up workers-veterans’ criticisms and demands, which contributed to shaping privatisation reforms. The way this was implemented, however, became a matter of great disappointment for workers. Privatisation had an ethnic component in that it sought to (re)make workers and workplaces according to an ethnicised version of the late-socialist reforms. At the same time, workers and local economic experts carried with them previous norms and understandings of ownership and sought to shape post-war transformations accordingly. In particular, workers’ mobilisation in favour of ‘ethnicised entitlements’<sup>12</sup> deriving from membership in veteran

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9 Pugh, Cooper. *War Economies in Regional Context*, p.159; Robert E. Prash. ‘Neoliberalism and Ethnic Conflict.’ *Review of Radical Political Economics* 44(3) 298–304 44, no. 3 (2012): 298–304, p. 302; Belloni, *State Building and International*, p.102, p.107; Oliver P. Richmond and Audra Mitchell. ‘Peacebuilding and Critical Forms of Agency: From Resistance to Subsistence.’ *Alternatives: Global, Local, Political* 36, no. 4 (2011): 326–44, p.339; Timothy Donais. ‘The Politics of Privatization in Post-Dayton Bosnia.’ *Southeast European Politics* 3, no. 1 (2002): 3–19, p.6.

10 Žarko Papić. ‘Etnička Privatizacija: Neograničena Mogućnost Prevare.’ *Dani*. August 6, 1999, p.203.

11 For accumulation by dispossession, see: Harvey, ‘The ‘new’ Imperialism’, p.74.

12 Korf, *Ethnicised elements...*, p.11.

groups contributed to legitimising the local elites' vision of ethnicised property rights, made possible by the precarious ethnic equilibrium set up by the international community.

The Chapter draws upon oral history interviews, local newspapers, parliamentary minutes and Energoinvest's company journal; the latter is a unique source, as much of the company journals across Bosnia and Yugoslavia were discontinued after the country's dissolution. In Bosnia, the conflict and the isolation of many areas made it particularly difficult to compile and print newspapers and bulletins. This journal was printed in the besieged Sarajevo, and thus had limited availability and circulation; although it was mostly focused on Sarajevo-related news, it still tried to report on other Energoinvest factories across the country. While it is undeniably less representative of the voices from Energoinvest companies at the national and international level than its pre-war issues, it still constitutes a valuable insight into how the company sought to portray itself, its ethos, and its workers during the war.

#### **4.2 Post-war privatisation: between socialist legacy and new bottom-up pressures**

The Peace Agreement signed in Dayton (Ohio) in November 1995 established the division of the Bosnian territory into two entities: the Republika Srpska (RS), comprising the main Serb-dominated territories and the eastern part of Sarajevo for a total of 49%;<sup>13</sup> and the Federation of Bosnia-Herzegovina (FBiH), covering the territories with a Bosnjak-Muslim<sup>14</sup> or Croat majority<sup>15</sup>, for a total 51%. The Federation was itself divided into ten cantons, most of which with a

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13 Across its territories there are some Bosnjak-Muslim and Croat minorities.

14 I am aware that these definition is contested, as there exist many different ways of identifying ethnonational or religious group. I used the ones mentioned above as they are the ones my interviewees use. While Serbs (Srbi) and Croats (Hrvati) define use these terms, the definition for Bosnjaks (Bosnjaci) or Muslims (Muslimani) is interchangeable and often used alternatively. As such, I tend to be as close as possible to the terminology interviewees themselves use.

15 The Federation is in itself divided in ten cantons, which have different majority-minority composition. Here too there are sparse Serbian communities. For population distribution, see Florian Bieber. *Post-War Bosnia – Ethnicity, Inequality and Public Sector Governance*. Basingstoke, Hampshire and New York: Palgrave Macmillan, 2006, p. 64, p. 77.

clear ethnic majority.<sup>16</sup> Bosnia also has an independent district (Brčko district), which is the only example of multi-ethnic self-governance in the country. Most of the legislative and executive power in Bosnia and Herzegovina is held by the State parliament, which is governed by an ethnic quota principle, whereby the presidency rotates amongst the three representatives of the three recognised ethnicities (Bosnian-Muslims, Bosnian-Croats and Bosnian-Serbs).

#### **4.2.i Socialist legacy**

The privatisation reforms initiated in the late 1980s under the Marković government had started a transformation of social into private property, through internal shareholding and employees' stock ownership plans. These laws had been effective in Bosnia from August 1990 until November 1994, when the Law on Nationalisation of Social Property was promulgated.<sup>17</sup> This Law implemented a *de facto* re-nationalisation of all property defined until then as 'socially-owned'. All that was not privately owned (between 15 and 20% of state capital) was now in state hands.

Although presented as an 'emergency' law to guarantee access to resources for the Bosnian war government, this law was not repealed after the war ended and coexisted with the shareholding laws of pre-collapse Yugoslavia. However, people were not familiar with this new law and thought nothing had changed since the Marković reforms of 1991. This expectation led many shareholders to look for their shares right after the war. For example, employees of the food production giant Agrokomerc demanded after the war to have back the shares they had purchased between 1990 and 1994 under the Marković Laws.<sup>18</sup> Even if the war had in part halted the process of privatisation, it had not completely erased the idea of reform based on mass distribution of shares amongst workers and citizens.

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16 Additionally, the autonomous district of Brčko in north-eastern Bosnia, self-governed and characterised by an ethnically mixed population, was established in 1999.

17 Službeni List (official gazette) RBiH 7/93 Službeni list RBiH 33/94.

18 The Association for the Protection of Unemployed Shareholders of Agrokomerc against The Federation of Bosnia and Herzegovina, No. CH/00/5134, CH/00/5136, CH/00/5138 and CH/01/7668 (Human Rights Chamber for Bosnia and Herzegovina March 8, 2002), p.4.

Between 1995 and 1996, Bosnian experts and academics organised discussions and roundtables debating the risk and potentials of privatisation of social property, attempting at clarifying what the process entailed, and seeking to give recommendations.<sup>19</sup> Alongside workers who had supported the Marković laws, the generation of economists who had been active during the Marković years carried similar values and ideas of reform into the post-war context. These economists and political experts, who constituted the bulk of senior economic positions in Sarajevo, supported a gradualist approach that would diversify different methods of privatisation and apply them in subsequent stages, so to avoid the risks of ineffective privatisation due to vouchers.<sup>20</sup> This model would further entail a stronger role of the government in creating market institutions – rather than leaving transition at the mercy of weak institutions and obsolete production resources.<sup>21</sup>

These experts started discussing and drafting possible privatisation models, trying to stay true to the reformist tradition they were most familiar with.<sup>22</sup> The literature produced at the time also confirms that prominent scholars were in favour of a ‘Marković-modelled’ form of privatisation based on workers’ or internal shareholding.<sup>23</sup> They had welcomed the Marković reforms of 1989-1990 as a breakthrough moment that would allow the Yugoslav economy to embark in market reforms, and they anticipated that a similar transformation would recommence after the war.<sup>24</sup> As Professor of Economics and former director of Energopetrol Anto Domazet recalls:

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19 I.P. ‘Pravimo Sistem iz Glave’, *Oslobođenje*, January 15, 1995, p.16.

20 Fikret Čaušević. *Bosanska Ekonomska Enigma. O Tranziciji Od 1996. Do 2013. Godine*. Vol. 13. Forum Bosnae 63–64. Sarajevo: Međunarodni Forum Bosna, 2013, p.30 .

21 Dragoljub Stojanov. ‘The Elements of an Alternative Development Strategy for Transition Economies - with Special Reference to the Balkan Region.’ *Transition - Journal of Economics and Politics of Transition. Ekonomski Institut Tuzla* 1, no. 2/3 (1999): 138–47, p.146.

22 Marko Beroš. *Kako Privatizirati Društveno Vlasništvo*. Sarajevo: Svjetlost, 1994, p.74-75; Izudin Kešetović. *Ekonomska Stvarnost Bosne i Hercegovine 1992-1998*. Gračanica, Tuzla: Grin, 1998, p.143.

23 Branko Morait. ‘Strah Od Privatizacije u BiH.’ *Transition - Journal of Economics and Politics of Transition. Ekonomski Institut Tuzla* 1, no. 2/3 (1999): 185–97, p.189-190.

24 Boris Tihi, Rešad Begić, and Slobodan Nikolić. *Organizovanje Razvojno-Istraživačke Funkcije u OUR : Istraživačka Tema*. Sarajevo: Institut za organizaciju i ekonomiku, 1981; Marko Beroš. *Koncepcija Razvoja Privrede Hercegovine Do 2000. Godine: Naučnoistraživački Projekat*, Mostar: Zavod za razvoj privrede, 1985; Rešad Begić. *Razvijanje Male Privrede*. Sarajevo: Svjetlost, 1980; Marko Beroš and Sulejman

'You see, we all supported the Marković reforms en masse. We in Energoinvest organised tens of seminars and prepared people for internal shareholding and so on. And there was a great enthusiasm, and there was a great expectation'.<sup>25</sup>

Economists and political scientists alike did not expect that the new reforms would completely dismiss the legacy of late-socialist ones; this was not only because they had actively participated in them, but also because they too had championed the idea that workers should have a significant role in privatisation. In fact, the vast majority of economic experts interviewed (both economists and technocrats in the privatisation agency) had supported the Marković reforms. For example, the former director of the Federation's Privatisation Agency commented that the 'best solution' for privatisation would have been the Marković model of internal shareholding.<sup>26</sup> As illustrated in Chapter 1, economists championed the Marković reforms as something that would have improved socialist enterprises, adapting them to the needs of a globally expanding market. For example, Mirko Pejanović, key political figure in the Social-Democratic Party and member of the war presidency between 1992 and 1995 stressed that:

'We thought that the new privatisation would be similar to the Marković concept. Because his concept of privatisation included that workers motivate themselves to take shares in the companies where they had worked for years.'<sup>27</sup>

These views, as we shall see, partly clashed with what the new nationalist governments envisioned for the privatisation process.

Government officials of the three ruling parties (SDA, HDZ and SDS) took

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Kamenica. *Ekonomski Razvoj Do 2000. Godine Kao Faktor Prostornog Uređenja SR Bosne i Hercegovine* /. Sarajevo: Ekonomski institut Ekonomskog fakulteta, 1980.

25 Anto Domazet, Interview with author, Sarajevo, 05.04.2016.

26 Fikret Talić, Interview with author, Sarajevo, 22.09.2014.

27 Mirko Pejanović, Interview with author, Sarajevo, 13.07.2016.

inspiration in those countries in the former Eastern Bloc that had embarked on the road towards economic transition since the early 1990s. Here, the main vulgate of the international economic theory proposed a 'big bang approach', one where transition would happen quickly and at a mass scale, stimulated by rapid mass privatisation.<sup>28</sup> Though with some minor differences in the combination of privatisation methods, the main strategy was that of distributing vouchers to the population; these vouchers corresponded to shares in (former) state companies. Poland and the Czech Republic, in particular, became inspirational success stories of mass privatisation used to sell the new reform.<sup>29</sup> By 1997, World Bank research publications supported claims 'that the Czech privatization program was producing solid and positive results. [T]he Czech model was clearly the recommended approach.'<sup>30</sup>

By 1995-1996, when Bosnian ministers and delegates started debating over the model of privatisation, the Czech voucher privatisation was showing promising results.<sup>31</sup> As such, Bosnia's model of voucher privatisation took inspiration from here. In fact, as the Bosnian Minister of Industry Faruk Smajilbegović declared at the beginning of 1995, one of the key government tasks was going to be that of 'creating the preconditions and institutions for the full conversion of ownership and property laws, following the experience of the Czech Republic'.<sup>32</sup> Professor Hasan Muratović, Minister for the Economy and Foreign Trade in 1997-1998 recalls that the Czech and Hungarian models of voucher privatisation inspired the reforms in Bosnia as well. In his view, top

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28 Gérard Roland. 'On the Speed and Sequencing of Privatisation and Restructuring.' *The Economic Journal* 104, no. 426 (1994): 1158–68, p.1158.

29 For analyses on the voucher system in Czech Republic and its shortcomings, see Małgorzata Antczak. 'Income from the Privatisation of State Enterprises in Poland, Hungary and the Czech Republic in 1991-1994.' *CASE Research Foundation, Warsaw*, 1996, 1–44.

30 Nellis, 'The World Bank, Privatization', p.23.

31 Evzen Kocenda, Juraj Valachy, 'The Czech Republic: Ownership and Performance of Voucher-Privatised Firms.' in *Secondary Privatisation in Transition Economies The Evolution of Enterprise Ownership in the Czech Republic, Poland and Slovenia*, Edited by Blaszczyk, Barbara, Iraj Hoshi, and Richard Woodward, eds., *The Czech Republic: Ownership and Performance of Voucher-Privatised Firms*, p.173-174 eds. Basingstoke, Hampshire and New York: Palgrave Macmillan, 2003.

32 Ekipa Ivještača Oslobođenja, 'Usvojeno 26 Zakona', *Oslobođenje*, January 17, 1995, p.1; 'Bosnia's Precarious Economy: Still Not Open for Business.' ICG Balkans Report; Sarajevo/Brussels: International Crisis Group, August 7, 2001, p.18.

members of government at the time had seen that the Czech Republic and Hungary were undergoing mass quick privatisation through vouchers and 'simply wanted to do the same'.<sup>33</sup>

Moreover, in the mid-1990s former Yugoslav republics were also adopting vouchers as a method for mass privatisation.<sup>34</sup> Slovenia was the only country to have maintained a parallel method of privatisation through management and employee buy-outs, which (in part) drew upon the Yugoslav privatisation reforms of the late 1980s. Conversely, like Bosnia, Serbia and Croatia first approved nationalisation of social property (*društvena svojina*), which was then privatised through vouchers or investment funds. The Sarajevo government, similarly to Croatia - but unlike Slovenia - supported this second model of privatisation, and proceeded first with nationalising social property, after which voucher privatisation would follow.

Initially aimed at nationalising and thus gaining control over companies directly related to military and defence production, in November 1994 the nationalisation of social property was extended to include all property still listed as 'social property' on the whole republican territory.<sup>35</sup> This transformation meant a *de facto* transfer of most of Bosnia's companies to direct state control.<sup>36</sup> The reason for this, as explained by the then minister for trade and economic relations Hasan Muratović, was to determine the owner of the

'undefined social property. We decided that the state should be the owner instead of workers so we could manage that property. And we thought, once the war ends, we will resume privatisation and accept a market economy and capitalism'.<sup>37</sup>

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33 Hasan Muratović, Interview with author, Sarajevo, 13.12.2016.

34 Slovenia had a slightly different model as shares were sold through employees buy-outs. Marko Simoneti and Andreja Bohm. 'Slovenia: Ownership and Performance of Mass-Privatised Firms.' In *Secondary Privatization in Transition Economies: The Evolution of Enterprise Ownership in the Czech Republic, Poland and Slovenia*, edited by Barbara Blaszczyk, Iraj Hoshi, and Richard Woodward, 23–90. Basingstoke, Hampshire and New York: Palgrave Macmillan, 2003, p.24.

35 Službeni List (official gazette) RBiH 7/93 Službeni list RBiH 33/94.

36 I. Polimac. 'Politikantstvo Zaustavlja Zakone.' *Oslobođenje*. December 23, 1994, p.3.

37 Hasan Muratović, Interview with author, Sarajevo, 13.12.2016.

While economists who advised the government such as professor Muratović were cautious about nationalisation, government officials heavily criticised the socialist-era system of self-management. Prominent members of government such as prime minister Edhem Bičakčić were particularly adamant to approve a set of reforms that would ‘cure’ the country ‘of the disease of social property’, i.e. the alleged lack of a definitive owner of enterprises and other immobile capital.<sup>38</sup>

Discussions about the privatisation of social property had already started in 1994 when the Bosnian parliament approved the nationalisation of what was formerly ‘social property’ (*društvena svojina*), and which constituted the majority of real estates and assets of many Bosnian companies.<sup>39</sup> For example, the Federation’s Prime Minister Haris Silajdžić (member of SDA, the Bosnjak-Muslim nationalist party)<sup>40</sup> expressed the governments’ orientation towards an open market and free economy. To achieve this, he considered necessary to ‘determine to whom the property belongs. [...] Here people have giant [factories] but they have not paid anything, and yet they have managed it’.<sup>41</sup> This elliptic reference to workers who, under social property, were managing factories without paying for them, revealed the SDA’s intention of defining the ownership of enterprises as not just a worker’s right, but rather as the right of other social categories (as we shall see, veterans above all).

Here, local advisors involved in consulting the Federal Privatisation Agency (the government body tasked with carrying out privatisation reforms) were oriented towards a privatisation framework without any space for internal shareholding; according to them, this would ‘unjustly advantage workers’.<sup>42</sup>

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38 Senka Kurtović and Ibrahim Polimac. ‘Država Novi Vlasnik.’ *Oslobođenje*, August 11, 1994, p.3.

39 The Marković laws, in fact, despite variations between different companies, had overall privatised 5-6 percent of the overall property eligible to being privatised. Ibrahim Polimac. ‘Uz Dionice i Programe’, *Oslobođenje*, October 26, 1994, p.8.

40 Party of Democratic Action, led by President Alija Izetbegović.

41 H. Harifagić and I. Polimac. ‘Braniti i Hraniti’, *Oslobođenje*, November 30, 1994, p.5.

42 ‘Pitanja i Odgovori.’ *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, January 1999, p.109.

The rationale of the privatisation agency, which was the government's direct arm in matters of privatisation, was summed up in an article on its official gazette. Here it was claimed that 'In the eyes of the those nostalgic for socialism [...] this can look like the expropriation and impoverishment of the working class, but [...] this was an illusion, as the working class has never been the owner of anything.'<sup>43</sup> In Republika Srpska, the situation was not different. For example, the vice-president of its government Savo Lončar noted that the goal of privatisation was the transfer of capital from social and state ownership to private hands, as quickly as possible, bearing in mind the rights and needs of veterans and their families.<sup>44</sup>

Within this complex and at times conflicting conceptual framework, in the years between 1994 and 1997, the Bosnian national government, as well as the entity governments of Republika Srpska and the Federation of BH, started debating and drafting privatisation laws. After the nationalisation of social property in 1994, the Republika Srpska and the Federation gained full control over national property (worth roughly 10 billion Bosnian Marks- KM) to be privatised.<sup>45</sup> The privatisation of these resources constituted an important element in the country's reconstruction as envisioned by local governments as well as representatives of the international community.

The Peace Implementation Council (the international organ tasked with coordinating the Agreement's implementation) and the major international donors (World Bank, European Bank for Reconstruction and Development, USAID to name a few) started to put pressure onto the local governments to approve fast mass privatisation. This transformation would be carried out under the supervision of the High Representative, i.e. the EU envoy tasked with the implementation of the Dayton Agreement on the ground.<sup>46</sup> The institution-building and privatisations were led by different expert communities: the former

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43 Dželal Ibraković. 'Privatizacija - Najznačajniji Faktor Promjena.' *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, July 2000, p.61-62.

44 '10. Sjednica Predstavničkog Doma Parlamentarne Skupštine Bosne i Hercegovine', July 14, 1998, p.6/2. Online Archive of the Parliament of Bosnia and Herzegovina, <https://www.parlament.ba/session/SessionDetails?id=2420&ConvernerId=1>.

45 1 Bosnian KM= circa 2 Euros; Čaušević, Zupčević. 'Case Study: Bosnia and Herzegovina.', p.45.

46 OHR Bulletin 15.' OHR Archive, August 20, 1996.

was supposed to be negotiated within parliamentary chambers, while the latter should be assigned to technocratic experts in the Privatisation Agencies.

After months of political stalemate between representatives of the two entities over privatisation, in July 1998, the former High Representative Carlos Westendorp decided to impose a privatisation law that recognised 'the rights of the Entities to privatise non-privately owned enterprises and banks located on their territories'.<sup>47</sup> Instead of a nation-wide privatisation law, each entity would regulate the process autonomously, and only in a few cases would have to cooperate.

This decision was presented as an initiative to unblock the political impasse and speed up the privatisation process. Nevertheless, by deciding on two different privatisation agencies for the Republika Srpska and the Bosnian Federation, international advisors built ethnicity into the very institutions that would oversee privatisation. The pressure to proceed quickly with privatisation overruled that of maintaining ethnic balance: each Entity would now give privatisation rights to its increasingly ethnically homogeneous community of citizens.<sup>48</sup> Thus, the international actors and donors pushed both – ethnic-based reorganisation of economic institutions, and quick, radical privatisation, to be carried out in separate entities under the supervision of international advisors.

Professor of Economics Hasan Muratović was a member of government until 1997 and was responsible for the liaison with international donors; when asked how the privatisation reforms were conceptualised, he noted:

'The international community insisted on privatisation, and in the parliament here there were such forces that wanted to finish privatisation as soon as possible. Therefore, the presidency proposed that model of fast privatisation

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47 Decision imposing the Framework Law on Privatisation of Enterprises and Banks in BiH, Sarajevo, 22 July 1998, OHR archive.

48 For the ethnic homogenisation of citizenship, see Štiks, Igor. "Being Citizen The Bosnian Way' Transformations of Citizenship and Political Identities in Bosnia-Herzegovina.' In: *From Peace To Shared Political Identities: Exploring Pathways in Contemporary Bosnia-Herzegovina*, edited by Sylvie Ramel and Francis Cheneval, 245–67. Bruxelles: Institut de sociologie de l'Université libre de Bruxelles, 2011.

through the distribution of certificates or vouchers, and the parliament approved it. The model came from here; it is a domestic fabrication, a domestic product – made in Bosnia!'.<sup>49</sup>

Professor Muratović's account is revealing of a common view on privatisation that many economists and policymakers interviewed shared. Much like the late-socialist Marković reforms, these too took inspiration from international models (Czech voucher privatisation) and embedded them in local traditions, informed by local ideas. Both the speed and mode of privatisation, though endorsed by international actors, were the outcome of a local vision of property relations and economic reforms. The two entities (Republika Srpska and Federation of BiH) established privatisation agencies with the task of drafting and implementing privatisation reforms. The economists leading these reforms, nominated by the separate entities' privatisation agencies, engaged with the legacy of Marković's concept of workers' shareholding, by claiming to be bringing a significant improvement to it: this time *citizens*, rather than *workers*, would be the central category benefitting from these new property rights.

This was a significant shift in the conceptualisation of privatisation, one that however sought to engage with the experience of socialist reforms. For example, the economist and director of the Federation's Privatisation Agency Stiepo Andrijić,<sup>50</sup> one of the main contributors to the formulation of the initial framework for privatisation, reflected that with Marković:

'workers could obtain a higher level of ownership than university professors. So in that sense, there was a certain kind of discrimination. [but now] all citizens got certificates to buy whatever they wanted in the territory of the Federation.'<sup>51</sup>

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49 Hasan Muratović, Interview with author, Sarajevo, 13.12.2016.

50 Andrijić is an economist and former dean of the Economics faculty; he was the first president of the Privatisation Agency of the Federation of BiH his; study was funded by the government at the time.

51 Stiepo Andrijić, Interview with author, Sarajevo, 20.09.2014; Also its not true that Marković discriminated against non-workers, as citizens and pension funds could get shares as well. Workers had just a privileged access. Uvalić, *Investment and Property Rights*, p.185.

For him, the new laws further democratised the Marković model, by including those subjects who had been allegedly excluded in its initial formulation. In Republika Srpska the rationale was similar. Economist Aleksa Milojević, first director of the Privatisation Agency of the Republika Srpska and Member of Parliament in the immediate post-war years, reflected:

‘we added all the capital, and we divided it amongst citizens and other categories (veterans, and restitution fund). We made the division following the fundamental principle that citizens are naturally owners [...] and that mass shareholders’ property is the base of forming huge companies which are the bearers of progress [...] Citizens enrolled in a list, and the capital was divided amongst them’.<sup>52</sup>

As these testimonies illustrate, in 1995-1997 the Marković model was still relevant, at least as a background for future reforms. However, a crucial difference was introduced: while the Marković reforms strongly privileged workers in the distribution of shareholding rights, the new reforms entailed a shift from the centrality of workers to that of citizens and veterans.

This shift from the workers-owners to the citizens-owners was also discussed in other models of privatisation in the former Eastern Bloc, such as Poland and the Czech Republic.<sup>53</sup> Bosnia too followed the Czech model of mass voucher privatisation that distributed ownership rights to citizens. However, as the state was itself divided into two entities (Republika Srpska and the Federation of Bosnia-Herzegovina), these rights now pertained to (ethnic majority) citizens, residents of each of the two entities.

Workers would not be a particular category as they had been in the 1980s privatisation, and would be assigned certificates only insofar as they were citizens of the entities. Edib Bukvić, deputy prime minister of the war government before becoming director of Energoinvest reflected:

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52 Aleksa Milojević, 2014.

53 Svejnar, Uvalić. ‘Why Development Patterns Differ’, p.142; Barbara Blaszczyk, Iraj Hoshi, and Richard Woodward, eds. *Secondary Privatisation in Transition Economies The Evolution of Enterprise Ownership in the Czech Republic, Poland and Slovenia*. Basingstoke, Hampshire and New York: Palgrave Macmillan, 2003.

‘what the new government after the war did, was the continuation of the Marković privatisation through certificates [...] then the government gave the possibility, actually the new state of Bosnia-Herzegovina, to distribute certificated to people, and they were based on *how long one worked, how long was one in the Army* and so forth. [...] and that was the continuation of the Marković privatisation, we got the certificates, with which we were able to buy that property.’<sup>54</sup>

The shares purchased during the short-lived pre-war reforms were supposed to be given back to workers and shareholders, while the majority of the state capital would be distributed amongst citizens and veterans within (ethnic) entity boundaries.<sup>55</sup> Although this did not exclude ethnic minorities *de jure*, one should also note that the difficulties faced by these minorities to return to either entity after being displaced had implied a *de facto* ethnicisation of entity citizenship.

Similar to the pre-war reforms, in the post-war period as well reformers envisaged a kind of privatisation that would distribute rights amongst the population. Nevertheless, those deserving of compensations were now *citizens and veterans* – categories that emerged in politics and the workplace. In contrast with the socialist period from which new reformers wanted to take distance, there was no longer a mention of *workers*.

#### **4.2.ii Privatisation as the right of workers-warriors-veterans**

As argued in the previous section, post-war privatisation drew upon old models of property reforms, and simultaneously entailed a shift from the centrality of workers, to that of citizens and veterans. The following section analyses how the new privatisation framework was also shaped by workers’ and veterans’ demands; these, in turn, were picked up by nationalist officials seeking to create alliances with veteran groups. This alliance was based on the acknowledgement of veterans’ hyphenated identity as workers-warriors.

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54 Edib Bukvić, Interview with author, Sarajevo, 09.06.2016; emphasis added.

55 Uredba o reviziji vlasničke transformacije, 41/1995 Službeni list 1995.

Moreover, it entailed a further shift in the 'ethnicisation' of workplaces and property rights. Veterans of the three warring factions (Army of Bosnia-Herzegovina, Croatian Defence Council, and Army of Republika Srpska) had additional access to privatisation vouchers, as a compensation for their contribution in the war.

While a few authors have discussed the political advantage that veteran groups enjoyed in Bosnia, their centrality as beneficiaries of ethnic property relations has not been examined.<sup>56</sup> Veterans came to embody the link between nationalisation and privatisation, as property rights were now grounded on one's contribution to (a specific) army, rather than to one's company. This link between veterans and ownership characterises other post-socialist societies as well. For example, after 1989 in Romania the so-called 'heroes' and veterans of the revolution were given shares, tax breaks and extra incomes for their contribution.<sup>57</sup>

While international institutions supported the voucher model of privatisation as the most common recipe for a fast economic transition, the jurisdiction on how to distribute these vouchers was in entities' hands. Key to this transformation was the conversion of unpaid soldiers' wages into vouchers or certificates, which corresponded to a certain share of the state assets as approved by entity governments. These certificates could be either used to purchase flats, or invested in companies and investment funds. It was in this context that former 'workers-warriors', now veterans, were assigned extra resources for their patriotic effort by the (nationalist) governments of both entities, in a clear effort to 'remake' from above workers into ethnic owners.<sup>58</sup>

The idea of compensating veterans by giving them priority access to vouchers and property was partly inspired by similar reforms implemented in

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56 For studies on veterans, see Bougarel, 'The Shadow of Heroes'. Bojičić-Dželilović, 'Peace on Whose Terms?', p.14; Gregson, 'Veterans' Programs in Bosnia'.

57 Duncan Light and David Phinnemore, eds. *Post-Communist Romania: Coming to Terms with Transition*. Basingstoke, Hampshire and New York: Palgrave, 2001, p.17.

58 The others being general claims from citizens who were 18 by December 1991 and who had a residency in Bosnia at the time of its independence; and frozen foreign exchange accounts.

Croatia and Serbia.<sup>59</sup> In both these countries, ruling nationalist parties had a political stake in furthering soldiers' rights. In Croatia, for example,

'the law introduced a program of voucher privatization that benefited [...] families of disabled war veterans [...]. A political motivation was also very likely: the solidification of the base of support for the ruling party among the groups that had already proved to be willing to provide such support.'<sup>60</sup>

In both Bosnian entities, solving these claims became a highly politicised issue, as nationalist parties sought to highlight their patriotic commitment by firstly rewarding demobilised soldiers. As reported after a government meeting held in October 1994:

'the ownership certificates issued by the state during the process of privatisation will be distributed for free amongst members of the defence forces of Bosnia, regardless of whether they were employed or not at the beginning of the war. It is an idea of premier [Haris] Silajdžić to value in this way their contribution to the country's defence. Soldiers will be able to get ownership certificates which they will then change into shares, either in investment societies or companies where they have been employed'.<sup>61</sup>

This initiative was confirmed at the constitutional assembly of the Federation in 1996, where the premier Izudin Kapetanović stressed the importance of 'actively includ[ing] demobilised soldiers in the restructuring and reconstruction of the country'.<sup>62</sup>

In Republika Srpska as well, privatisation was to be based on the distribution

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59 Karim Medjad. 'The Fate of the Yugoslav Model: A Case against Legal Conformity.' *The American Journal of Comparative Law* 52, no. 1 (2004): 287–319, p.311; Lazić, Cvejić, 'Working Class Post-Socialist Transformation', p.11.

60 Vojmir Franičević. 'Privatization in Croatia.' *Eastern European Economics* 37, no. 2 (1999): 5–54, p.11.

61 Ibrahim Polimac. 'Dionice i borcima', *Oslobođenje*, October 12, 1994, p.3.

62 'Ekspoze Premijera Federacije Bosne i Hercegovine Dr. Izudina Kapetanovića Na Ustavotvornoj Skupštini Federacije BiH,' January 30, 1996, p.1, p.10; Ustavotvorna Skupština Federacije Bosne i Hercegovine, Arhiv Federacije Bosne i Hercegovine.

of vouchers, with particular regard for demobilised soldiers.<sup>63</sup> As its government envisioned, the process of privatisation would tailor to the needs of such soldiers; they would be assigned vouchers in order to purchase flats and shares in most of the industries that were undergoing privatisation. Former national Minister of Trade and Economy Hasan Muratović witnessed how

‘the most important political element for those certificates were soldiers, to whom it was necessary to give something. They could not pay them with high salaries [because Bosnia was in a critical financial situation in 1995-1996] so they thought to please them by giving them certificates’.<sup>64</sup>

The government’s decision to reward veterans by repaying them with certificates was not a purely top-down initiative. In the years immediately after the end of the war, when local governments were drafting new privatisation reforms, veteran groups in both entities became quite vocal in their demands for compensation, and showed support or pressured local officials into approving policies favouring veterans’ rights. As explained in the previous Chapters, the Marković privatisation model through employee internal buy-outs had been particularly appealing for workers in late socialist workplaces. They had welcomed a transition to a capitalist market economy that guaranteed them participation in the company’s and profit-making (through internal shareholding).

After the war, upon consultation with their members, unions started proposing a privatisation model that very much echoed what initiated in 1989 - 1991. In one of his first post-war speeches in 1997, the president of the national union Sulejman Hrle remarked:

‘workers are not against privatisation in principle, but they fear that war profiteers, local powers and directors will profit from illegal privatisation. [...] we are aware that social property [*društvena svojina*] and self-management are a thing of the past, and our workers want to go towards privatisation and a market

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63 Službeni glasnik Republike Srpske’ 24/98.

64 Hasan Muratović, Interview with author, Sarajevo, 13.12.2016.

economy. [We] have proposed a model of privatisation according to which workers would become co-owners of the majority of the capital as shareholders, the workers' model of privatisation'.<sup>65</sup>

Hence, the union repeatedly remarked that workers – and especially demobilised soldiers – were 'exceptionally interested in the privatisation of companies [...] which they have built as workers during their whole working life.'<sup>66</sup> At an initial stage, privatisation was seen as an 'unavoidable route to a market economy' and as the only chance of retrieving production and reviving employment.<sup>67</sup>

Furthermore, expectations of rewards through shareholding were externalised in many letters that workers sent to the Privatisation Agency magazine, asking for clarifications over the new privatisation process. For example, workers from a firm in Eastern Bosnia claimed they had

'completed their company's recapitalisation, increasing its value and countering the war destruction [...] This [was] all done on the basis of their own personal income, and [they] were seeking compensation through the purchase of internal shares'.<sup>68</sup>

Another group of workers in a similar situation had calculated that they had invested roughly 95.000 Bosnian Marks in the renewal of their company, and asked to convert this into shares and buy part of their firm. As a way of further

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65 Sulejman Hrle's speech at an assembly of the Council of the Independent Unions, 29 September 29, 1997. Folder 142, Documents Collection of the Council of Independent Unions, Državni Arhiv Bosne i Hercegovine, Sarajevo, p.4.

66 Sulejman Hrle at the 'Sjednica Ustavotvorne Skupštine Federacije Bosne i Hercegovine,' August 27, 1996. Ustavotvorna Skupštine Federacije Bosne i Hercegovine, num. 2354, folder 56, Arhiv Federacije Bosne i Hercegovine, p.24/3.

67 Mišljenja i sugestije na set Zakona o Privatizaciji, Savez Sindikata internal document, 12 March 1997, Sarajevo. Folder 142, Documents Collection of the Council of Independent Unions, Državni Arhiv Bosne i Hercegovine, Sarajevo; 'K. Vestendorp nametnuo Zakon o privatizaciji preduzeća i banaka na državnom nivou', Generalni Servis ONASA, July 23, 1998  
68 'Pitanja i Odgovori.' *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, January 1999, p.92.

legitimising their requests, they remarked that they were all demobilised soldiers seeking to buy their own company.<sup>69</sup>

At this moment, veterans' organisations started to voice their demands to be included in privatisation and showed strong support towards political leaders who promised to support them. It was quite common for the government to meet with veteran groups, which gave them further scope to shape the privatisation process. For example, in 1995 the Union of Veterans in the municipality of Tuzla protested vocally against the possible resignation of Premier Haris Silajdžić, right after the massacre of Srebrenica.<sup>70</sup> In their public statement, they declared that they strongly opposed his resignation, and remarked their undiscussed endorsement of his leadership.<sup>71</sup> Thus, veterans showed support towards one of the main political actors, who would subsequently grant them privatisation certificates as a reward for their participation in the war. Moreover, in October 1998 the director of the Federal Agency for Privatisation discussed with the representatives of veterans' organisations over the problems of implementing the process of privatisation and repayment of former soldiers and war invalids with certificates.

In the Federation, this process had become particularly complex, due to the frictions between veterans of ArBiH (Army of Bosnia-Herzegovina) and HVO (Croatian Defence Council), the former blaming the latter for lack of cooperation over the issue of payments.<sup>72</sup> These frictions would often be connected to other aspects of reconciliation, for example, the return to employment. In the central Bosnian municipality of Vitez, former workers and veterans of Bosnjak origin were not allowed to return to their workplaces, now under Bosnian-Croat control. Workers reported to their prime minister that roughly 1400 workers had

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69 Ibid., p.100.

70 'Historiski Podsjetnik: Kako Su Vladali.' *Slobodna Bosna - Nezavisni Informativni Portal*. n.d. [https://www.slobodna-bosna.ba/vijest/15391/historijski\\_podsjetnik\\_kako\\_su\\_vladali.html](https://www.slobodna-bosna.ba/vijest/15391/historijski_podsjetnik_kako_su_vladali.html). Accessed on 16 March 2018; 'Građanin Bošnjak.' *Dani*, September 20, 2002. <https://www.bhdani.ba/portal/arhiva-67-281/275/t27517.shtml>. Accessed on 16 March 2018.

71 Unija Veterana Opštine Tuzla, 'Nemirenje s premijerovjm odlaskom', *Oslobođenje*, August 8, 1995, p.3.

72 Generalni Servis ONASA 'A. Mujagić i F. Purišević razgovarali sa predstavnicima boračkih organizacija', October, 16 1998.

been dismissed without reason during the war; further, they noted that their companies had been illegally privatised, excluding them from participating in the privatisation process.<sup>73</sup>

Similarly, veterans in the Republika Srpska were also vocal in their criticism towards the way in which privatisation reforms were enacted in their entity. They sought to influence their local government to change privatisation reforms in a way that would acknowledge their contribution to their country's defence. For example, the president of one of the largest veterans' organisations in Republika Srpska met with the entity government and demanded that a law on the rights of veterans would be approved before commencing with privatisation. As he lamented: 'soldiers with vouchers do not have the rights to participate in the privatisation of 350 companies, with a value of over 300 thousand German Marks'.<sup>74</sup>

These organisations were thus involved in trying to push their local governments in pursuing a privatisation process that would reward veterans with certificates. As such, there was a certain degree of exchange between pressures from the top-down and bottom-up to remake citizens-veterans into ethnic-owners.

The issue of compensating workers-warriors for their contribution to the nation's defence was very much present in parliamentary debates throughout the late 1990s and early 2000s. As privatisation developed, concerns for former soldiers' socioeconomic status resurfaced at almost every parliamentary session. At both the state and entity level, the discussion of who was deserving of these property rights became (indirectly) based on ethnicity, as veteran groups tended to be ethnically homogenous.<sup>75</sup> Moreover, veteran groups were intimately connected with their representatives in the parliament and pressured them to approve compensations measures that would support them.

Government members in both entities displayed their undiscussed support for veteran requests in very patriotic terms and used this as a justification for

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73 Generalni Servis ONASA, 'H. Silajdžić razgovarao sa predstavnicima Organizacije šehida i poginulih boraca iz Viteza', May 13 1998.

74 Generalni Servis ONASA, 'Boračka organizacija 'Sloga' nezadovoljna procesom privatizacije u RS', June 18, 1999.

75 There were some exceptions, especially in ethnically mixed cities like Sarajevo or Tuzla.

the selected privatisation methods. This was a way of rewarding soldiers for their services, fulfilling the claims that the population had towards the state, and further concentrating support for the ruling parties. As a government official noted:

‘the government simply wanted to do something that will distribute the wealth to the veterans. They wanted to show people that this is the pay-off for your fighting during the war, what we told you went to war for, that you bled for us, this is your pay-out, you get 200-300 thousand vouchers, you can go and invest in a company. See? This is the prosperous country we promised you. After the war, everything will be better.’<sup>76</sup>

Between 1998 and 2002, delegates of the three main nationalist parties were often engaged in debating the equal treatment of veterans in accessing housing and employment. For example, Croat nationalist representatives in the Federation demanded a law that would secure the equal financial treatment of the soldier population of HVO and Armija BiH.<sup>77</sup> Similarly, Serbian nationalist delegates claimed that the demobilised soldiers from Republika Srpska had property rights in the Federation, which however they could not access due to inter-entity discriminatory practices of ethnic privatisation.<sup>78</sup>

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76 Bosnian senior official, preferred to remain anonymous.

77 Zdenko Vukić (HDZ) at the lower chamber of the Bosnian Parliament, ‘Magnetofonski Snimak 31 Sjednice Zastupničkog Doma Parlamentarne Skupštine Bosne i Hercegovine,’ September 16, 2002. Online Archive of the Parliament of Bosnia and Herzegovina, p. 12; available at <https://www.parlament.ba/session/SessionDetails?id=2324&ConvernerId=1>.

Armija BiH was the official army of Bosnia-Herzegovina, mostly comprising of muslim-Bosnjak soldiers; HVO (Hrvatsko Vijeće Odbrane or Croatian Defence Council) was the official military formation of Herceg-Bosna. Though initially these two forces were fighting alongside, they were opposed in 1993-1994 particularly in the area of Mostar.

77 ‘OHR: Economic Newsletter.’ *OHR* 1, no. 7 (September 1998). Online Archive of the OHR, [http://www.ohr.int/?ohr\\_archive\\_taxonomy=economic-newsletters-1998-2005](http://www.ohr.int/?ohr_archive_taxonomy=economic-newsletters-1998-2005)

77 Stranka Demokratske Akcije – Party of democratic action and Hrvatska Demokratska Zajednica – Croatian Democratic Union.

78 Branislav Lolić (SNS – RS), ‘Magnetofonski Snimak 27 Sjednice Zastupničkog Doma Parlamentarne Skupštine Bosne i Hercegovine,’ June 20, 2002. Online Archive of the Parliament of Bosnia and

Herzegovina. <https://www.parlament.ba/session/SessionDetails?id=2320&ConvernerId=1>, p.46.

While these issues emerged in both entities, the Federation faced further controversy, as within its jurisdiction there were veterans of two armies (Armija BiH and HVO), which at times had fought each other in Herzegovina. Particularly controversial was the fact that the Federation authorities were distributing unpaid veteran salaries even to people who were never in the army. This raised concern within the international organs, as the High Representative – the international community’s envoy tasked with ensuring the implementation of the Dayton Peace Agreement – feared that ‘this politically-motivated overestimation would make soldiers the main beneficiary group in privatisation’.<sup>79</sup>

Veterans were also very critical towards the High Representative and his advisors, viewed often as a hindrance to the special relationship of mutual political dependency they had developed with the local governments. For instance, the decision of the High Representative Carlos Westendorp to reduce the overall capital for veteran vouchers created a major controversy. According to Westendorp:

‘the number and the value of soldiers’ foreign currency booklets, presented to Federation soldiers, have been overestimated. It is about nine billion DEM [German Marks], and our assessments show the true value is about half of this amount. [...] those who do it, have to be aware that money given to soldiers is being taken from other people – ordinary people’.<sup>80</sup>

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79 ‘OHR: Economic Newsletter.’ Vol.1, no. 7 (September 1998). Online Archive of the OHR, [http://www.ohr.int/?ohr\\_archive\\_taxonomy=economic-newsletters-1998-2005](http://www.ohr.int/?ohr_archive_taxonomy=economic-newsletters-1998-2005). However, until mid-1999 the two major nationalist parties in the federation (SDA and HDZ) kept discussing about how to distribute the roughly seven and a half billion KM available for soldier claims, without managing to agree on a ratio between ARBiH and HVO. Once again the High Representative intervened in order to settle the dispute, reproaching the parties for having politicised the issue to an extreme. As it was reported: ‘the OHR, to increase the nominal amount for this category of claims by another KM 700 million, thereby removing one of the major obstacles for beginning the privatization process.’. In: ‘OHR: Economic Newsletter.’ OHR, Vol. 2, No. 4, (May 1999) Online Archive of the OHR, [http://www.ohr.int/?ohr\\_archive\\_taxonomy=economic-newsletters-1998-2005](http://www.ohr.int/?ohr_archive_taxonomy=economic-newsletters-1998-2005).

80 Numanovic, Sead. ‘Interview: Carlos Westendorp, the High Representative’ Cut by Half the Number of Soldiers’ Booklets.’ Dnevni Avaz, 9 1998. OHR Archive. <http://www.ohr.int/?p=57415>.

Veterans of ArBiH were outraged by the High Representative's decision to reduce the overall budget for their claims, criticising the fact that such a budget's reduction would unjustly favour the veterans of HVO, whom – some claimed – Croatia had already paid.<sup>81</sup>

Throughout the autumn of 1998, when the privatisation reforms were being discussed and reformulated by the High Representative, thousands of veterans and workers called for protests against him and the International community, requesting to partake in the process of privatisation.<sup>82</sup> Even in 2005, when the Federation's government reached an agreement with the World Bank to reduce the budget for compensation for demobilised soldiers and war invalids, veterans' associations threatened to protest against this decision.<sup>83</sup>

Thus, veteran associations were a powerful political player in the post-war years, and contributed to shaping the privatisation reforms in a way that would guarantee their participation and share. Hence, workers and veterans were not a purely passive group but were vocal in their criticism of a process that risked excluding them from privatisation, and actively sought to influence the way in which this reform was conceptualised and implemented – as we shall see in the next section.

Ruling nationalist parties presented mass privatisation through vouchers or certificates as compensation for workers-warriors' efforts and resistance after years of conflict, a reward that would be assigned by each party to 'their own' veterans separately.<sup>84</sup> This compensation was meant to meet veterans' association's demands to be rewarded for their contribution during the conflict. Demobilised soldiers were the category deserving of utmost attention in the process of (divided) nation-building; a major part of nationalist parties' political

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81 Generalni Servis ONASA, 'Z. Backović: Vojne devizne knjižice su unutrašnji dug države i nisu u nadležnosti K. Vestendorpa', September 30 1998.

82 Generalni Servis ONASA, 'JOB najavljuje kolektivnu pobunu boraca', September 1, 1998 ; Generalni Servis ONASA, 13.10.1998 'Bivši borci Armije BiH iz Zenice za sutra najavili protest', October 13 1998; Generalni Servis ONASA, 'Održan protestni miting u Zenici', October 14, 1998.

83 A. Bećirović. 'Podlegne li Vlada pritisku Svjetske banke, imaće demonstracije', *Oslobođenje*, May 3, 2006, p.4-5.

84 Alen Musaefendić. 'The Commanding Heights of Bosnia Privatization Methods as Product of Political Institutions.' Master Thesis in International Economics, Stockholm School of Economics, 2010, p.42.

agendas dealt with the protection of the rights and needs of those who had fought for the new nation.<sup>85</sup> Veterans' claims were thus settled by assigning demobilised soldiers additional shareholding in the form of vouchers; these corresponded to a share of their entity's capital and, consequently, of their companies.

### 4.3 Ethnic Privatisation

This section explores how property rights came to be implemented within a strongly ethnicised framework. Ethnicisation was partly enshrined in the legal framework of the new privatisation and resulted from the new outlook of post-war society as well. As a result, the distribution of property certificates became linked to (ethnic) citizenship and membership of veteran groups, and the new privatisation laws became a prerogative of entities.

After the Dayton Peace Agreement of 1995, many of the executive decisions regarding privatisation, together with some aspects of legislation, were taken by the parliaments of each entity. The governing principle coordinating these two entities was crystallised in a system where the three main ethnic groups and their representatives obtained the most political and economic leverage.<sup>86</sup> For example, the first post-war national elections in 1996 saw the apparent victory of the three nationalist parties (SDA, SDS, HDZ)<sup>87</sup> - which 'ensured that the elections would serve merely to legitimise the results of wartime ethnic cleansing'.<sup>88</sup> With its new institutional setting, Republika Srpska and the Federation increasingly became 'nationalising states [...] promoting the

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85 For an interesting analysis of veterans as the 'body' of the nation, see Salih Can Aciksoz. 'Sacrificial Limbs of Sovereignty: Disabled Veterans, Masculinity, and Nationalist Politics in Turkey.' *Medical Anthropology Quarterly* 26, no. 1 (2012): 4–25.

86 Kimberley A. Coles. 'Ambivalent Builders: Europeanization, the Production of Difference, and Internationals in Bosnia-Herzegovina.' *PoLAR: Political and Legal Anthropology Review* 25 (2002): 1–18, p.3.

87 Stranka Demokratske Akcije (Party of Democratic Action, Bosnjak nationalist); Hrvatska Demokratska Zajednica (Croatian Democratic Union, Croat nationalist); Srpska Demokratska Stranka (Serb Democratic Party, Serb Nationalist).

88 Carrie Manning. 'Elections and Political Change in Post-War Bosnia and Herzegovina.' *Democratization* 11, no. 2 (2004): 60–86, p.64.

language, culture, demographic position, economic flourishing, or political hegemony of the nominally state-bearing nation.<sup>89</sup>

Moreover, Dayton instated a complex two-tiered citizenship regime, whereby Bosnian citizens would also hold entity citizenship, either in the Federation or in Republika Srpska;<sup>90</sup> this has progressively come to assume ethnocentric traits.<sup>91</sup> For example, citizens who re-settled in Republika Srpska (usually Bosnian Serbs seeking to live where they are the ethnic majority) would automatically also assume citizenship of the Republika Srpska.<sup>92</sup>

Within this complex framework of ethnic-based power-sharing, the ruling nationalist parties picked up on veterans' requests of reward in order to further a specifically ethnic-based reformulation of property rights. Members of parliament of the ruling nationalist parties in the two entities (SDA and HDZ in the Federation and SDS/SNSD in Republika Srpska) refused to approve a state-based privatisation law – i.e. one that would be valid across the whole territory of Bosnia. Their motivations were that it would deny the jurisdiction each entity had on the companies undergoing privatisation in their territories. Serb representatives argued that having a state-based privatisation law in addition to the entity ones would jeopardise the entity's exclusive jurisdiction onto its public capital, and would overcomplicate and delay the process of privatisation.<sup>93</sup> Hence, rather than having a state umbrella law binding both entities to the same regulations, delegates from each side preferred legislation that would be under the exclusive jurisdiction of their respective entity parliaments.

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89 Rogers Brubaker. 'National Minorities, Nationalizing States, and External National Homelands in the New Europe.' *Daedalus* 124, no. 2 (1995): 107–32, p.114.

90 Eldar Sarajlić. 'Conceptualizing Citizenship Regime(s) in Post-Dayton Bosnia and Herzegovina.' *Citizenship Studies* 16, no. 3–4 (2012): 367–82, p. 372; see also Jasmin Mujanović and Andrew Gilbert. 'Dayton at Twenty: Towards New Politics in Bosnia-Herzegovina.' *Southeast European and Black Sea Studies* 15, no. 4 (2015): 605–10.

91 Igor Štiks. 'Nationality and Citizenship in the Former Yugoslavia: From Disintegration to European Integration.' *Southeast European and Black Sea Studies* 6, no. 4 (2006): 483–500, p.489.

92 Sarajlić, *Conceptualizing Citizenship...*, p.373.

93 Speech given by J. Paravac, 'Magnetofonski Snimak 11 Sjednice Zastupničkog Doma Naroda Parlamentarne Skupštine Bosne i Hercegovine,' July 22, 1998, p.6/1 Online Archive of the Parliament of Bosnia and Herzegovina. <https://www.parlament.ba/session/SessionDetails?id=2547&ConvernerId=2>.

The parliamentary debates within each of these two entities, and at the national level, further illustrate how majority nationalist parties argued in favour of a form of privatisation that would remain within the entity borders, and thus within a homogeneous ethnic group. The critical change in this context, in fact, was that *citizens*, rather than *workers*, were to be the holders of private property rights through shareholding.<sup>94</sup>

In the parliamentary sessions held between 1996 and 1999, delegates discussed at length the potential discriminatory implications that the 'other' entity's privatisation laws would entail. In the Bosnian state parliament, where representatives of both the Federation and Republika Srpska sit, mutual accusations of ethnonationalist discrimination characterised debates. For example, a Bosnjak delegate in Republika Srpska claimed that refugees and displaced persons from Republika Srpska, now temporarily residing in the Federation, could not access the designated registration points in the other entity.<sup>95</sup> This excluded them from obtaining certificates or other forms of documents that would prove they owned property in the entity from where they had had to leave.<sup>96</sup> On paper, these citizens were given the possibility to participate in privatisation in the entity other than the one they were residents of, without securing them the physical or legal access to property.<sup>97</sup> Since Republika Srpska was conceived as a dominantly Serb entity, distributing property to citizens meant favouring Serb members of the community, a de-facto ethnonationalisation of property. Savo Lončar, the vice-president of the government of Republika Srpska, declared that 'Each person, citizen of Republika Srpska according to the citizenship law of Bosnia and Herzegovina, have the right without any discrimination to contribute to the privatisation

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94 Stiepo Andrijić. 'Tvorba Stručne i Pravne Osnovice.' *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, January 1998, p.7.

95 Smail Bećirbašić, Koalicija za Cjelovitu i Demokratsku BiH, at '11. Sjednica Predstavničkog Doma Parlamentarne Skupštine Bosne i Hercegovine,' October 5, 1999, p.211. Online Archive of the Parliament of Bosnia and Herzegovina, p.211 <https://www.parlament.ba/session/SessionDetails?id=2432&ConvernerId=1>.

96 The re-acquisition of property has been thoroughly discussed by Stef Jansen, in: 'Privatisation of Home and Hope', p.18.

97 '11. Sjednica Predstavničkog Doma Parlamentarne Skupštine Bosne i Hercegovine,' October 5, 1999, p.211. Online Archive of the Parliament of Bosnia and Herzegovina. <https://www.parlament.ba/session/SessionDetails?id=2432&ConvernerId=1>.

process in the RS'.<sup>98</sup>

However, in both entities ethnic minority returnees faced obstacles in becoming owners of housing or companies, as 'entity governments were allowed to distribute disproportionate numbers of vouchers [almost half] to 'their' war veterans; this discriminated against citizens who had fled or been forcibly removed from their homes during the war'.<sup>99</sup> Members of the Serb delegation disputed that the Federations' delegates had not 'done enough regarding the issue of discrimination against refugees and internally displaced persons in the privatisation law'.<sup>100</sup> Equally, the Federation's government went on to propose that its citizens would be the ones to benefit from entity-based privatisation of the enterprises whose capital was owned at the entity level. The Federation being ethnically mixed and thus unable to carry out a mono-ethnic policy, resolved to devolve much decision-making powers on privatisation to cantonal agencies, each of which under the indirect control of a nationalist party-majority. The deputy national minister of Treasury and Economy Nikola Grabovac warned that a consistent number of citizens who were refugees or internally displaced during the war would end up having

'no rights to participate in the privatisation, whether it is Serbs who have left Sarajevo and have gotten all documentation in Republika Srpska, they cannot participate in the privatisation in Federation and vice versa. People who are refugees from Srebrenica [now in Republika Srpska] who have arrived in Sarajevo, according to the federal law cannot participate in the privatisation in the Federation, and according to the law in Republika Srpska cannot do that there. So we have brought many citizens in a discriminatory situation, where they cannot participate in privatisation.'<sup>101</sup>

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98 '4. Sjednica Predstavničkog Doma Parlamentarne Skupštine Bosne i Hercegovine,' November 16, 1997. Online Archive of the Parliament of Bosnia and Herzegovina. <https://www.parlament.ba/session/SessionDetails?id=2414&ConvernerId=1>.  
99 'Bosnia's Precarious Economy', ICG, p.19.

100 Mara Perkanović (SDS), '23. Sjednice Predstavničkog Doma Parlamentarne Skupštine Bosne i Hercegovine,' June 22, 2000, p.70. Online Archive of the Parliament of Bosnia and Herzegovina. <https://www.parlament.ba/session/SessionDetails?id=2444&ConvernerId=1>.

101 Grabovac was one of the few members of government not affiliated with a nationalist party; 'Magnetofonski Snimak 11 Sjednice Zastupničkog Doma Naroda Parlamentarne

Despite these concerns and accusations, entity governments went on approving privatisation laws at the entity level, which would first and foremost distribute property rights to ‘their own’ citizens and veterans. In both entities, the return of refugees and internally displaced persons (IDPs) was discouraged through policies and informal practices preventing them from regaining access to their property.<sup>102</sup> Moreover, entity governments distributed more than half of the vouchers by value to ‘their’ war veterans, thus making vouchers/certificates ownership dependent on one’s belonging to a specific ‘ethnic’ army.<sup>103</sup>

In a decentralised state with complex mechanisms of power-sharing, the entity division and the institutional framework permitted a *de facto* ‘ethnicisation’ of the legislation on private property, since the dominant ethnic groups in a given area were now entitled to vouchers corresponding to a certain share in the state (i.e. entity) capital.<sup>104</sup>

The main holders of property rights were now citizens of the two entities, most of whom resided in ethnically homogeneous areas. Here, every (ethnic) citizen was entitled to a basic certificate of 1900 Bosnian Marks - KM (roughly 950 Euros), with additional certificates in recognition of military service. These certificates allowed for the purchase of shares in enterprises (through a public offering of shares) or in the newly-created Privatisation Investment Funds (PIF); people who could prove to have housing rights over certain flats – usually a benefit acquired as employees of a certain company under socialism – could use these certificates to purchase those flats. Big conglomerates like Energoinvest invested in housing development for their workers so that an

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Skupštine Bosne i Hercegovine,’ July 22, 1998, p. 4/2. Online Archive of the Parliament of Bosnia and

Herzegovina. <https://www.parlament.ba/session/SessionDetails?id=2547&ConvernerId=2>;

other commentators like Žarko Papić warned of the dangers of ‘ethnic privatisation’ and the abuse of privatisation by ethnic entrepreneurs at the time; see Žarko Papić. ‘Etnička Privatizacija: Neograničena Mogućnost Prevare.’ *Dani*. August 6, 1999.

102 Anders H. Stefansson. ‘Homes in the Making: Property Restitution, Refugee Return, and Senses of Belonging in a Post-War Bosnian Town.’ *International Migration* 44, no. 3 (2006): 115–39, p.116.

103 ‘Bosnia’s Precarious Economy’, ICG, p.18. The rest was allocated to families of veterans and invalids.

104 Čaušević, Zupčević. ‘Case Study: Bosnia and Herzegovina’, p.45.

important part of their capital consisted in flats and real estate.<sup>105</sup> Moreover, these voucher property rights could be invested in acquiring shares of companies' capital.

As the right to property was now subordinated to ethnonationalist mechanisms of inclusion and exclusion, privatisation became once again a mechanism to consolidate a specific vision of how workers-warriors should approach property and their workplaces. Herein lies the main shift that made possible to 'ethnicise' property rights: namely, the fact that they would now be based on entity citizenship and membership in veteran groups.

The ethnicisation of property did not just pertain the realm of individual ownership rights; it also shaped how large conglomerates like Energoinvest were privatised.<sup>106</sup> In fact, by mid-1998 two separate privatisation frameworks were implemented in Republika Srpska and the Federation, with decision-making being fully decentralised.<sup>107</sup> This meant, for example, that Energoinvest's most profitable oil refineries and extraction facilities in Republika Srpska (Rafinerija Bosanski Brod and Birač-Zvornik), which amounted to the value of approximately 160 million Bosnian Marks were under control of the Republika Srpska, while the central engineering company and much of its extraction factories remained in the Federation.<sup>108</sup> As such, former workers of Energoinvest could expect to receive vouchers corresponding to shares of the overall entity capital only insofar as they were citizens of either entity. Then, they could invest such vouchers solely in those Energoinvest daughter companies that had remained under the jurisdiction of the entity of which they were residents.

The exclusion of ethnic minority workers from property shareholding occurred in many large companies across the country. The most prominent case, though not the only one, was that of the aluminium giant Aluminij in

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105 For example, the borough of Dobrinja and Novo Sarajevo were developed by Energoinvest, which owned a vast amounts of housing buildings in the area.

106 'Ekspoze Premijera Federacije Bosne i Hercegovine Dr. Izudina Kapetanovića Na Ustavotvornoj Skupštini Federacije BiH,' June 3, 1996, Ustavotvorna Skupština Federacije Bosne i Hercegovine, num. 2354, folder 56. Arhiv Federacije Bosne i Hercegovine, p.11.

107 Službeni glasnik Republike Srpske 24/98; Službeni glasnik FBiH 27/97.

108 Generalni Servis ONASA, 'Prijedog zakona o općem bilansu preduzeća Republiku Srpsku tretira kao inostranstvo?', August 11, 1997.

Mostar, formerly a company of the Energoinvest group. In 1996, the Croat nationalist party (HDZ) took over the management of Aluminij and privatised it through a process whereby the majority of shares went to Croat workers and management.<sup>109</sup> Approximately two thousand non-Croat small shareholders were excluded from exerting their property rights on the company's shares, and this 'confirm[ed] wartime ethnic cleansing'.<sup>110</sup>

This case has been primarily discussed in Bosnia and abroad as an example of the controversial outcomes privatisation had in the country. Milan Jovičić, the most outspoken of the group of non-Croats who were excluded from Aluminij, discussed his experience as evidence of corrupt political interests in privatisation. For him, members of Croat, Bosnjak and Serb nationalist parties all had interests in legalising ethnic cleansing by privatising companies according to partisan interests.<sup>111</sup> Aluminij Mostar exemplifies how the conflict, employment, and private property relations came to be entangled with ethnic discrimination. Although no legal provisions entailed the actual exclusion of ethnic minorities from property rights, the actual ethnic homogenisation of many areas in the country led to a de facto ethnic-based distribution of certificates in many of these areas.

In Energoinvest and its former factories, other instances of exclusion from property rights based on ethnicity were reported. In the case of the aluminium factory Birač in Zvornik (Republika Srpska), which in 1989 belonged to the Energoinvest group and could count on an export of 312 million USD, the shareholding rights of Bosnjak workers (4.5% of capital) purchased before the

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109 Chandler, *Peace without Politics?*, p.145.

110 'Bosnia's Precarious Economy', ICG, p.25; Tina Jelin Dizdar. 'Hiljade Radnika Zaboravljeno Zbog Nacionalne Nepodobnosti.' *Diskriminacija*, July 8, 2012. <http://diskriminacija.ba/hiljade-radnika-zaboravljeno-zbog-nacionalne-nepodobnosti>; Dizdar, Tina Jelin. 'Nastavak Diskriminacije Radnika u Mostarskom Aluminiju.' *Diskriminacija*, November 20, 2013. <http://www.diskriminacija.ba/aluminijum-ad-nastavak-diskriminacije-radnika>. 'Privatizacija Mostarskog Aluminija.' Centar za istraživačko novinarstvo (CIN), April 30, 2007. <https://www.cin.ba/privatizacija-mostarskog-aluminija/>.

111 Adnan Damić. 'Prof. Milan Jovičić: Koordinaciju Srpskog Naroda Čine Dodikovci.' *Oslobođenje*, September 17, 2017. <https://www.oslobođenje.ba/dosjei/intervjui/prof-milan-jovicic-koordinaciju-srpskog-naroda-cine-dodikovci>; R., D. 'Milan Jovičić: Ja Sam Srbin, Prije Svega Bosanac, Ali Za Dodika Sam Rezervni Srbin.' *Klix.Ba*, August 13, 2017. <https://www.klix.ba/vijesti/bih/milan-jovicic-ja-sam-srbin-prije-svega-bosanac-ali-za-dodika-sam-rezervni-srbin/170723020>.

war simply 'disappeared' in the company's post-war privatisation.<sup>112</sup> During interviews and informal conversations, these cases were brought up as evidence of how entangled local nationalist interests were with corrupt privatisation practices. Rather than examples of ethnic discrimination *per se*, these were discussed as additional evidence of political interests in denying workers their shareholding rights.

The complex entanglement of privatisation, discrimination and ethnicisation of property relations in the workplace is perhaps best represented in this interview with former Energoinvest employee Mladen. He had purchased shares of his company (IRIS, Energoinvest's branch for IT) in 1991, but had to flee his house in a hurry at the beginning of the war, as he risked conscription in the Serb forces:

'After the war when I came to Sarajevo the first time it was 1998. Between other things, I enquired about shares because I spent some money, really. However, I had left the papers of this purchase in my house, which was raided because we left in May of 1992 [...] so eventually I realised that I did not have any papers, that those papers had to be in the company, but they told me there was no record of it. But what made me angry was that I heard that those things happened on a regular basis at Energoinvest, and especially towards these ethnic other groups, non-Muslims and that is what made me really angry...and it happened to other [Serb] friends of mine [...] well, I can not, and I do not intend to prove that it has any grounds, you know, being non-Muslim, but that is what I heard, and that is what made me angry. Because I'm a better Bosnian than all of these Muslims! I'm *Bosnian*; I'm not Serb, I'm not Croat!'.<sup>113</sup>

Many workers like Mladen refused to think in ethnic terms, and yet acknowledged how ethnonationalist pressures had influenced property rights within the workplace. This was the only time in his whole interview that Mladen mentioned ethnic grievances. Although he did not file any discrimination

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112 Svetlana Cenić. 'Birač - Hronika Jedne Privatizacije.' *Buka*, October 21, 2013. <http://www.6yka.com/novost/%204404/birac-hronika-jedne-privatizacije>.

113 Mladen, Interview with author, Sarajevo, 17.07.2014.

charges against his company, he brought up the issue of his disappearing shares to court, claiming his property rights had been violated. For him, ethnicity manifests itself as a trait of a more significant issue: that of being denied one's property rights. While it remains legally unverified whether ethnic-based exclusion from shareholding rights occurred in Energoinvest, this phenomenon has affected large workplaces like Energoinvest. Only a handful of workers I interviewed were willing to openly discuss this kind of discrimination, though they did not deny that this was happening in other companies, as Birač and Aluminij mentioned above. They recognised that privatisation had signified a fracturing of their company along ethnic lines, and had meant a reconfiguration of property and ownership rights on ethnic grounds.

#### **4.4 Workers-warriors-veterans: imagined privatisation and disappointing results**

At the end of the conflict, demobilised soldiers had returned to their factories with high expectations; mostly self-organised, they actively participated in the company's reconstruction. Workers' entangled role as warriors (*ratnici-radnici*) went on to influence their expectations and behaviour in the post-war context. In Energoinvest, they had become the central pillar of resistance throughout the conflict and were praised for their reconstruction efforts right after the conflict ended.

In part, this affected workers whose identity and position in society had changed after the war, and who held expectations of rewards for their duty during the war. In the accounts of these workers-warriors, it is visible how the defence of the country and that of the workplace were strongly entangled. Their motivation was in great measure to preserve their workplace as a space that would give them the possibility of a prompt return to their jobs and their lives. The management and government officials visiting the ruins praised once again the effort of workers-soldiers in the defence and reconstruction of their workplaces.<sup>114</sup>

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114 'Čudo Bosanskog Otpora.' *Energoinvest List*, num. 1063, February-March 1996, p.4.

'In the first months', recalls Dževad, a veteran and former employee of Energoinvest, 'we worked, and nobody even wanted to be paid, we only wanted to start the production. So, people had that feeling for keeping the property, and they wanted to return, they could not wait to start the production again, there was such enthusiasm!'.<sup>115</sup> Asim, a specialised worker in one of Energoinvest's factories in Stup (one of Energoinvest's industrial hubs in Sarajevo), remembers one of the first things he did as the war finished:

'So after the war, there was around 50 of us, we went to clean up, to see if anything was left there ...there were the walls, some archives and papers, things that were not necessary. We cleaned everything from the garbage as well. Come on - I was thinking - we will go back, we will start working again...'.<sup>116</sup>

Many workers like Asim and Dževad envisioned a quick return to normality, to their workplaces and their colleagues. Further, they expected to see their efforts as soldiers and workers rewarded.

As we have seen in the first section of this Chapter, most employees had initially welcomed privatisation and had demonstrated their intention to participate in the process. Following the political debates of 1996-1997, the privatisation framework was approved towards the end of 1998.<sup>117</sup> The privatisation of big enterprises such as Energoinvest was supposed to occur through a tender method, which would see the participation of private investors and Privatisation Investment Funds alike.<sup>118</sup> This method was particularly suitable for the privatisation of major conglomerates, as opposed to the public auction of shares through a stock exchange preferred for smaller companies.<sup>119</sup>

However, those workers of Energoinvest interested in becoming

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115 Dževad, Interview with author, Sarajevo, 16.12.2016.

116 Asim, 2016.

117 Službeni glasnik BiH: broj 14/98; Službene novine FBiH, broj 8/99.

118 Vesna Bojičić-Dželilović, Fikret Caušević, and Rajko Tomaš. 'Bosnia and Herzegovina: Understanding Reform.' The Wiiw Balkan Observatory - Working Papers 046 (2004): 1-43., p.12.

119 'Privatization Laws.' World Bank Group. Public-Private-Partnership in Infrastructure Resource Center, [https://ppp.worldbank.org/ppp/legislation-regulation/laws/privatization#public\\_auction](https://ppp.worldbank.org/ppp/legislation-regulation/laws/privatization#public_auction).

shareholders *of their own companies* were not able to acquire shares of their factories directly; instead, they had to invest their certificates into broader Privatisation Investment Funds decoupled from specific workplaces, of which they would be shareholders.

Thus, workers were given vouchers on the grounds of ethnically-based citizenship and as a reward for their contribution as veterans but then saw this promise betrayed, as the actual possibilities of using such vouchers directly in their companies were minimal. The kind of indirect ownership through Investment Funds did not attract small shareholders such as workers and veterans, who were expecting to have shares specifically in their former workplaces.

This expectation was due primarily to the extremely precarious economic situation left by the war. Both in the Republika Srpska and the Federation the transaction of vouchers or certificates happened in a context of deep impoverishment and post-war destruction. In a situation of unstable equilibrium sustained by the informal economy, people started selling their shares on the black market in exchange for cash or primary goods. Thus, shares' value substantially decreased, with apparently more than 99% of certificates traded at 3% of their nominal value.<sup>120</sup>

At the end of 1999, the majority of certificates in the Federation had been used to purchase flats, while the rest were being sold on the black market.<sup>121</sup> Here, workers who could claim tenancy rights over formerly socially-owned flats – in many cases previously belonging to the very companies they were employed in – often used certificates to buy them. They expected that their workplaces would stand, even if devalued of part of their assets.<sup>122</sup> Others were simply in dire need of money for their families and sold their shares for cash. What they did not realise was that they were selling a huge portion of their

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120 Bayliss, 'Post-Conflict Privatisation', pp.43-44.

121 Numerous studies later confirmed that in Bosnia the 'sales of enterprises to managers and employees have been successful where the sale has been through a tender process rather than using vouchers or certificates.'Ibid., p.34.

122 Due to the nationalisation of socially-owned property in 1994, the profit for the privatisation of flats would feed the entity budget, rather than go back to the privatised companies.

companies' shares collectively, often to people who had dubious access to capital.

Thus, workers found themselves in the predicament of having to choose between their housing and the stability of their workplaces. Most people did not fully understand that they were selling the right to be shareholders in their own companies, and just sought to have certificates in order to sell them on the black market.<sup>123</sup> In many cases, war profiteers bought vouchers and certificates from the most vulnerable in such a manner, using them to buy up state-owned property and assets for a minimal fee.<sup>124</sup> As explained by the president of the national union:

'Workers sold their shares because they had nothing to live off. That is the darkest of pressures because anyone who wanted his family to survive, in order to buy a loaf of bread had to sell certificates which otherwise he could invest in a factory. And so they sold them on the black market. And after that, the biggest fraud was through these investment funds. Some of us invested in these investment funds, which then invested in the privatisation of companies. But at this moment, we did not know what they were, and who was behind these funds. So they became the owners, together with the state.'<sup>125</sup>

For these reasons, it became difficult to give value to certificate or vouchers that did not directly correspond to shares in *their own* factories.

As a result, trust in this new form of privatisation through certificates quickly dropped, as former soldiers struggled more and more with attaching any value to these documents. In various interviews collected by newspapers at the time, veterans showed their mounting mistrust for voucher privatisation, already noting how their expectations had been unmet in this transformation. As declared by a former soldier in a news interview at the time:

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123 Generalni Servis ONASA, 'Od Ukupne Vrijednosti Podijeljenih Certifikata Iskorišteno 1 Posto', December 6, 1999.

124 Donais, 'The Politics of Privatization...', p.9.

125 Ismet and Bajro, Sindikat Metalaca Bosne i Hercegovine, Interview with author, Sarajevo, 08.07.2016.

‘what should I do with my certificates, other than sell them? I fought for four years for this country, and I got this paper which I cannot use for anything, as I would need more money to buy some part in a company, and I do not have it’.<sup>126</sup>

On the same note, another veteran declared that he did not believe in the possibility of using his shares in the privatisation of big companies, as he felt that ‘the government and new owners will again think of something so that normal people cannot buy anything’.<sup>127</sup>

In 2000, a public opinion poll conducted by the Faculty of Political Sciences in Sarajevo confirmed that only 6% of respondents were keen on using certificates to invest them in companies.<sup>128</sup> The majority of interviewees expected problems in the use of certificates and attributed this lack of trust in certificates to the fact that they do not have their adequate price, and that citizens do not have currency (35 and 50% respectively).<sup>129</sup> Further, the majority lamented that the government did not inform citizens on financial value and prospects of the companies where certificates could be invested (55%).<sup>130</sup>

As such, already by the early 2000s, it had become clear that privatisation through vouchers and certificates not only was highly ineffective but was also proceeding too slowly, with only 5-10% of large-scale enterprises privatised by 2001.<sup>131</sup> In the Republika Srpska, roughly 84% of issued vouchers was invested in the privatisation of companies; of this, 57% through privatisation investment funds.<sup>132</sup> On the contrary, only 22% of certificates were put in investment funds in the Federation, and more than 37% had not been used at all.<sup>133</sup> Moreover,

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126 Generalni Servis ONASA, ‘Od Ukupne Vrijednosti Podijeljenih Certifikata Iskorišteno 1 Posto’, December 6, 1999.

127 Ibid.

128 Sadudin Musabegović and Emir Nuhanović. ‘Građani i Privatizacija.’ In *Uticao Transformacije Vlasništva Na Nezaposlenost i Zapošljavanje*, edited by Murat Prašo, Mišo Carević, Mesud Sabitović, and Izudin Kešetović, 230-240. Sarajevo: Sedam, 2000, p.233.

129 Ibid., p.236.

130 Ibid., p.238.

131 Donais, ‘The Politics of Privatization...’, p.9.

132 Bošnjak, Mirko. ‘Restrukturiranje Preduzeća u Republici Srpskoj, Rezultati i Perspektive’ *Anali Poslovne Ekonomije*12 (2015): 56–70, p.61.

133 Bayliss, ‘Post-Conflict Privatisation...’, p.40.

even the transfer of ownership to the Privatisation Investment Funds did not necessarily hold new owners accountable for the restructuring and re-employment of the workforce.

Many workers and union leaders interviewed for this Chapter, most of whom were also veterans, reported similar views on the value of certificates assigned to them; they recalled how a few spots of illegal trade of shares emerged around their cities, where petty criminals and 'war profiteers' bought shares from them for 1-2% of their real value.<sup>134</sup> Although they got these shares as 'compensation because we fought in the war',<sup>135</sup> they mostly perceived them as 'useless'<sup>136</sup> or even 'theft from the state, against soldiers and citizens'.<sup>137</sup>

Although voucher privatisation was supposed to be a reward for workers-veterans, workers had quickly come to realise that reforms did not entail a tangible reward for their work and their participation in the war. The lack of value they attached to the new certificates did not just depend on people's specific socio-economic conditions. In their narratives, workers make sense of their choices by referring once again to their status as workers-owners after the Marković reforms. Workers' lack of trust in the new form of privatisation through certificates/vouchers did not mean they were less keen on being owners of their factories. On the contrary, workers in Energoinvest had valued shareholding insofar as it had represented a clear stake in their own firms. In their eyes, certificates were not the same: they did not entitle them, as workers-veterans, to ownership rights in their workplace.

This view was common to all the employees of Energoinvest I interviewed for this research, both in Republika Srpska and in the Federation, and spanned beyond a single company. Workers I interviewed in the Tuzla factory of Dita, for example, held similar views and would later try to invest what had remained of their vouchers in an attempt to repossess their company and save it from bankruptcy.<sup>138</sup> This case was one of the few instances in which workers had

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134 Šaban and Marko, Sindikat Solidarnosti Tuzla, Interview with author, Tuzla, 29.04.2016.

135 Osman, Interview with author, Sarajevo, 17.02.2016.

136 Muamer, Interview with author, Tuzla, 09.05.2016.

137 Asim, 2016.

138 Minka, Interview with author, Dita Tuzla, 04.05.2016.

kept their vouchers, and had not invested them in large privatisation investment funds.

The legacy of the Marković reforms influenced Energoinvest workers' expectations; this combined with the socialist corporate culture and sense of attachment to their company that Energoinvest workers had developed during the early days of their employment. As illustrated in the previous Chapters, the Marković model of workers' shareholding had shaped the initial debates over the new privatisation laws. This influence was not just at the policy-making level but also derived from the union's requests and workers' initial attitudes towards privatisation. Although three and a half year of conflict had irreversibly changed companies, workplaces, and the socio-economic landscape, workers had not forgotten that a property transformation had been initiated before the war.

Beyond the significant caesura of the war, the legacy of the Marković reforms was still present in workers' understanding of workplace and property transformation. Reflecting on this, the president of the general union (Council of independent unions – Savez Samostalnih Sindikata BiH) described this postwar transformation as a deception:

'this kind of privatisation through shares was presented to us, and at first glance, we identified it as the Marković privatisation, only that with Marković you had internal shares, and now you had external shares or certificates. So with Marković, only the workers could be owners, and we thought that was the right way. [...] that was what we had kept from Tito's system of self-management, that workers can buy their companies and become owners. However, when the war finished, and they told us that we once again would get the shares and be owners, it turned out that even my mother in law, who never worked anywhere, could become the owner of the firm because they gave her certificates!'<sup>139</sup>

This remark highlights how the new privatisation framework affected workers' sense of self-identity and status as workers. The fact that someone who never worked (in this case, his mother in law) could claim ownership rights onto his

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<sup>139</sup> Ismet and Bajro, Sindikat Metalaca Bosne i Hercegovine, Interview with author, Sarajevo, 08.07.2016.

factory or company as much as he did, outraged him. This signalled the kind of (unmet) expectations he held from privatisation: only the deserving – meaning those who had worked – could be owners of their own factories.<sup>140</sup>

However, that same property that was now up for privatisation, as they later came to know, was not going to be assigned specifically to them as former employees but was to be redistributed to the wider population. Resentment amongst workers and their representatives started growing, precisely because they were expecting to be compensated following a model *à la Marković*, i.e. with certificates that would guarantee them shareholding rights in their own company. As remarked by Sakib, an unemployed union member and veteran in Tuzla:

‘the social property was everyone’s, yours, mine, his, and everybody’s. The government changed in 1994 in a very mysterious way. We were on the front line, and they stole it from us workers. And when we came down from the mountains, the stealing continued, that was an economic war.’<sup>141</sup>

Many of those who had purchased their factories shares with the Marković reforms found out only upon return from the front-line that their factories had been nationalised, and that the record of previously purchased shares was in many cases lost, due to the war or negligence from the management’s side.<sup>142</sup> Although in theory the new privatisation laws were supposed to guarantee the recognition of shares purchased between 1990 and 1991 (with the Marković model), it became evident that there was little interest from the new

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140 Medjad argues that the only way to privatise in Yugoslavia was to take care of workers’ attachment to their workplaces, workers’ ownership, and instead countries have opted for other forms of privatisation; Karim Medjad. ‘The Fate of the Yugoslav Model: A Case against Legal Conformity.’ *The American Journal of Comparative Law* 52, no. 1 (2004): 287–319, p.315.

141 Šaban and Marko, Sindikat Solidarnosti Tuzla, Interview with author, Tuzla, 29.04.2016.

142 There is a controversy over the shares bought under Marković times. Many in fact expressed the will to buy them, but did not buy them in total – it was in fact allowed to buy them and pay later, as long as it was within 10 years. So after the war this is the way the new companies’ management justified not recognizing the purchase of these shares. Uvalić, *Investment and Property Rights*, p.185.

management's side to acknowledge workers' shareholding. As Asim, who used to work in TDS, one of the most successful factories in Energoinvest recalls:

'[the Marković shares] disappeared, they simply were not there as if they had never existed [...] it had all been transformed into state property [...] while we worked and fought, they switched from social to state property so that they could sell our factories for peanuts'.<sup>143</sup>

This attachment was reinforced during the war years, as most workers also fought with the understanding of defending their factories.

Afterwards, post-war ethnic policies had created further expectations of reward, cementing workers' understanding that they were entitled to ownership in their factories. They hold the state and the government accountable for not having fulfilled their promise. Omer, a factory worker in Energoinvest – Gradačac described how he felt 'horrible' when he thought about the

'relation of the state towards soldiers and workers. It is like a stepmother that does not love her children. Most people who were in the war were workers, and they are still right now. They left their firms saying 'let's go and defend the country', and this is how they are repaid.'<sup>144</sup>

They expressed disappointment towards the way in which nationalist politics had treated them. To this day, people view their fate as workers as entangled to that as veterans. Addis is one of the many workers who reflected somewhat bitterly about their destiny as veterans-workers. 'You asked me if I am respected [as a veteran], but look at my situation, I am laughing now, but I am unemployed.'<sup>145</sup> Like him, many had expected to return to their jobs after the war; the fact that this expectation remained unmet is a source of great disappointment and bitterness.

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143 'Dok smo mi radili, ratovali'...again here the dichotomy worker-fighter is evident in workers' account. Asim, 2016.

144 Omer, Interview with author, Gradačac, 30.06.2016.

145 Addis, Interview with author, Tuzla, 26.07.2012.

Thus, by the early 2000s, workers realised that the certificates they were given would not have had the same value as the ones they had purchased during the Marković reforms, as these did not entail direct ownership in one's specific company. Workers of Energoinvest had expected to be able to exercise property and employment rights based on their status as employees but faced the reality of a workplace where workers were increasingly dispensable. These experiences have contributed to shaping workers' current understandings of employment and privatisation: issues affecting workers across ethnic groups and boundaries assume ethnic contours that affected, in different ways, how workers viewed their companies and workplaces.

#### **4.5 Conclusion**

In conclusion, this Chapter has argued that post-war 'ethnic privatisation' was not a completely new conceptualisation of property, but rather one that drew upon previously established ideas. The Marković framework was echoed in the new privatisation reforms, though it was claimed it would be improved and democratised. The initial intent of a property distribution through bottom-up mass privatisation resulted from the peculiar post-war historical juncture. In Bosnia, old and new ideas for reform coexisted, and the legacy of previous reforms was employed to justify voucher privatisation and its merits. Stressing upon the importance of the worker-warrior figure, new postwar entity governments partly succeeded in the attempt at 're-making' workers as part of shareholder privatisation based on ethnonational lines. New nationalist political elites employed the worker-veteran category to restructure labour and property relations in a way that would fit a newly ethnicised society. The central beneficiary of property rights in late socialism (the workers-owners) shifted towards the post-war 'ethnic owner'.

Although the worker-privatisation model was initially a source of inspiration for local economic experts in the immediate post-war years, already in 1998 the Czech model of quick mass privatisation had become dominant, thanks to the

intervention of international consultants and local experts who considered it the most successful one.<sup>146</sup>

Finally, the Chapter has illustrated how the centrality of the ‘workers-owners’ – emerged in the late-socialist privatisation reforms – shifted in the late 1990s towards the centrality of the ‘worker-warrior’ and, consequently, of the ‘veteran-owner-worker’. Workers’ hyphenated identities had emerged in critical moments of transformations (late socialist reforms and the civil war) – as illustrated in Chapters 2 and 3. Subsequently, they were picked up by different groups in order to further new conceptualisations of property relations: as a prerogative of either veterans or (ethnic) citizens in different entities. Although workers-veterans had in part supported this formulation, it did not resonate with the way they had conceptualised ownership reforms. This model only recognised their demands as workers-warriors-veterans, but it did not sufficiently acknowledge their self-identification as workers-owners, and the sense of attachment they had explicitly developed towards their workplaces. Here, the blueprint of the pre-war, late-socialist reforms becomes evident, as workers had remained attached to that idea of reforms.

While local governments sought to use privatisation also as a means through which remaking workers into ethnic owners ‘from above’, workers-veterans had different views. On the one hand, they had demanded a reward for their participation in ethnic armies, and thus presented instances that fed well into the new ‘ethnicising’ design of privatisation agencies and entity governments. On the other hand, although they were given vouchers based on their hyphenated identities as workers-veterans-ethnic citizens, they saw these promises betrayed; in fact, workers realised they could not invest such shares in their specific factories. For workers, this meant that they could not fully exercise that ‘feeling of ownership’ that still lingered from the attempts at worker-led privatisation of just a few years earlier.

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146 Nellis, ‘The World Bank, Privatization’, p.6.

## V. 'Neoliberal' privatisation and the fragmentation of workplaces (2000-2008)

### 5.1 Introduction

This Chapter analyses the third phase of privatisation reforms (2000-2004), and the ensuing period of strikes and protests, from the perspective of a large state-owned enterprise. This micro-historical focus on Energoinvest allows exploring the complex interactions between new emerging models of economic transformation and the legacies of past ones.

The literature on this topic tends to offer an institution- and policy-based view of these reforms as the implementation of a (neo) liberal peacebuilding project in a post-conflict situation. It usually focuses on reforms aiming to secure stable and durable peace in post-conflict countries, 'through macroeconomic stability, reduction of the role of the state, the squeezing of collective and public space, a quest for private affluence, and reliance on privatisation and on exports and foreign investment to stimulate economic growth'.<sup>1</sup>

This Chapter sheds light onto an overlooked aspect of this transformation. In this particular set of reforms, a new market rationale was introduced as a necessity to improve companies' efficiency, to which workers were expected to adapt. This shift signified a moment of rupture in the way in which privatisation was conceptualised and implemented in the Bosnian (post)socialist context. Until then, the main driving force and justification for reforms had been workers' attachment to their workplaces. Even in the post-socialist, post-war privatisation of 1996-1999, ethnonationalist governments championed reforms that would remake workplaces and property relations based on workers-veterans' sense of entitlement to the ownership of their workplaces. As the previous Chapter has shown, this was the underlying intention of the voucher privatisation, even

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1 Donais, *The Political Economy of Peacebuilding*, p.23. See also: Michael Pugh. "The Political Economy Of Peacebuilding: A Critical Theory Perspective." *International Journal of Peace Studies* 10, no. 2 (2005): 23-42, p.25; but see also Richmond, *Failed Statebuilding*; Chandler, *Peace without Politics?*; Susan L Woodward. 'The Political Economy of Ethnonationalism in Yugoslavia.' *Socialist Reader* 39 (2003): 73-92.

though this was not fully achieved because it did not give full ownership of workplaces.

Conversely, in the new set of 'neoliberal' reforms, this sense of attachment was considered an obstacle, as workplaces had to transform according to new market principles. Here, international advisors were critical of voucher privatisation, which they viewed as ascribing too central a role to workers. The link between workers and their companies, the sense of attachment they had towards their workplaces, and the sense of entitlement towards one's employment now had to be changed in the name of efficiency. The Chapter employs the term 'neoliberal' as it was employed by those economists, managers and workers who challenged, criticised or rejected the set of reforms proposed by international advisors and sponsored by international donors.

As the Chapter will argue, the main 'neoliberal' feature of these reforms was not only the pressure to liberalise the economy, nor just to proceed with quick privatisation, but rather to break workers' attachment to their workplaces.<sup>2</sup> This shift was not unique to the Yugoslav case, although here its implications were significant. A new vision of companies as a site of competition and individualisation clashed with an already existing 'market philosophy' or 'corporate culture', which employees and management had embraced since the late 1980s. While at the time the market was understood as a space for Bosnian companies to compete at the global level – thanks to Yugoslavia's geopolitical and geostrategic position – the post-1999 market reforms were formulated within a different geopolitical context and rationale. International advisors viewed Bosnia as a small economy in the European semi-periphery – owing to its political instability, slow process of peace, and de-industrialisation.<sup>3</sup> This

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2 Luigi Esposito. 'Neoliberalism and the Transformation of Work.' In *Neoliberalism, Economic Radicalism, and the Normalization of Violence. International Perspectives on Social Policy, Administration, and Practice*, edited by Vicente Berdayes and John Murphy, 87–106. Cham: Springer, 2016; Lucio Baccaro and Chris Howell. 'A Common Neoliberal Trajectory: The Transformation of Industrial Relations in Advanced Capitalism.' *Politics & Society* 20, no. 10 (2011): 1–44.

3 Martin Sokol. 'Central and Eastern Europe a Decade After the Fall of State-Socialism: Regional Dimensions of Transition Processes.' *Regional Studies* 35, no. 7 (2001): 645–55; Will Bartlett. 'Economic Development in the European Super-Periphery: Evidence from the Western Balkans.' *Economic Annals* 65, no. 181 (2009): 21–44.

attitude, the Chapter argues, is what has produced multiple narratives of disappointment, marginalisation and resistance amongst different groups (political elites and economic experts, managers and workers).

Such narratives hardly fit the social movement-based narrative of bottom-up uprisings against neoliberalism. Significantly, managers and workers did not oppose these reforms because these had become 'more' market-oriented, but because they viewed them as hindering their possibilities of success on the global market. The legacy of the socialist corporate culture (introduced in Chapter 2), one that had encouraged workers and managers to view their company's unity as its strength on the global market, was powerful. This legacy led them to reject a set of reforms seeking to fragment large enterprises into small and medium-sized ones. These different groups had positive expectations of global engagement, deriving from the legacy of their engagement with 'socialist globalisation'. Processes of de-globalisation and peripheralisation represented a significant issue for them.

This analysis thus lies at the intersection between two broad areas of research produced on post-socialist economic reforms in the former Yugoslavia: political-economic analyses, and socio-anthropological works on the post-socialist condition. The first body of literature deals with economic reforms as part of a neoliberal approach to peacebuilding in post-conflict countries. Here, Bosnia is analysed alongside Kosovo, Sierra Leone, Afghanistan and Iraq, in works that look at the influence that 'neoliberal' institutions like the World Bank, the IMF and international donors have onto the economic reconstruction of post-conflict and post-socialist societies.<sup>4</sup> Most of these analyses employ the term neoliberalism as 'an all-purpose denunciatory

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4 Milford Bateman. "How to Destroy an Economy and Community without Really Trying: The Rise and Fall of Microcredit in Post-Conflict Bosnia." European Institute, London School of Economics: 27-28 March, 2014; Milford Bateman. *Why Does Not Microfinance Work? The Destructive Rise of Local Neoliberalism*. London: Zed Books, 2010; James Ahearne. "Neoliberal Economic Policies and Post- Conflict Peace-Building: A Help or Hindrance to Durable Peace?" *Polis Journal* 2 (2009): 1–44; Francesco Strazzari and Bertine Kamphuis. "Hybrid Economies and Statebuilding: On the Resilience of the Extralegal." *Global Governance* 18 (2012): 57–72.

category',<sup>5</sup> useful insofar as it explains 'neoliberal transition' and 'neoliberal privatisation' as a by-product of hegemonic neoliberal economic policies intrinsically bound to fail.<sup>6</sup> Some authors have defined Bosnia as a 'protectorate' of international powers.<sup>7</sup>

Without wanting to legitimise or minimise the negative effects neoliberalism has had on post-socialist societies, this Chapter goes beyond a value judgment of these reforms (whether or not, and to which extent, they have had destructive results for the post-socialist economies). It analyses the ways in which these reforms were conceptualised and introduced as a reaction to previous 'ethnic privatisation' or voucher reforms. Further, the Chapter illustrates how the new privatisation model sought to change workplaces according to notions of market-efficiency that did not correspond to those already established amongst experts, management and workforce.

In response to the second body of literature, ethnographic and anthropological researchers on discontent, disillusionment, and nostalgia tend to view these phenomena as critical responses to a 'failed' neoliberal transition.<sup>8</sup> These analyses are based upon the general observation of a widespread discontent within post-socialist societies, due to worsening socio-economic conditions. For example, sociologists and anthropologists have investigated the effects of neoliberal transition in workplaces and companies in the former Yugoslavia, with a particular focus on Serbia, Croatia and Slovenia.<sup>9</sup> Researchers in these fields have drawn attention to the marginalisation and

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5 Michelle Brady. "Ethnographies of Neoliberal Governmentalities: From the Neoliberal Apparatus to Neoliberalism and Governmental Assemblages." *Foucault Studies* 18 (2014): 11–33, p.16.

6 Shields, 'Historicizing Transition Polish Political Economy', p.476; Marion Fourcade-Gourinchas and Sarah L. Babb. "The Rebirth of the Liberal Creed: Paths to Neoliberalism in Four Countries." *American Journal of Sociology* 108, no. 3 (2002): 533–79; Nikos Passas. "Global Anomie, Dysnomie, and Economic Crime: Hidden Consequences of Neoliberalism and Globalization in Russia and Around the World." *Social Justice* 27, no. 2 (2000): 16–44; Lazić, Cvejić. 'Working Class Post-Socialist Transformation', p.12; Piotr Zuk. 'Employment Structures, Employee Attitudes', p.91.

7 David Chandler. *Bosnia: Faking Democracy After Dayton*. London: Pluto Press, 2000.

8 For this literature, see for example: Stenning, 'Post-Socialism Changing Geographies'; Don Kalb and Gábor Halmai. *Headlines of Nation, Subtexts of Class: Class Populism and the Return of the Repressed in Neoliberal Europe*. New York - Oxford: Berghahn Books, 2011.

9 Although this weakness is debateable, see further Arandarenko, 'Waiting for the Workers', p.160; Grdešić, 'Mapping the Paths.' p.146.

pauperisation of the working people under 'neoliberal capitalist transition'. The working-class movement has been repeatedly described as 'fragmented', with union activism being 'marginalised' by the unstoppable forces of this new economics.<sup>10</sup> These works are often produced in moments of social crisis and tension and hence tend to look for the origins of such problems in broadly defined neoliberal transformations. The 2014 workers' uprising in Bosnia-Herzegovina sparked a new interest in the history of workers' demonstrations of discontent, marginalisation and social unrest since these reforms.<sup>11</sup>

However, anthropological studies employing a bottom-up perspective rarely investigate participants' agency beyond their involvement in protests and open demonstrations of dissent. While these analyses raise important socio-political questions, they often co-opt workers' voices into a simplistic sketch of either victimisation by neoliberalism or protest against it.<sup>12</sup> Here, workers' dissent is often understood as an open rejection of privatisation *in principle*. In fact, the literature tends to view this as a post-Yugoslav phenomenon, the outcome of a neoliberal narrative that has normalised 'the view that the socialist-era economy was inefficient and unsustainable, even while the memories of the socialist-era 'good life' remain etched in collective consciousness.'<sup>13</sup>

Here, focusing on personal narratives of 'neoliberal transition' in a post-socialist workplace allows one to assess such generalisations, and show the value of first-person accounts. As this Chapter argues, the overlapping experiences of late-socialist and post-war reforms, alongside idealised memories of the socialist past, feature strongly within workers' expectations from transition.<sup>14</sup> As the interviews will illustrate, workers view privatisation as a 'failure' not because of an objection to privatisation per se, or a restorative

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10 Although this understanding of the post-socialist working class as fragmented and marginalised has been contested, see Alison Stenning. 'Where Is the Post-Socialist', p.991.

11 Chiara Milan. "Sow Hunger, Reap Anger": From Neoliberal Privatization to New Collective Identities in Bosnia-Herzegovina.' In *Global Diffusion of Protest: Riding the Protest Wave in the Neoliberal Crisis*, edited by Donatella Della Porta, 167–90. Protest and Social Movements. Amsterdam: Amsterdam University Press, 2017; Pavlina Vujović and Emin Eminagić. "Breaking the Silence: A Map of Protests in Bosnia and Herzegovina: Contexts, Methods and Ideas Towards a De- Ethnicized Politics." University of Graz, 2013.

12 Horvat, Štikl, *Welcome to the Desert*, p.88; Mujkić, 'We, the Citizens of Ethnopolis', p.113.

13 Kurtović. "Who Sows Hunger", p.645.

14 Petrović, 'When We Were Europe', p.133.

nostalgia towards socialism. Instead, they expected a *different kind* of privatisation, one reflecting their centrality and self-identification as workers-owners.

Hence, the Chapter proposes to view 'neoliberal' privatisation within the framework employed throughout the rest of the thesis: namely, the complex relationship between workers, workplaces and ownership relations. Workers' reaction to privatisation should be understood as a rejection of a particular kind of reform that did not correspond to what they had envisioned for their workplaces.

## **5.2 Neoliberalism as a solution to 'nationalist' and 'communist' legacy**

As the previous Chapters have illustrated, post-war voucher privatisation was championed by separate entity governments (the Republika Srpska and the Federation of BiH), with the purpose of re-making workers and workplaces; this, in accordance to a new vision of working and property relations based along ethnic lines. Such model, in turn, was influenced by bottom-up formulations of worker-veteran identity and locally embedded legacies of past reforms. However, this first round of reforms did not give the immediate results international institutions expected, as it was proceeding 'in some cases [...] very slowly, and in some [...] too quickly' and did not include large (formerly) state-owned companies such as Energoinvest.<sup>15</sup> As this section argues, a more prominent (neo) liberal set of privatisation reforms developed, which ended up requiring the much stronger intervention of international advisors. They justified this as a necessity to rein in those local authorities who wanted to 'ethnically' privatise (see Chapter 4), and maintain an inefficient artificially high level of employment (see Chapter 3).

Since the ratification of the Dayton Peace Agreement in 1995, Bosnia was exposed to a particular form of peacebuilding and economic reconstruction. Institutions like the International Monetary Fund and the World Bank had developed, tested, and implemented broad frameworks for reconstruction in post-conflict situations on the one hand, and 'transition' from socialism on the

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<sup>15</sup> Carlos Westendorp, OHR Press Briefing, Sarajevo, 05 November 1998.

other. Amongst the post-Yugoslav states, Bosnia and Kosovo were at the intersection of these two frameworks, as they were states in need of a 'double' transition: from war to peace, and from socialism to a market economy.<sup>16</sup> As a result, reconstruction and reforms programmes were conceptualised according to what research has defined as 'liberal peacebuilding': a set of reforms that simultaneously sought to re-establish the rule of law, consolidate democratisation processes and ensure stable economic rebuilding.<sup>17</sup> Although securing a durable peace was a priority in the early years after Dayton, the (re)construction of a market economy in Bosnia was left to the second phase of implementation. Here, the initial few years were mostly dedicated to the reconstruction of infrastructure and the establishment of a durable peace. The American funding body USAID had the task of carrying out much of the privatisation of Energoinvest's daughter companies.<sup>18</sup> As reported in an internal USAID document:

'With the conclusion of the Dayton Accords in December 1995, Bosnia, with the assistance of the World Bank, the European Commission (EC), the European Bank for Reconstruction and Development (EBRD), and USAID developed a three-year \$5.1 billion Priority Reconstruction Program, calling for financial and technical support to repair infrastructure, provide a safety net for vulnerable segments of the population, and rapidly establish economic institutions for private sector development and sustainable employment'.<sup>19</sup>

Former High Representative Carl Bildt (in office 1995-1997) envisioned that the first phase of humanitarian aid and reconstruction during his mandate would have to be followed by a more solid involvement in economic reforms.<sup>20</sup>

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16 Strazzari, Kamphuis, 'Hybrid Economies and Statebuilding', p.67.

17 Pugh, 'The Political Economy Of Peacebuilding', p.25.

18 Pregled realiziranih tendera u velikoj privatizaciji u saradnji sa Međunarodnom savjetodavnom grupom za privatizaciju (IAGP), prilog 4. Privatisation Agency of the Federation of Bosnia and Herzegovina, available at: [http://apf.gov.ba/info/izvj/privatizacija99\\_2006/prilozi/4%20realizirani%20iagp.pdf](http://apf.gov.ba/info/izvj/privatizacija99_2006/prilozi/4%20realizirani%20iagp.pdf).

19 USAID. "Bosnian Reconstruction Programme." Sarajevo: USAID Bosnia and Herzegovina, April 1998, p.4.

20 Carl Bildt. *Peace Journey*. London: Widenfled and Nicolson, 1998, p.310.

Between 1999 and 2000 privatisation and labour market reforms increasingly became a concern for international donors. Initially, institutions such as the USAID and the World Bank supported voucher privatisation, since it mirrored the kind of large-scale reforms implemented in Poland, Russia and the Czech Republic.<sup>21</sup>

However, voucher privatisation – i.e. the model conceptualised and endorsed by local governments in 1997-1998 – started showing the first (disappointing) results regarding both speed and the revenue it generated. Subsequently, international representatives sought to engage more closely in policy-making, particularly in the fields of employment and privatisation in large state-owned companies. As a result, in December 1998 the Peace Implementation Council – the international body tasked with implementing the Dayton Peace Agreement – included for the first time privatisation monitoring and implementation in its annual Peace Implementation Agenda, which set the annual tasks and milestones for the High Representative.<sup>22</sup> Here, the Council clarified that it expected the Republika Srpska (Serb-dominated entity) and the Federation (the Croat-Bošnjak dominated entity) ‘to carry out a rapid transition to a free-market economy, focusing, above all, on enterprise and bank privatisation [and called] on the High Representative to use his authority to achieve these economic reform objectives.’<sup>23</sup>

Further, a report of the European Bank for Reconstruction and Development (EBRD) from 1999 concluded that ‘large-scale privatisation (‘privatisation through public offering of shares’) continues to be bogged down by delays and obstruction. [...] there has been considerable controversy over ‘ethnic’ political party sponsorship of such funds.’<sup>24</sup> World Bank reports showed a similar perspective, as its advisors saw that the delay derived from ‘unresolved

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21 ‘Bosnia’s Precarious Economy’, ICG, p.18.

22 This closer involvement of the High Representative fell within an increase in the executive powers of the High Representative, granted by the Peace Implementation Council after its Bonn meeting in December 1997.

23 “PIC Declaration. Annex: The Peace Implementation Agenda Reinforcing Peace in Bosnia And Herzegovina – The Way Ahead”. Madrid, 16 December 1998, OHR Archive. <http://www.ohr.int/?p=54101>.

24 “Transition Report. Ten Years of Transition.” London: European Bank of Reconstruction and Development, 1999, p.198-199.

problems of ownership, outstanding debts, political and social concerns over possible workforce reductions, and ethnic rivalries over future ownership.<sup>25</sup> In the eyes of High Representative Carl Bildt 'ethnic privatisation' was the result of nationalist interests of local governments, and over-employment a legacy of socialism. In his memoirs, he remarked that in 1996-1997 the governments of the Federation of BiH and the Republika Srpska committed to distributing half or more of their budgets to the distribution of vouchers or certificates amongst veterans and war invalids 'prior to the elections. [these were] promises [...] which could never be honoured'.<sup>26</sup>

Moreover, concern emerged about privatisation occurring in a non-transparent manner, with a high level of corruption and cronyism of middle- to top-level political officials of the three major ethnic parties.<sup>27</sup> By mid-2000, for example, the newsletter of the Office of the High Representative reported that

'The International Community' had asked the prime minister of the Federation to 'cancel initial privatisation proceedings [because] certain privatisation transactions were seen as [...] non-transparent and some doubts had been raised about the fairness.'<sup>28</sup>

As such, international advisors had grown increasingly concerned that the voucher privatisation sponsored by local governments and (at least initially) supported by workers and veterans, would neither entail quick privatisation nor satisfy ethnic grievances.

As a result, the HR Carlos Westendorp first established a Privatisation Monitoring Commission formed by three selected experts (from Sweden, the

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25 "Bosnia and Herzegovina Post-Conflict Reconstruction and the Transition to a Market Economy." OED Evaluation of World Bank Support. Washington, D.C: World Bank, 2004, p.12.

26 Bildt, *Peace Journey*, p.250.

27 Merima Zupčević. "Post-Conflict Political Economy in Bosnia and Herzegovina: Can the Neoliberal Peace Transformation Strategy Lead to Long-Term Socio-Economic Development? A Study of the War Legacy Factor in Post-Conflict Political Economy." MA in International Relations, King's College London, 2007, p.20.

28 OHR Economic Newsletter, Vol. 3, No. 4, May 2000; in preparation for the future monograph, it will be worth deconstructing the very idea of an 'international community', who started using the term, why, and with what purpose.

Netherlands and USA) tasked with monitoring the progress of privatisation and report back to the High Representative with policy recommendations.<sup>29</sup> After the start-up phase of privatisation, in May 2000 the Office of the High Representative and the Peace Implementation Council appointed a

‘technically-oriented oversight body’ for the implementation phase of privatisation – the International Advisory Group for Privatisation (IAGP). As the Peace Implementation Council deliberated, ‘The International Community is prepared to provide technical assistance to advance privatization in Bosnia, and Herzegovina provided that the responsible authorities show genuine commitment and ensure progress in the field of economic reform. [...]. The OHR [...] will ensure coordination and monitoring of the privatization process, in particular through the IAGP’.<sup>30</sup>

International institutions like the World Bank or the OECD often established advisory groups for privatisation in many of the transitioning countries where they were involved (from Argentina to the former Soviet Union, to Pakistan and Sri Lanka).<sup>31</sup> These advisory groups would generally coordinate assistance to, and cooperation with, local authorities involved in privatisation. In this way, they could supervise more closely the implementation of privatisation according to World Bank or OECD standards. While these advisory groups were created ad hoc for each country, they also contributed to a broader spread of neoliberal principles, as they often supported large-scale privatisation and market liberalisation.<sup>32</sup>

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29 “Privatization Monitoring Commission”, OHR Newsletter, Sarajevo, 27 January 1999.

30 “Privatization Monitoring Commission Ceases Operations”, OHR Newsletter, Sarajevo, 5 May 2000.

31 “OECD Advisory Group on Privatisation Plenary Session, Competition and Privatisation NOTE.” Helsinki, Finland: OECD, September 17, 1998, p.1. <https://www.oecd.org/daf/ca/corporategovernanceofstate-ownedenterprises/1929692.pdf>; Carlos Corti and Myrna Alexander. ‘Argentina’s Privatization Program.’ World Bank, August 31, 1993. <http://documents.worldbank.org/curated/en/698941468767394378/Argentinas-privatization-program>.

32 Ira W. Lieberman Stilpon Nestor, and Raj M. Desai, eds. *Between State and Market: Mass Privatization in Transition Economies*. Washington, D.C: The World Bank - OECD, 1997, p.vii.

In Bosnia, the advisory group included most international agencies and donors (EBRD, EU, GTZ, IMF, OHR, USAID, WB) under the loose coordination first of USAID, and afterwards the EU and World Bank.<sup>33</sup> This body had a strong mandate to coordinate and proceed with the privatisation of strategic enterprises across the countries, i.e. companies of ‘significant importance for the Bosnian economy’, which would be sold to strategic partners and investment funds.<sup>34</sup> Eighty-six large companies in the Federation (those with an asset value of more than 245.000 USD and more than 50 employees), and fifty-two in the Republika Srpska were selected as ‘strategic’; they were going to be privatised under the supervision of USAID and the World Bank. For Energoinvest, the main agency responsible was USAID.<sup>35</sup> These ‘strategic’ companies were selected because they had been the largest and most profitable before the war and because they could have potential in domestic markets.<sup>36</sup> Though these companies had been essentially exporting ones, their global engagement was not considered of primary relevance; these (former) socialist giants were ‘peripheral’ to the global economy.

Through this advisory body, donors sought to ensure quick privatisation of large enterprises, which until that point had proceeded slowly and in an often non-transparent fashion.<sup>37</sup> According to an IMF report, privatisation was envisaged as an improvement of management and competitiveness on the international markets.<sup>38</sup> In fact, according to former High Representative Paddy Ashdown, who started his mandate in 2002, his predecessors High Representatives Carl Bildt and Wolfgang Petritsch had overseen an effort to

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33 OHR Economic Newsletter, Vol. 5, num. 1, 25 May 2002.

34 OHR Economic Newsletter, Vol. 3, No. 6, October 2000.

35 “Project Appraisal Document on a Proposed Credit in the Amount of SDR 15.6 Million (US\$ 19.8 Million Equivalent) to Bosnia and Herzegovina for a Privatization Technical Assistance.” Private and Financial Sectors Development Unit South East Europe Country Unit Europe and Central Asia Region. 31 May 2001: The World Bank, Table 2, p.5.

36 Other included were Aluminij Mostar, Fabrika Duhana Sarajevo, UNIS, FAMOS, to name a few.

37 James Roaf Ruben Atoyan, Krzysztof Krogulski, and Bikas Joshi. “Special Report 25 Years of Transition: Post-Communist Europe and the IMF.” Regional Economic Issues. Washington, D.C: IMF, October 2014, p.22.

38 “Bosnia and Herzegovina: Poverty Reduction Strategy Paper—Mid-Term.” IMF Country Report. IMF, April 2004, p.69.

stabilise and reconstruct Bosnia in the period 1996-2002. As he wrote in his autobiography: ‘it was clear to me that the stabilisation phase was over. Our job during my mandate was not to create peace – that had already been done – but to begin to build a functioning state capable one day of joining Europe’.<sup>39</sup>

As a result, during Ashdown’s mandate the OHR, USAID and World Bank tried to find a solution to speed up large-scale privatisation, and in this drew upon methods of private sector development already established in other countries of the former socialist bloc (especially Poland and Czechoslovakia). This method was a response to developments at a local level but drew upon a general framework of international development and peacebuilding. Crucially, in this context, the privatisation of large enterprises like Energoinvest was understood as a prerequisite for the integration in the global market – although some of these companies had already established international contacts.

Within donors’ circles, there was a widespread understanding of *large* state-owned enterprises in post-socialist countries as the epitome of what was wrong with socialist economies. They were a source of economic inefficiency, corruption, clientelism, over-employment and non-entrepreneurial behaviours. Moreover, it was common to view them as weak competitors on the world market.<sup>40</sup> Interestingly, the Hungarian economist János Kornai’s theory of soft budget constraints was often mentioned as a further explanation of the endemic inefficiency of large (formerly) state-owned enterprises.<sup>41</sup>

A solution became that of breaking apart these large conglomerates and privatise them separately, thus supporting the development of small and medium enterprises (SMEs). This fragmentation was a common response in

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39 Paddy Ashdown. *A Fortunate Life*. London: Aurum Press, 2009, p.338.

40 “20 Years of USAID Economic Growth Assistance in Europe and Eurasia.” USAID, July 24, 2013, p.36-37; Gerhard Pohl, Robert E. Anderson, Stijn Claessens, and Simeon Djankov. *Privatization and Restructuring in Central and Eastern Europe: Evidence and Policy Options*. (Technical Paper No. 368. Washington, D.C.: World Bank. 1997; Stuart Shields. “The European Bank for Reconstruction and Development and the Lessons from Eastern Central Europe for Middle East/North African Transition.” *Spectrum Journal of Global Studies* 7, no. 2 (2015): 45–67, p.55.

41 The World Bank’s Poverty Reduction and Economic Management (PREM) Network. *Economic Growth in the 1990s: Learning from a Decade of Reform*. World Bank, 2005, p.169.

Central and Eastern Europe during and after transition.<sup>42</sup> As stated in a World Bank analysis report:

'In the post-reconstruction phase, a significant share of Bank financial and technical assistance focused on developing market-based institutions and creating a favorable environment for private sector development. [an area of essential reform is that of] privatizing socially-owned and state-owned assets; [...] USAID has provided funds [...] to small and medium-size enterprises (SMEs)'.<sup>43</sup>

Hence, one of the main objectives was that of supporting the growth of the private sector through the development of Small and Medium Enterprises (SMEs). For example, in December 1998, the Peace Implementation Council's meeting in Madrid called upon the Bosnian population to 'face up to the challenge of transforming the economy, [which meant] abandoning the étatist economic attitudes of the past, pressing ahead with privatisation and creating an environment which encouraged [...] the development of SMEs.'<sup>44</sup>

Donors and international institutions involved in economic consultancies over 'transition' reforms in the former Yugoslavia and Eastern Europe shared this rationale for transformation. High Representative Paddy Ashdown was one of the main supporters of this turn towards the development of small and medium enterprises. As part of his mandate, he created the so-called 'Bulldozer Initiative', a set of reforms drafted partly in collaboration with local businesses, aimed at creating a business-friendly environment for SMEs.<sup>45</sup> As Ashdown recalls:

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42 OECD. 'Promoting SMEs for Development.' In *Promoting Entrepreneurship and Innovative SMEs in a Global Economy: Towards a More Responsible and Inclusive Globalisation*. Istanbul, Turkey, 2004, p.11;

43 'Post-Conflict Reconstruction', World Bank, p.11.

44 "PIC Declaration. Annex: The Peace Implementation Agenda Reinforcing Peace in Bosnia And Herzegovina – The Way Ahead". Madrid, 16 December 1998, OHR Archive. <http://www.ohr.int/?p=54101>.

45 Sabina Arslanagić. "Entrepreneurs get task of making Bosnia more business-friendly", AFP Sarajevo, 7 April 2003, OHR archive. <http://www.ohr.int/?p=47844>.

'I was very influenced in this by what happened in my own community of Yeovil [United Kingdom] two years after I became an MP in 1985 [...] it is called the Westland crisis. Westland was a company which built helicopters, and my community was entirely dependent [on it]; this became the object of a political battle between Michael Heseltine and Margaret Thatcher [...] the effect was that this firm lost 8000 jobs [...] so as a young MP I went around working with the district council, working with others to create small businesses into which they could go. And instead of unemployment rising, unemployment stayed stable, and we began to generate a whole new basis for our economic success... so in a way what I was trying to do was replicate that'.<sup>46</sup>

This quote gives us an insight into the rationale of one of the central organisers of privatisation in the early 2000s. For Ashdown, large enterprises in Bosnia were a malfunctioning legacy of the communist period, an era characterised by business-unfriendly regulation, which he set to change. In his view, the only way of effectively replacing large inefficient enterprises was through the development of private SMEs.

Since the late 1990s-early 2000s, large international institutions like the OECD and UNCTAD had set up models of development for transitioning countries based on the growth of the small and medium private sector, while until then there had been a propensity to favour large (private) businesses.<sup>47</sup> In an increasingly globalised economy, the focus was on the quick growth of the export sector, rather than the development of employment capacity.<sup>48</sup>

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46 Lord Paddy Ashdown, Interview with author, London, 23.01.2018.

47 OECD. 'Promoting SMEs for Development.' In *Promoting Entrepreneurship and Innovative SMEs in a Global Economy: Towards a More Responsible and Inclusive Globalisation*. Istanbul, Turkey, 2004, p.11; see also Herr Hansjörg and Zeynep M. Nettekoven. 'The Role of Small and Medium-Sized Enterprises in Development Can Be Learned from the German Experience?' Friedrich Ebert Stiftung, November 2017, available at: <http://library.fes.de/pdf-files/iez/14056.pdf>; and Will Bartlett, Milford Bateman, and Maja Vehovec, eds. *Small Enterprise Development in South-East Europe: Policies for Sustainable Growth*. New York: Springer, 2002.

48 Ibid., p.14; see also UNCTAD. 'Improving the Competitiveness of SMEs in Developing Countries. The Role of Finance To Enhance Enterprise Development.' New York and Geneva: United Nations Conference on Trade and Development, 2001.

Hence, institutions such as the OHR, the OECD, and the EBRD put together a variety of analyses and policy recommendations on the development of a small private sector. These argued that, in order to ensure a stable and robust market development of Bosnia after the war, it was necessary to encourage private investment, both local and foreign. A business-friendly environment grounded on small and medium enterprises would be the most attractive to private investment; these companies' size and their ability to adapt to new market development were considered more likely to attract private capital and develop local entrepreneurship.<sup>49</sup>

In July 2000, the deputy High Representatives Ralph Johnson claimed that 'the motto of growth for Bosnia should not be in large companies but SMEs.'<sup>50</sup> Such was the position of the OHR and other international donors, as the head of the department of privatisation and restitution in the OHR Peter Wefers confirmed. In an interview released to the magazine of the Federal Privatisation Agency, he argued that the development of SMEs was 'equally important to privatisation', since 'a big number of new SMEs [would] create new jobs.'<sup>51</sup> Moreover, IMF advisors noted that the Bosnian economy, as it was the case for other former socialist systems, was based on State or collectively owned enterprises, which were overall 'ill-equipped' to participate in the market economy, and so should undergo privatisation.<sup>52</sup>

This view reveals an understanding of the Bosnian economy as being characterised by a few large 'giants' of the socialist era, unable to compete on the global market. The underlying assumption was that the state had subsidised socialist 'giants', had employed an excess of workforce, and thus were neither

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49 "Enterprise Policy Performance Assessment and Herzegovina." OECD, EBRD, Stability Pact for South Eastern Europe, March 2005, p.7-8; 'Poverty Reduction Strategy', IMF, pp.62-63; on entrepreneurship in East and Central Europe, see Ivan Tchalakov, Ivan, and Nikula Jouko. *Innovations and Entrepreneurs in Socialist and Post-Socialist Societies*. Cambridge: Cambridge Scholars Publishing, 2013, p.3.

50 "Ralph Johnson, Prvi Zamjenik Visokog Predstavnik u BiH." *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, num. 10/11, July 2000, p. 5.

51 "Ohrabren Sam, Ali Ne i Zadovoljan." *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, num 10/11, July 2000, p.8; Special credits were provided for this purpose, see OHR Economic Newsletter, Vol. 2, No. 1, February 1999. 52 'Poverty Reduction Strategy', IMF, p.22.

technologically advanced nor apt to compete on the global market. While true that these companies were much less profitable than other large Western companies, the fact that they covered market niches in the developing countries was not considered to be an asset – probably because the ‘global South’ was itself in need of development and so was not considered a reliable economic partner.

Other donors had a more nuanced view of Bosnia’s pre-war economic situation and background. For instance, USAID recognised that ‘Bosnia’s economy was closely integrated with the other Yugoslav Republics, and had strong external ties with trading partners in Europe, the U.S., and the former USSR’ but also noted how most of these ties had been disrupted as a consequence of the war.<sup>53</sup> However, they proposed essentially the same set of solutions, i.e. rapid privatisation in order to ensure market reforms on the path to Euro-Atlantic integration of the country.<sup>54</sup> Similarly, the World Bank viewed economic reforms as part of a long accession strategy to the European Union.<sup>55</sup>

As such, the destiny of large enterprises like Energoinvest was not that of being re-integrated as competitors in the world market, but being restructured and privatised as smaller companies of a small-size economy in the European semi-periphery. The underlying trajectory envisioned for the former Yugoslavia was that, after the wars and the collapse of the Federation’s geopolitical centrality at the head of the non-aligned, the region was placed back on the periphery and made an adjunct to the West with the rest of the (post)socialist world. The advantages of its ‘in-betweenness’ between Europe, the Middle East, Africa and the rest of the non-aligned world was not fully recognised by international economic experts, who approached Bosnia as any other post-communist country on the path to economic transition. On the contrary, as the

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53 USAID. “Bosnian Reconstruction Programme.” Sarajevo: USAID Bosnia and Herzegovina, April 1998, p.2.

54 “USAID - Bosnia and Herzegovina History,” <https://www.usaid.gov/bosnia-and-herzegovina/history>.

55 “United Nations In Bosnia and Herzegovina. World Bank,” [http://ba.one.un.org/content/unct/bosnia\\_and\\_herzegovina/en/home/un-agencies/worldbank.html](http://ba.one.un.org/content/unct/bosnia_and_herzegovina/en/home/un-agencies/worldbank.html).

next sections will show, local economists and managers of Energoinvest recognised the value of this and argued for it.

Besides, neoliberal privatisation was introduced as a solution to the lingering 'communist' legacy that was affecting the Bosnian economy. The understanding of Bosnia's large companies as forming the last stronghold of an old communist mentality was widespread amongst advisors at the IMF, World Bank and Office of the High Representative. As the former European Union Special Envoy to Yugoslavia Carl Bildt wrote in his memoirs:

'[in Bosnia] There was a tendency to believe that all the old companies and structures could function again, once their buildings and machinery were repaired. The war had destroyed the physical structures of the economy, but not always the mental structures of state planning and socialism.'<sup>56</sup>

Lord Paddy Ashdown confirmed the Office of the High Representative's vision for the Bosnian economy's future: distancing it from its communist past, and setting it on the path to Europeanisation:

'we tried to liberalise the economy [...] we began the process to make Bosnia and Herzegovina's economy a European style economy rather than a post-communist one [...] [...] I found myself doing in Bosnia what I had opposed under Mrs Thatcher's government. But she was right; so [in Bosnia] I had to tear down the old communist business-destructing structures, so I invented the Bulldozer Commission'.<sup>57</sup>

This juxtaposition of 'European' and 'post-communist' is quite telling of the understanding international advisors had of the Bosnian economy. They did not view Bosnia as a member of the formerly globally engaged, industrialised centre of the non-aligned world; rather, they considered it part of a state-led obsolete system that had to be Europeanised. By its own admission, the World Bank in the early 1990s did not hold a great deal of specialist knowledge on the

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<sup>56</sup> Bildt, *Peace Journey*, p.248.

<sup>57</sup> Lord Paddy Ashdown, Interview with author, London, 23.01.2018.

workings of centrally planned economies, nor did it employ specialists to take part in advisory missions in transitioning countries.<sup>58</sup>

Already in 2002, the World Bank was of the understanding that privatisation and growth of the private sector would facilitate hard budget constraints onto old socialist enterprises, thus decreasing their demand for state support. As US ambassador Donald Hays stated, the orientation of economic policy-makers in post-war Bosnia was mistakenly centred on seeking to revive production in the large industrial conglomerates that had been the pillars of Yugoslavia's economy:

'It was as if economic planners in Pittsburg or Manchester or Hamburg had spent the eighties trying to talk up the advantages of being part of the rustbelt. Easy to make fun of that moment in history, of course, but there were reasons for this attitude. Pre-war Bosnia and Herzegovina enjoyed a kind of heavy-industry golden age - or at least the illusion of one. People whose careers were built in that golden age naturally wanted to recreate it – so they channelled their energies into getting the old industrial combines back on their feet. They failed, of course, because history had moved on and left this industrial network disconnected and irrelevant. I have just come back from Japan, where, by the way, the large companies that are household names throughout the world — the Nissans, Sonys, and so on — all depend on small and medium-sized enterprises for their supply of parts. I was constantly reminded of the fact that the Japanese economic miracle is described as a 'miracle' for the very reason that in the 1950s the prospect that a country as poor and war damaged as Japan would become wealthy was nothing short of miraculous. [...] Something similar happened in Southeast Asia in the 70s and 80s. I believe that Southeast Europe can emulate the Southeast Asian economic model'.<sup>59</sup>

What Hays and Ashdown envisioned as the future of the Bosnian economy - the development of the small private sector as a driver of economic growth - is

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58 Nellis, 'The World Bank, Privatization', p.6.

59 Speech by Principal Deputy High Representative Donald Hays at the USAID-sponsored SME Donor Roundtable, Sarajevo, 7 April 2004, OHR Archive. <http://www.ohr.int/?p=46231>.

revealing of the kinds of assumptions that international advisors had about what was realistic in the post-war context. Large industrial enterprises were a thing of a past 'golden age' of socialist industrialisation, which did not fit the ever-changing globalised market economy of the 2000s. Granting them financial aid would have risked perpetuating the soft-budget constraints typical of the socialist system.<sup>60</sup>

For international donors, large enterprises were supposed to transform into smaller units; conversely, locals were sceptical of the benefits of such transformations. Similarly, workers and former employees of these enterprises were supposed to adapt to the new rationale of economic efficiency, which could entail their companies being sold, declared bankrupt, or privatised afterwards. In the words of the deputy High Representative:

'For many people, the very word 'bankruptcy' is a taboo. It spells disaster. The reality is that bankruptcy can mean restructuring, saving jobs and restructuring over the long run can mean more jobs. If you want to make an omelette, you have to break eggs, and if you want to revive the economy, you have to restructure companies.'<sup>61</sup>

Thus, concerning enterprise restructuring, the World Bank and other donors endorsed a shrinking of the role of the state and a liberalisation of labour market regulations, abandoning the restrictions of the former Yugoslav legal system.<sup>62</sup> In this context, international organisations compiled studies focused on the current issues of post-war reconstruction, with little attention to the past characteristics and developments of local economies.

In conclusion, three aspects were central in the international donors' rationale for economic reconstruction in Bosnia: firstly, it was necessary to

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60 Dragoljub Stojanov. 'Economics in Peacemaking: Lessons from Bosnia and Herzegovina.' Portland Place, London: The Portland Trust, 2009, available at [https://www.portlandtrust.org/sites/default/files/pubs/epm\\_bosnia\\_herzegovina.pdf](https://www.portlandtrust.org/sites/default/files/pubs/epm_bosnia_herzegovina.pdf), p.14.

61 Donald Hays. "Bankruptcy is not a taboo", Sarajevo, 23 March 2004, OHR archive. <http://www.ohr.int/?p=46355>.

62 "Bosnia and Herzegovina - Toward Economic Recovery." Washington, D.C: World Bank, 1996, p.44-45.

privatise state-owned enterprises, particularly the large ones. Secondly, in order to encourage market and private sector development, the strategy was to support the growth of the private sector by favouring SMEs. Thirdly, it was necessary to get rid of the legacy of socialism, in terms of both ownership structures and labour relations. These three aspects converged in the strategy for privatisation of Energoinvest, while the issue of employment created the most frictions between local governments and international advisors.

### **5.3 Local responses to privatisation: the issue of employment**

Another critical aspect of the donors' vision for 'transition' related to employment. A central part of their recommendations was to promote 'enterprise restructuring, and stop the flow of fictitious and unproductive unemployment in state-owned enterprises'.<sup>63</sup> As a result, the World Bank and USAID advisors put forward a new rationale for privatisation: companies and workplaces should undergo a transformation in the name of efficiency and restructuring, and employees would have to adapt.

This was a subtle but significant shift in the conceptualisation of privatisation reforms. In contrast with the Marković laws and 'ethnic privatisation', in this case, the adaptation of subjects to new workplaces and new rules of efficiency was a by-product of the transformation of companies, rather than its driving force. In this new rationale, employees' attachment to their workplaces was perceived as an obstacle to restructuring and transition, rather than an opportunity for its consolidation.

However, this shift did not sit well with local representatives and experts, who had a rather ambivalent vision for the future of large state-owned enterprises.<sup>64</sup> On the one hand, they were generally in favour of a reform that would quickly foster the growth of small and medium enterprises. For example,

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63 Report No. 32650-BA Bosnia and Herzegovina Labor Market Update the Role of Industrial Relations; December 2005, p.xii.

64 Awaiting privatisation, these companies were administered by general managers nominated by the entity governments of Republika Srpska and the Federation. Energoinvest, for example, responded directly to the Federal Ministry of Energy, Mining and Industry, as 91% of its capital was in state hands. All the capital in Republika Srpska, conversely, was under the jurisdiction of the entity's privatisation directory. This would change in 2005, when the rate became 67% of state capital and 33% private.

this had been the line of Bosnia's President Alija Izetbegović, who supported a reconstruction model that would favour SMEs while keeping some big firms like Energoinvest; he referred to the capitalist world and the U.S as an example of an economy grounded on SMEs and some big firms.<sup>65</sup> On the other hand, entity governments had championed reforms that would primarily reward veterans, such as direct involvement in privatisation and fast re-employment in reconstructed workplaces (see Chapter 3). Thus, their vision for the consolidation and growth of the private sector was directly tied to maintaining a political promise and re-employ veterans - which required the maintenance of large enterprises.

Between 2000 and 2003, controversies erupted over the method of privatisation for large companies. While the representatives of the majority nationalist parties in each of the two entities proposed a privatisation through a public offer of shares on the stock exchange (and implemented it with scarce results until mid-2000), international advisors supported a privatisation via tender, through which companies would be sold to interested parties who would bid for a specific purchase.

The public offer of shares proposed by local authorities meant that citizens and local investors could purchase companies also by using the vouchers they had received after the reforms of 1997-1999. Conversely, the Office of the High Representative, through the appointment of the International Advisory Group for Privatisation and the coordination of different donors (USAID, WB), was proposing that international advisors select which companies to privatise, and their potential buyers. For them, this was a way of securing foreign capital investment in the company and ensuring faster privatisation. This option would entail a much stronger influence of international institutions like the abovementioned, something that did not sit well with local nationalist parties' visions for privatisation.

Contrary to the literature that tends to view local actors as willing supporters of neoliberal reforms that opened 'more opportunities for corruption and predatory behavior by local elites', local governments often did not support what

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65 "Odrednice Za Budućnost." *Energoinvest List*, num. 1055, January 1996, p.1.

they viewed as a 'neoliberal' transformation.<sup>66</sup> Instead, they opposed international consultants' proposals, primarily because they had envisioned a kind of privatisation that would distribute vouchers, safeguard employment, and maintain large enterprises under government control. The new conceptualisation of neoliberal reforms clashed with local formulations of 'ethnic privatisation', as well as with expectations embedded in the late-socialist memory of workers.<sup>67</sup>

Ruling parties in both entities like SDA, HDZ, and SDS-SNSD were reluctant to employ foreign experts, whose consultancy would be paid for through a World Bank loan. They debated this issue for over two years, during which profound disagreements between local governments and foreign advisors emerged.<sup>68</sup> Primarily, local representatives were concerned because they perceived international advisors as lacking knowledge of Bosnia's specific economic issues. A report of the state Ministry of Finance to the World Bank mission in Bosnia outlined the shortcomings of the loan for privatisation assistance; it stated that:

'the implementation of the [privatisation assistant loan] has not produced the expected results in achieving the development objectives. We think that this is a consequence of insufficiently realistic understanding of the situation in Bosnia and Herzegovina at the stage of project designing [...] insufficient attention was paid to social aspect; the possible consequences of privatization were not adequately taken into account. At the very beginning, the project was faced with implementation problems [...] partly due to unwillingness on the part of the

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66 Horvat, Štikš, *Welcome to the Desert*, p.3; see also: Dragoljub Stojanov. "Bosnia-Herzegovina since 1995: Transformation and Reconstruction of the Economy." In *International Support Policies to SEE Countries – Lessons (Not) Learned in Bosnia and Herzegovina*, edited by Žarko Papić, 44–69. Sarajevo: Open Society Fund BiH, 2001; Kim, 'A Critique of Transition Studies'.

67 Cornel Ban has convincingly argued for the necessity of investigating neoliberal reforms in relation to locally formulated models; Ban, *Ruling Ideas*, p.5.

68 Bojičić-Dželilović, et al. 'Bosnia and Herzegovina: Understanding Reform', p.15.

Parliament to accept financing of expensive international consultants in the process.<sup>69</sup>

Moreover, the ministry requested international advisors to have an 'increased flexibility in project re-designing, in which the comments and suggestions made by local experts must be taken into account when making decisions'.<sup>70</sup>

This remark outlines the kind of disagreement that had arisen between local authorities and foreign advisors. While the former were concerned about the dangers of disregarding local expertise in the decision-making process and the social consequences of privatisation (unemployment in particular), the latter demanded to engage international consultants in privatisation policy-making. Here, one finds clashing formulations of what was considered legitimate expertise and knowledge.

Furthermore, after the Law that transformed social into state capital of 1994 (see Chapter 4), many of these companies became state-owned, and thus under the direct control of ruling parties in both the Federation and Republika Srpska. These companies had remained large pools of employment and, as a result, of potential electoral support. As such, different parties were interested in their stability and in pursuing a privatisation model that would not dramatically reduce employment. For instance, the Prime Minister of the Federation of BiH Izudin Kapetanović remarked already in 1996 that

'the ministry of energy mining and industry will be tasked with re-lifting the economic system of the federation and renew the production capacity, [...]ensure social security to all employees [...] and increase the companies' openness towards the world market.'<sup>71</sup>

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69 "Implementation Completion and Results Report on a Credit in the Amount of SDR 15.60 Million (US\$19.80 Million Equivalent) to Bosnia and Herzegovina for a Privatization Technical Assistance Credit." IDA-35310. Private and Financial Sector Development Unit South East Europe Country Unit Europe and Central Asia Region, March 21, 2007, p.34.

70 Ibid., p.35.

71 "Ekspoze Premijera Federacije Bosne i Hercegovine Dr. Izudina Kapetanovića Na Ustavotvornoj Skupštini Federacije BiH," January 30, 1996, p.8; Ustavotvorna Skupština Federacije Bosne i Hercegovine, Arhiv Federacije Bosne i Hercegovine.

As a result, when employment reduction emerged as a constitutive prerequisite for the privatisation of major industrial conglomerates, frictions ensued.

Nationalist parties in both entity governments had already promised re-employment to veterans and workers during the war and had created a buffer system (waitlists) which would temporarily delay the problem of mounting unemployment. The labour laws discussed in both entities between 1997 and 1999 formalised this complex system. Companies unable to employ at their full capacity would put their workers 'on hold' or 'waiting' (*na čekanju*) until they could either re-employ them or dismiss them completely. This status guaranteed workers a percentage of their salary, to be provided by the employer while they were registered 'on waitlist' (for a maximum of 6 months).<sup>72</sup>

The discussion over workers' waitlist status overlapped with that regarding veterans' re-employment. In both entities, the parties that most strongly had advocated for compensations and rewards for 'workers-warriors' sought to consolidate further popular support by promising social guarantees of employment and severance pay to former employees.<sup>73</sup> This debate shows that, even if led purely by political interests, local parties were aware that workers had still maintained a strong attachment to their jobs and their workplaces. Workers' and veterans' expectations to be re-employed in their workplaces after the war had shaped how local governments had planned to regulate employment in large companies.

However, this tie between workers and workplaces, and the resources allocated to maintaining them on waitlists constituted an obstacle to the restructuring that international advisors had envisioned. By the second half of 1999, international agencies started expressing their concerns towards the new labour legislation, particularly regarding the waitlist system. This mechanism, it was argued, burdened the employers, was deemed financially unviable and

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72 This meant that companies which already had a substantial liquidity deficit and lacked appropriate resources, were to provide for more than 116 million of KM (roughly 60 million of Euros) for the waitlist status of more than 50 thousand employees – out of which 65% in the industrial sector. Čaušević, *Bosanska Ekonomska Enigma*, pp.103-104.

73 Edhem Bičakčić, recorded in the 'Magnetofonski Snimak 5. Sjednice Doma Naroda Parlamenta Federacije Bosne i Hercegovine', 12-13 January 1996, p.19/3; Ustavotvorna Skupština Federacije Bosne i Hercegovine. Num.2389, folder 91. Arhiv Federacije Bosne i Hercegovine. 'Zakon o radu republike srpske', Službeni glasnik Republike Srpske 3/97, 10/98.

impeded a fast transition to a competitive market economy.<sup>74</sup> According to the World Bank,

'labor market rigidities reduced labor mobility and the ability of firms to respond to market pressures by restricting layoffs and encouraging labor hoarding through a costly 'waitlist' system, which resulted in large arrears in wage payments by cash-strapped firms.'<sup>75</sup>

The High Representative and other international members condemned the approval of a labour law which was 'flawed in many areas, not least of which [wa]s the proposed means of providing compensation for those employees that are currently on or potentially eligible for registration on the so-called 'waiting lists'.<sup>76</sup>

In this context, the Office of the High Representative (OHR), together with the World Bank and other international institutions put pressure on the parliaments of both entities in order to solve the waiting list issue and labour market problems in the Federation and Republika Srpska respectively.<sup>77</sup> In both entities, they provided technical assistance to develop more flexible labour markets and thus attract foreign capital.<sup>78</sup>

The way in which the OHR discussed the necessity for reforms highlights this further. As the Office's economic newsletter in February 2000 claimed, the 'communist-era legislative barriers, resistance from enterprise managers and [...] bureaucracy' constituted an obstacle to rapid privatisation, to be solved through the abandonment of the Yugoslav legacy of secure employment.<sup>79</sup> In particular, the financial burden of 'waitlisting' was seen as particularly risky for the success of privatisation. In a report to the UN Secretary-General drafted in

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74 OHR Economic Newsletter, Vol. 2, No. 7, August 1999.

75 'Post-Conflict Reconstruction', World Bank, pp.15-16.

76 OHR Economic Newsletter, Vol. 2, No. 10, November 1999.

77 OHR Economic Newsletter, Vol. 3, No. 4, May 2000.

78 'Strategy for Bosnia and Herzegovina.' Document of the European Bank for Reconstruction and Development, April 29, 2003, p.16.

79 OHR Economic Newsletter, Vol. 3, No. 1, February 2000.

1999, the then High Representative Wolfgang Petritsch commented that the labour law

‘contain[ed] a series of articles [...] likely to jeopardise the privatisation process and inhibit the development of a market economy. The most serious objection to the law relates to compensation for employees on the waiting list and the payment to them of a severance indemnity which [...] places an insurmountable burden on enterprises in the federation’.<sup>80</sup>

Finally, a World Bank assessment noted that there was local opposition to ‘involvement of donors in privatisation and to privatisation in general because of concerns about the fate of workers and the local community’.<sup>81</sup>

As former High Representative Ashdown recalls, privatisation during his mandate was supposed to tackle nationalist elites’ control over large public enterprises:

‘I am not sure if I ever said this before. I knew that I had to tackle the nationalist structures, I could never help Bosnians to build their state unless I began to undermine the nationalist structures, but the nationalist structures in all the three ethnicities had an immensely powerful grip on their people. [...] I knew that such was the [nationalists’] relationship with their people that I could not tackle it head on, I had to find a way to weaken those structures’.<sup>82</sup>

As such, representatives of the international community viewed the maintenance of a high number of workers on waitlists (many of whom were veterans who would otherwise be unemployed) as a strategy of nationalist elites to gain (electoral) control. As a result, the privileges awarded to workers-warriors as contributors to the liberation, granting them access to employment

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80 ‘15th Report by the High Representative for Implementation of the Peace Agreement to The Secretary-General of the United Nations.’ OHR, November 1, 1999. <http://www.ohr.int/?p=57259>.

81 ‘Bosnia and Herzegovina: Post-Conflict Reconstruction and the Transition to a Market Economy.’ World Bank, January 1, 2004, p.23.

82 Lord Paddy Ashdown, Interview with author, London, 23.01.2018.

or a position in the 'waiting lists' that provided minimum pension, were curtailed by the new regulations. International advisors now viewed the connection and sense of attachment that tied workers to their workplaces, upon which local governments based political consensus, as an obstacle to the necessary restructuring of these firms. With the objective of carrying out faster privatisation, waitlists had to be removed, and workers dismissed.

#### **5.4 Privatisation and restructuring of Energoinvest**

Energoinvest was one of the large state-owned companies that underwent privatisation according to the tender method, i.e. the sale of a specific company to selected interested parties who would participate in a bid. The model of economic development proposed by international advisors acted as a catalyst for the geographical and ethnic-based fragmentation of Energoinvest, already initiated with the previous set of economic reforms.

As the previous Chapter has illustrated, Bosnia's division into two entities (Republika Srpska and the Federation of Bosnia-Herzegovina) had strong repercussions within Energoinvest. The company was divided along the entity border between Republika Srpska and the Federation of BiH. A few factories were in Republika Srpska, while the bulk of the holding company had remained under the jurisdiction of the Federation. This company had inherited most of Energoinvest's international contacts and deals, as well as the trademark and central branch in Sarajevo. In contrast to the firms in Republika Srpska, which were privatised individually, the Sarajevo central branch and its factories around the Federation are still undergoing a privatisation process. For this reason, I will now focus on the details of privatisation as it occurred in the Federation, as it is particularly interesting for the investigation of an ongoing transformation.

This transformation started with an essential premise: the war had severely damaged Energoinvest (by 1995, roughly 90% of its physical and human capital was destroyed). In early 1997, Energoinvest employed roughly 3600 people,

1.37% of the overall capacity of the Federation.<sup>83</sup> The priority for the management was the absorption of its large unemployed workforce and the subsequent reconstruction of factories and research centres. At the start of privatisation in December 1999, the overall capital of Energoinvest amounted to roughly 240 million KM, with a state capital share of 94.77%.<sup>84</sup> Energoinvest was organised as a core 'mother' company taking care of engineering and marketing, with 19 'daughter' companies where Energoinvest held a capital share of 30, 60 or 70% (the rest being in state hands). In these years, the company was re-structure in order to be able to adjust to market orientation and secure a higher degree of independence of single companies, while centralising some functions in the central company in Sarajevo. Although it was technically Energoinvest's property, the firms that had been part of the corporation but had their legal location in Republika Srpska were not anymore under Energoinvest's direct jurisdiction.<sup>85</sup>

In 2001, the World Bank issued a Privatisation Technical Assistance Credit of the amount of 19.8 USD million. This loan aimed at supporting private investors and SMEs, accelerating privatisation of large-scale enterprises, and finally reform the labour market. Within this framework, first the USAID, and then the World Bank, were tasked by the IAGP to advise and guide the privatisation of Energoinvest. A major objective in the privatisation of big corporations was of 'unbundling' of holding companies and large enterprises (like Energoinvest), i.e. splitting them into business units that could be privatised, and subsequently selling them through tender – thus de facto transforming them into SMEs. The model that inspired this kind of transformation was, according to former High Representative Lord Ashdown 'a classically European model, a classically German model, where you have large businesses but what makes large businesses work is a seabed of small

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83 In contrast with the roughly 40.000 employees it had before the war General Servis ONASA, 'B.Matić: Novac međunarodnih organizacija nije našao put do Energoinvesta', April 8 1997.

84 Sejffudin Zahirović and Sead Omerhodžić. 'Javni Upis Dionica.' *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, January 2000, p. 13.

85 'Visok Ugled u Zemlji i Svijetu', *Energoinvest List*, Num. 1098, March 2000, p.2.

enterprises, it is not a particularly radical idea'.<sup>86</sup> This idea partly intersected with what the IMF had envisioned for the reprisal of the Bosnian economy as an expansion of the private sector; if profitable, the large businesses in this model would have to be split up and privatised.

Here, international experts specialised in tender privatisation ('dealmakers') were hired to assist the governments in selling state-owned enterprises to strategic local and foreign investors.<sup>87</sup> This was a clause in the credit agreement for privatisation technical assistance issued by the World Bank to the Bosnian state: international experts would have the power to carry out these sales, in collaboration with advisors from entities' privatisation agencies.<sup>88</sup> Holdings and large enterprises were subject to additional attention since they were going to divide into units that could attract investors and thus be more easily privatised.

This fragmentation was particularly problematic for a company like Energoinvest, which had based its whole structure and international success on being a conglomerate with diversified production. The structure of the company was such that smaller 'daughter' company depended from the link with the central branch: for example, the engineering department would finalise a project for an electrical power plant, which different factories would produce components (each of which a separate company). Another company would then commercialise this within the Energoinvest group. These companies and factories were so interlinked that a break-up between them and the central branch was going to cause them great difficulties.

Although these advisors recognised that Bosnia had a robust industrial sector, they mostly understood this as a legacy of the socialist system subsidising its industries, now unable to compete on a global market that had changed much since the late 1980s.<sup>89</sup> After the war, as much had to be rebuilt, Bosnian industries were not thought of as able to compete on the global market. As former High Representative Carl Bildt wrote in his memoirs:

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86 Lord Paddy Ashdown, Interview with author, London, 23.01.2018.

87 "Implementation Completion and Results Report", World Bank, p.8.

88 As the previous section has shown, the local administrations were not fully pleased with the presence of these 'dealmakers'.

89 This was partly the case, and it had already been a concern for the Yugoslav reformers at that time. See Chapter 1.

'It was important to make it clear that our efforts did not involve reconstruction, as many aspects of the economy that had been destroyed by war would have been demolished in any case by international competition in the global economic transformation process. It proved difficult to gain acceptance of this idea.'<sup>90</sup>

A further example, a senior advisor in the USAID who operated in Bosnia between 2000 and 2002, and oversaw much of the privatisation of large enterprises recalls the frictions with local governments as follows:

'What they were looking for was to have capital injected into these companies, and they thought that simply by recapitalising they would be able to begin production again and to be successful. But you know the problem is that there were no markets for the products that they had been producing and [...] and this idea of using public capital to create businesses was very much the Yugoslav model but in Western Europe and the US that's not something that we tend to do [...] but what the local people were looking for were the establishment of these large industrial complexes'.<sup>91</sup>

As such, the IAGP's and USAID's rationale was that a successful transformation could be achieved through the privatisation of only the profitable companies of Energoinvest. The firms most likely to have a chance on the world market were going to be separated from the rest of the company, which was operating at a loss;<sup>92</sup> the remaining ones would stay under the jurisdiction of the central branch in Sarajevo. However, this option was not viable for the management, who did not want to handle only the companies operating at a loss. The management, the federal government and the IAGP reached a

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90 Bildt, *Peace Journey*, p.248.

91 E.K., Interview with author, phone interview, 03.02.2017.

92 Amer Kapetanović. 'Zaokret Za Deset Milijardi.' *Dani*, September 15, 2000. <https://www.bhdani.ba/portal/arhiva-67-281/172/t17204.htm>.

compromise, whereby all the companies (profitable and non-profitable) would be separated from the central branch in Sarajevo, and transformed into SMEs.

Here, the Federation of BiH assumed control of the daughter firms, whose capital was disassociated from the central company and ultimately transferred under entity control.<sup>93</sup> Most of the (remaining) daughter companies of Energoinvest were set to be privatised in 2002 under the jurisdiction of the Federal Agency for Privatisation. In the first 'round' of privatisation (between 2002 and 2003) all the profitable daughter companies were offered for privatisation through either tender or public offer of shares. The final overall capital was roughly 140 million KM (Bosnian Marks).<sup>94</sup> The strategic and potentially most profitable companies (Energopetrol, TDS, TAT), as well as the 'mother' company in Sarajevo, were offered through tender privatisation to foreign investors, rather than to the public offer of shares on the stock exchange.<sup>95</sup> The reason for this choice primarily related to the difficulty in finding internal bidders with sufficient capital available for the privatisation of such large enterprises.

As a result, tender privatisation was not completed, and the Federation retained 67% of the total capital of the central branch, Energopetrol, and TDS (production of metal structures). All the other small daughter companies underwent privatisation. These companies were sold through a public offer of shares, which saw the participation for over 90% of certificates, usually invested in privatisation investment funds.<sup>96</sup> Most of the buyers were collective or privatisation investment funds (PIF), foreign banks, as well as private citizens –

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93 'Jasna Razgraničenja', *Energoinvest List*, Num. 1104, p.1.

94 'Privatizacija U Federaciji Bosne i Hercegovine 1999-2006.' Agencija Za Privatizaciju u Federaciji Bosne i Hercegovine, June 2007, p.15. [http://www.apf.com.ba/info/izvj/privatizacija99\\_2006/prilozi/99-06.pdf](http://www.apf.com.ba/info/izvj/privatizacija99_2006/prilozi/99-06.pdf).

95 'Usvojen Izmijenjeni Program', *Energoinvest List*, num. 1112, August-September 2001, p.1; for example, Energopetrol was sold to the Croatian-Hungarian consortium INA-MOL; TAT did not find a suitable buyer and has been declared bankrupt; TDS and DVI were bought by the Turkish investment group "Attila Group". <https://ba.ekapija.com/tender/1922962/prodaja-pokretne-i-nepokretne-imovine-zemljiste-objekti-oprema-masine-stecajnog-duznika-e>;

96 Anto Domazet. *Analiza Razloga i Uzroka Nedovoljnog Interesa Domacih i Stranijh Investitora u Procesu Privatizacije Sa Prijedlogom Mjera Za Pobolsavanje Ukupnog Ambijenta Za Ulaganje Kroz Proces Privatizacije u FBiH*. Sarajevo: Ekonomski Institut Sarajevo, 2008, p.35 table 3.

usually covering some political or management role.<sup>97</sup> Workers who still had vouchers or certificates had invested them in the funds, and thus participated only indirectly to the company's privatisation; this was primarily due to the method chosen for privatisation, which usually involved the purchase from the side of large investors who had capital at their disposal.

In 2005, the federal government decided to sell the remaining 67% of public capital of Energoinvest, Energopetrol and TDS, for an overall value of roughly 160 million KM.<sup>98</sup> As reported in the media at the time, this second wave of privatisation entailed a combination of mismanagement, corrupted deals and lack of investment; this led most of these companies to complete bankruptcy, and thousands of workers to lose their jobs.<sup>99</sup> Progressively, valuable companies like Energoinvest TAT (producing thermo-devices) and TDS (producing transmission lines) went bankrupt and were liquidated for a little of their original value.<sup>100</sup>

A variety of factors concurred to this failure: firstly, technical conditions rendered the reprisal rather difficult, as these companies were damaged during the war and had lost some of their market potential. Secondly, corruption scandals had tainted these sales: often, companies were sold to local buyers,

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97 Most of it was domestic investment; see Registar Vrijednosnih Papiri Federacije Bosne i Hercegovine, Arhiv Prvih Deset Dionicara, 14-06-2009 available at <http://www.rvp.ba/Section3/Top10Arh.aspx>; <http://www.rvp.ba/Section2/Top10.aspx>. Companies that had not gone bankrupt, for example Energoinvest-TAT (steam generators), TDS (production of metal structures), DVI (transmission lines and engineering) had most of their shares bought by investment funds - Fortuna Fond in Bihac, CROBIH fond in Mostar, Prof Plus Fond in Sarajevo to name a few were owning between 20 and 40% of shares. Other firms, for example Energoinvest VMC (production of metal structures) was owned for over 40% by Enver Malagić, a constructor close to the then prime minister Edhem Bicakcic; 'Od Prijeratnog Obučara Do Tajkuna.' *Slobodna Bosna - Nezavisni Informativni Portal*, October 22, 2012. [https://www.slobodna-bosna.ba/vijest/2901/od\\_prijeratnog\\_obucara\\_do\\_tajkuna.html](https://www.slobodna-bosna.ba/vijest/2901/od_prijeratnog_obucara_do_tajkuna.html).

98 'Privatizacija U Federaciji', APFB,

p.15 [http://www.apf.com.ba/info/izvj/privatizacija99\\_2006/prilozi/99-06.pdf](http://www.apf.com.ba/info/izvj/privatizacija99_2006/prilozi/99-06.pdf).

99 M. Rener. 'Pred stečajem 413 preduzeća', *Nezavisne Novine*, May 18 2006, p.5.

100 TAT for example was sold for 10 million KM though its initial value was over 40 million. Ministarstvo rudarstvo i energetike, 2014 Obavijest Energoinvest – Termoaparati; TDS and Elektrooprema too. Perhaps the worst example is of the Tuzla TTU (Energoinvest until 1992), which had its initial capital of 11 million KM and was sold for 1 KM (roughly 0.50 euro). The buyer's agreement of investing 5 million KM in its restructuring never occurred, and the company is now completely bankrupt. 'Privatizacija u Tuzlanskom Kantonu 1999 – 2007.' Tuzla Canton Agency for Privatization, December 2007, p.42.

with the clause that they would be required to restore production within a few years. After three years, however, the companies would not be any more under the jurisdiction of the cantonal or entity privatisation agency, which meant that there was no way from the public side to enforce this clause.<sup>101</sup> Thirdly, there had been a misreading, on the side of the international advisors, of what was necessary for these factories to start production again. For example, a company like TDS had a specific line of production of switchgears for electric and nuclear power plants; the factory had mostly placed its products abroad, in Libya and Cuba, through the central branch in Sarajevo. Breaking its link with the mother company, as envisioned by international advisors, signified even greater distress for the factory.

International advisors were aware of the potentially problematic social consequences that the privatisation of these large enterprises might have had. For example, in the World Bank loan agreement with the Bosnian government that set up the consultancy through the IAGP, it was remarked that:

‘Following successful tendering of enterprises, the new owners can be expected to install modern equipment and production methods in the companies which will, in the short term, have a number of negative social consequences: (i) unemployment is likely to rise; [...] Last but not least, privatization will cause anxieties generated by the fear of not knowing what to expect from the new owners. These factors, real and perceived, are likely to result, if uncontrolled, in considerable resistance to privatization, and tender sales in particular.’<sup>102</sup>

As a result, the Bank and local governments pursued policies aimed at reforming the social protection system and the labour market; this, in turn, was supposed to raise ‘labor market flexibility in order to improve the chances for faster re- integration of laid off workers into productive employment’.<sup>103</sup> Hence, the Bank was concerned about the potentially negative reactions that workers

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101 Fikret Talić, Interview with author, Sarajevo, 22.09.2014.

102 “Project Appraisal Document”, World Bank, p.31.

103 Ibid., p.32.

in large companies would have had after privatisation. As an advisor of the USAID recalled:

‘the boards of the companies which were mostly run by the workers were very reticent to take any moves and liquidate the companies...they resisted it very strongly, and from our perspective, of course, it was completely understandable because they were looking at their livelihoods. We tried to soften that process a bit through a fairly large small business development programme [...] so it was a complicated process, and really I have to say we did not understand that there was much hardship that was going to be caused by this transition’.<sup>104</sup>

### **5.5 Experts, managers and the legacy of a socialist corporate culture**

The privatisation of Energoinvest affected particularly those managers and workers who were still employed or hoped to be re-employed in the factory. As discussed in Chapter 2, managers and local experts had been the conveyor belt for the late-socialist economic reforms. Although they had shown initial enthusiasm for market reforms in the late 1980s, the post-war framework of privatisation had progressively alienated them. ‘Neoliberal’ privatisation in the early 2000s did not succeed in mobilising a similar consensus amongst managers and experts and made them feel excluded from decision-making and active participation in reforms, because the new privatisation framework was not in tune with the ‘socialist corporate culture’ and the tradition of marketisation as developed in Energoinvest in the 1970s and 1980s.

Some former managers of Energoinvest were also prominent Bosnian economists and had been government consultants in the Marković era (1989-1991) and during the first phase of privatisation reforms in the post-war years. Perhaps most revealing of the way in which experts compared their involvement in current reforms with their experience of late socialism is this excerpt from an interview with Professor Manojlo Babić, where he reflects on his ‘exclusion’ from reforms groups. Babić had been a member of the Commission for Reforms

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<sup>104</sup> E.K., Interview with author, phone interview, 03.02.2017.

set up by Branko Mikulić in 1988. When Ante Marković took over the government in 1989 after Mikulić's resignation, he reorganised the reforms commission, and Babić was not included. However, from his perspective, this exclusion was not that relevant, as the most important thing was that Marković had valued expertise. In Babić's words:

'Ok well [Marković] did not include me, but he included Ljubomir Madžar [Belgrade professor also member of the Mikulić commission]. It was not that important. Perhaps he did not know my work, right? But I think that the group around him, it was a group that valued expertise. And there were many experts in Yugoslavia. There were many of those for whom the market economy came first, and who taught their students solutions from the market economy.'<sup>105</sup>

All the Bosnian economists interviewed remarked that after the war the situation was very different. Although they collaborated at times with international institutions like the World Bank, the USAID and the OHR, their proposals for gradual privatisation were seldom considered, if ever. International actors tended to view them as too much 'compromised with the socialist past', economist and former Prime Minister Hasan Muratović noted.<sup>106</sup> Former High Representative Ashdown confirmed this:

'the truth is that most of the economists of Sarajevo university or Mostar university or Banja Luka university were brilliant economists but of the communist era. [...] they were the people who were very nervous about what I was doing because it was outside their experience'.<sup>107</sup>

Similarly, in the words of a local World Bank advisor discussing the involvement of local experts:

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105 Manojlo Babić, Interview with author, Sarajevo, 15.06.2016.

106 Hasan Muratović, Interview with author, Sarajevo, 13.12.2016.

107 Lord Paddy Ashdown, Interview with author, London, 23.01.2018.

‘what local experts? There was no single local expert who had ANY experience with privatisation. Period, none. You had a bunch of professors from economic faculty who are theoretical masters but [...] no experience whatsoever with privatisation; they only looked at what other countries did and we talked about it. But no one of them *ever* did *any* privatisation deal *whatsoever*. So involving them could only be in the theoretical phase, which is fine, but you know when rubber hits the road you [...] you want someone who actually did it. So I know that there were some very vocal professors at the time of privatisation supporting some privatisation, or not supporting it at all... but they only had a theoretical experience, none of them had practical experience, so [...] one thing is if you involve management of local companies, [but even them had] very biased views because none of them wants to be privatised, this is what happened with Energoinvest’.<sup>108</sup>

Notably, these testimonies highlight how the staff involved in international institutions viewed local economists as either not knowledgeable, or too close to a ‘communist’ tradition of economic thought. For international advisors, the fact that local economist preferred to make arguments about workers and gradualist privatisation constituted an issue.

Many of these experts were the same whose views and opinions were discussed in Chapter 1. They had been in favour of privatisation as a means to increase productivity and efficiency since the late 1980s reforms. They had recognised the need to build a stable market economy, and reconstruct production resources that would be competitive and technologically advanced. However, they had also remained true to their understanding of privatisation reforms as a transformation that would primarily reshape subjects-workers, and thus should recognise their sense of attachment to their workplaces.

While aware of faulty aspects in (formerly) state-owned companies in the post-war context, these economic experts were equally critical of how privatisation reforms were being carried out. For example, in 1999 the economic faculty in Sarajevo organised a roundtable of discussions with the Federation’s

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<sup>108</sup> T.S., Interview with author, phone interview, 11.11.2016.

government and representatives of the international community, aimed at debating the impact of property transformation on employment. Here, for example, economic and legal experts contested the fairness and equity of the privatisation model in the Federation, arguing that it was excluding those who had mostly invested in the development of companies, i.e. workers. The unclear privatisation process, they claimed, was not taking into account how workers' shareholding was in many ways the 'most acceptable model of privatisation' because it considered and valued the contribution of workers in creating what had constituted the social property.<sup>109</sup> This view was widely shared amongst most faculty members, as well as within the country's Council of Economists. Those who were less critical of privatisation were also less vocal, and those working for the Entities' Privatisation Agencies would rarely give interviews beyond the official government line.

Conversely, many academics from both the Federation and Republika Srpska grew concerned with the fate of workers and reproached the undiscussed neoliberal attitude dominating the model of transition. The neoliberal path taken by privatisation reforms, they argued, was leading to a 'one-sided fetishisation of private property', at the same time causing a massive lay-off of workers.<sup>110</sup> By mid-1999, some economists engaged in the Federation's Privatisation Agency made a few unsuccessful attempts at introducing a privatisation model, one that that would take into consideration a more advantageous position for employees. Accordingly, people who had contributed to their companies' reconstruction after the war were going to be allowed to buy part of their companies. These experts proposed a model of 'Management and Employee Buy-Out (MEBO)' as something Bosnia should adopt; co-ownership of one's own company was expected to increase

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109 Sabrija Pojskić. "Položaj Radnika u Procesu Privatizacije". In *Uticao Transformacije Vlasništva Na Nezaposlenost i Zapošljavanje*, edited by Murat Prašo, Mišo Carević, Mesud Sabitović, and Izudin Kešetović, 166-172. Sarajevo: Sedam, 2000, p. 168.

110 Mišo Čarević. "Zapošljavanje u Kontekstu tzv "tranzicije", In *Uticao Transformacije Vlasništva Na Nezaposlenost i Zapošljavanje*, edited by Murat Prašo, Mišo Carević, Mesud Sabitović, and Izudin Kešetović, 50-56. Sarajevo: Sedam, 2000, p.55.

productivity and responsibility as employees-shareholders.<sup>111</sup> Here, economists drew upon Yugoslavia's long tradition of self-management and reforms and argued that workers had different expectations due to this tradition, which should have been addressed in the new reforms. This model, however, clashed with what local and international advisors had envisioned for privatisation.

These 'late socialist' experts brought forward arguments that extended beyond the protection of employees, as they drafted models of privatisation grounded on a more collectivist approach to efficiency and productivity. In addition to a buy-out model, local economists proposed a model of gradualist privatisation, whereby the state would still be involved in supporting the production reprisal of large enterprises. It would be more effective, more profitable and less risky for the employees if the companies were restructured first, rather than privatised with only a fraction of their potential production capacity.<sup>112</sup> A group of independent economists from the Universities of Sarajevo, Banja Luka and Mostar, were rather vocal in criticising Bosnia's development strategy based on the fall of employment, stimulation of export, privatisation and financial liberalisation. A criticism moved by Professor Momir Cecez of the University of Sarajevo was that the development strategy

'was bad, because it was based on the failed concept of neoliberalism, which the World Bank represents. This concept envisions that privatisation and the free market will automatically start production, open new jobs, and ensure the economic growth. Many economies across the world have reached a moment of crisis because of the insistence of the IMF and the World Bank for the implementation of this concept.' As he continued, 'the state should be involved in the market. Not a single country has developed without the help of the state, not even the U.S.A.'<sup>113</sup>

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111 Džafer Alibegović. 'Ucesce Zaposlenih u Privatizaciji Preduzeća - 'MEBO' Tehnologija.' *Privatizacija. Stručni Časopis Agencije Za Privatizaciju u Federaciji Bosne i Hercegovine*, June 1999, p.35.

112 Nikola Grabovac. *Privreda Bosne i Hercegovine Pred Kolapsom*. Sarajevo: Štamparija Fojnica, 2015, p.78.

113 'Četiri bh. koraka do prokletstva', *Oslobođenje*, January 1 2004, p.7.

Ultimately, the main point of contention was precisely the role the state should play in the reformed, post-socialist and post-conflict economy.

The generation of local economists who had been engaged in top decision-making roles before the war, and who were active in the country's top economics departments, advocated for a programme of transition where the state, as much as the firms to be privatised, had to be advised by teams of economic experts and knowledgeable managers.<sup>114</sup> They questioned the international agenda for economic reforms – which championed SMEs development, fast privatisation and foreign direct investment – because they held a different vision of what the role of the state in the economy should be.<sup>115</sup> Though they had been critical of an excessive involvement of the state in economic affairs in the 1980s, they were equally wary of a complete withdrawal of the state from the economic sphere.

Often, these experts shared the government's position regarding the engagement of international advisors. For example, Professor Anto Domazet, Dean of the Economics Faculty and former manager in Energoinvest, was involved in a research project with UNDP and worked in close proximity with both local governments and international advisors. He commented:

'All in all, the basic problem in Bosnia and Herzegovina is that the international community has always consulted the governments. We [local experts] have been treated as waste. 'We have our consultants' – they said – 'who are a product of the market economy. They have experience, why risking with the local people?' [...] There was a group of 15 economists from Republika Srpska as well as the Federation and we worked and we prepared a [...] strategy for economic development of Bosnia and Herzegovina, but it was not in harmony with the policies of the World Bank, and it was an anti-neoliberal approach, and they rejected all that [*laughs*].'<sup>116</sup>

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114 Ibid.

115 USAID. 'Bosnian Reconstruction Programme.' Sarajevo: USAID Bosnia and Herzegovina, April 1998, p.2-3.

116 Anto Domazet, 2016.

The international community's support for the development of the small private sector was viewed negatively, as it did not propose a viable solution for Bosnia's large enterprises and its workers. Recalling his experience as a minister and first contact for the international community experts, Hasan Muratović, governor for Bosnia at the World Bank between 1995 and 1998, commented:

'the so-called international community told us we needed micro and small businesses. [But] we had, let's say, four companies that had more than 30 thousand workers each, so what small business will employ 150 thousand people? And who would they sell to, if there are no large enterprises to buy their product? We had a big conflict with the international community, as we asked them to give us help for the industry. Sure we had to renew the infrastructure, but they also had to help us employ people'.<sup>117</sup>

Economic experts in prominent political positions saw international advisors as ill-informed about the characteristics of the Bosnian economy. Here too, the (neoliberal) rationale for privatisation and development of SMEs was criticised as ineffective for the restoration of large industries.

These economists believed that the only way to restructure large enterprises was to get state institutions on board and request public funding for restructuring. Local small enterprises were still too few and too small to be able to absorb the workforce dismissed by large enterprises. Furthermore, based on the historical structure of the Bosnian economy, they assessed that even the small enterprises with the potential to grow would need a more extensive network of big enterprises to place their products. Thus, the central ideological conflict rested upon a contradiction in what the international advisors had envisioned for Bosnia's development strategy: although they had proposed a model with a few large companies in a seabed of SMEs, they simultaneously opposed proposals to invest in the reconstruction and restructuring of those few giants.

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117 Hasan Muratović, Interview with author, Sarajevo, 13.12.2016.

In addition to intellectual disputes, there were also personal frictions. Economists such as Hasan Muratović, Anto Domazet or Manojlo Babić had been active since the 1970s and had been strong supporters of the gradualist Marković model of privatisation. For them, post-war transition and neoliberal reforms came to signify a loss of intellectual and political prestige. They were embittered by the exclusion of science, knowledge and expertise from the political life and debates on reforms. Besides, they felt progressively marginalised from a reform process where they had expected to be involved. They had envisioned a model of privatisation of former socially-owned enterprises that would take into consideration workers' rights, and that would first and foremost support the reprisal of production. Mobilising the memory of their experience as economic reformers under the Marković government was a way of explaining how their expectations from reforms had been unmet in the post-war context. Through the tropes of expertise and knowledge, economists positioned their sense of selves within a framework of exclusion, precisely because their expectation of inclusion and synergy with the government in decision-making – grounded on their experience of late-socialist reforms – had been unmet.

In addition to economic experts, top and middle managers of Energoinvest similarly experienced these reforms. Džemajl Vlahovljak, Edib Bukvić and Miro Klepić, had begun their careers in the late 1970s and early 1980s, in a moment of great opening of socialist enterprises to the principles of entrepreneurialism and (capitalist) business leadership. They had been active in supporting the late-socialist reforms and the changes in workers' productivity they entailed. As such, they were not against a restructuring of their companies that would proceed along the lines of reforming employee's attitudes towards their work. Similar to the case of economists, managers too had been in favour of the privatisation reforms implemented during the Marković rule. They did not oppose privatisation per se; instead, they questioned a market-development model they did not deem suitable for their companies.

Contrary to what international advisors in the USAID viewed as a company with no market future, managers in the Sarajevo central branch sought to revive Energoinvest's international contacts. Between 2002 and 2005, they secured

agreements for the construction of electrical substations and power lines in Libya, Algeria and Ethiopia for 25, 6 and 2 million Euros respectively.<sup>118</sup> Using the business contacts they had established as a Yugoslav company in the 1970s, Energoinvest had been able to strike deals in North and Central Africa and was looking at new plans in Iraq. For the first time since the war, at the end of 2003, they had a positive balance with a net profit of roughly 50 million Euros.<sup>119</sup> The general director Vlahovljak called this the 'return of old Energoinvest'.<sup>120</sup> These contracts were maintained throughout the late 2000s, with new electro-engineering construction contracts in Congo and Tunisia. By the end of 2009, Energoinvest had a net profit of 3.5 million Euros and employed 843 people, half of which were highly qualified cadres.<sup>121</sup>

However, the financial situation of daughter companies was very different. Factories like Livnica Armature, TDS, TAT, and Comet were in need of restructuring, and often owed years of unpaid salaries to their workers.<sup>122</sup> Local authorities were mostly interested in privatising these companies quickly, through the public offer of shares.<sup>123</sup> By contrast, the management of these factories was mostly in favour of either internal privatisation – i.e. the purchase of shares by employees – or sale to foreign investors. The latter option was viable only insofar as such investors had enough capital to be able to restructure and revive production, with the condition that they would remain within the Energoinvest's consortium.<sup>124</sup>

Between 1998 and 1999, the management board had started to prepare a comprehensive programme of privatisation. The company's management board and union both supported it, and subsequently presented it to the Federal Privatisation Agency. Energoinvest's management had envisioned a plan of

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118 'Jedna od Najtežih a Najbolja Poslovodna Godina', *Energoinvest List*, num.1127, November-December 2003, p.1.

119 Ibid.

120 *Energoinvest List*, num. 1119, October-November 2002, p.3.

121 Anesa Rustemović. 'Nastavak Uspješnog Poslovanja', *Energoinvest List*, num. 1155, June 2010, p.3.

122 Faruk Šarić. 'Eutanazija i Privatizacija', *Energoinvest List*, num. 1123, April-May 2003, p.2.

123 'Dokle Čekati Istine', *Energoinvest List*, num. 1124, June 2003, p.3.

124 Mihad Hajro, assistant director, interview. *Energoinvest List*, num. 1140, June 2006, p.7.

internal privatisation. Energoinvest as a holding would acquire its own daughter companies and thus become their private owner. This plan agreed substantially with what local 'independent' economists had proposed; after all, experts like Professor Domazet and Professor Muratović had been in managerial positions within Energoinvest and had maintained professional and personal contacts with their colleagues at the central branch.

For the company's management, Energoinvest and its daughter companies were too interconnected to be separated and privatised successfully. After the war had destroyed more than 90% of Energoinvest's pre-war potential in Sarajevo, the company invested 30 million KM (Bosnian Marks) in the period between 1995 and 1999 to revive production and consolidate the business. As they notified in their annual meeting at the end of 1999, the financial and operational situation was the following: the company's overall sale amounted to 180 million KM, ownership property 270 million KM, profit margin 0.5% and sale per employee 50.000 KM, making it still one of the largest in the country. The organisational function was that of a mixed holding: the core or mother company was Energoinvest's engineering and marketing components, which held of ownership of either 30, 60 or 70% in 19 daughter companies. In some of the sectors (pipelines, metal-frameworks, switchgears) the revived production focused only on crucial products for which there was a higher competition capacity at the world level before the war. In more obsolete sectors like extraction or mining of non-ferrous metals, less competitive on the global market, the core company did not invest in retrieving production. The management board's report followed:

'the restoration of sectors took place under the existence of a full embargo on investments into state-owned companies before privatisation. The embargo is an imposed factor of the international community. This has brought to the under-capitalisation of Energoinvest, which in turn has prevented from activating big businesses, founding new markets, and returning to some former

markets necessary for modernisation. The full capital deficit amounts to circa 86 million USD'.<sup>125</sup>

This remark was explicit of the kind of clashes between management and international consultants of the IAGP: Energoinvest was still in state-owned hands, and demanded investments to revive production. Advisors in USAID and the World Bank, on the contrary, believed that public financing of state-owned enterprises would lead to rife corruption, and, further, it would not demarcate a definite break with the socialist tradition of state-led economy; finally, retrieving production of the whole holding would take longer, and potentially be less profitable in the short run.

Another major issue facing the company was related to its internal organisation as a holding: the very nature of the company, as the former general director Božidar Matić remarked, was such that the production (daughter companies) could not be economically viable without the engineering (core company), and vice-versa – the engineering could survive only if it had its own strategy production. For example, the engineers of the central branch would develop projects or improvements that would then be developed and tested in the company's production sites; new products would then be commercialised through the company's marketing branch (Energokomerc). As he stated:

'we had to keep our production company within Energoinvest; otherwise, foreign partners would have bought them and destroyed them to prevent competition. That is why we kept factories for strategic potential within Energoinvest with 51% of capital, regardless of the performances, because they are crucial for the functioning of the company'.<sup>126</sup>

Thus, the company was structured as a holding, where production, research and engineering were tightly connected; this would go on to constitute another point of contention with the international advisors. Indeed, the nineteen different

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125 'Visok Ugled u Zemlji i Svijetu', *Energoinvest List*, Num. 1098, March 2000, p.2.

126 Hajdar Arifagić. 'Energoinvestu Otimaju Kćerke', *Oslobođenje*, 23 May 2000, as reported on *Energoinvest List*, num. 1100, May 2000, p.2.

companies within Energoinvest's holding were operating under very different conditions: only those with a robust global market potential were going to be restructured, the management stated. Even those could not stand alone, needed to be connected as a holding to Energoinvest's central branch, which owned percentages of their capital. To maintain these connections the company would have had to be either publicly financed or privatised as a whole.

However, neither of these options could work for international advisors, who demanded faster privatisation processes for large 'strategic' companies as evidence of the country's commitment to economic self-sustainability.<sup>127</sup> As reported in the company's journal, the management's project of privatising daughter companies internally 'was changed by the International Advisory Group for Privatisation, which put pressure on the Privatisation Agency so that all the daughter firms were torn from Energoinvest and sold within a fully closed circle of selected investors'.<sup>128</sup> Energoinvest's management had counted on the fact that the central branch, with the help of state funding, would have been able to invest autonomously in their rebalancing and recovery.

On the contrary, the IAGP had proposed their transformation into smaller private units, which supported a division of profitable and unprofitable companies and tender privatisation only of the former. It was precisely this division between profitable and unprofitable that the management questioned, as it did not capture the dynamics of the integrated company system as a whole, and could potentially weaken it. Rather than profit, the management's main criterion was the retrievability of production and competitiveness on the global market.

The way privatisation was taking shape alarmed the management; a further fragmentation of the company would have potentially meant its collapse. Already in 1998, Energoinvest's management board published an account of the company's recent developments, which noted that

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127 'Strategy for Bosnia and Herzegovina.' EBRD, p.16.

128 'Usvojen Izmijsenjeni Program', *Energoinvest List*, num. 1112, August-September 2001, p.1.

'In the last couple of years, Energoinvest has been a victim of the politics of the international community which did not want to support big systems, [claiming that] the big firms are against privatisation [and] that primarily we need to renew the infrastructure.'<sup>129</sup>

Managers had envisioned a different way for their company's privatisation and restructuring; they saw this as a transformation that would ultimately fragment their conglomerate. This attitude was not just because of their stake in protecting their position - after all, managerial positions were not threatened by this transformation. The 'old' generation of managers, those who had started working in Energoinvest in the 1970s and 1980s had a clear idea of what their company needed, a vision based on the legacy of Energoinvest's socialist corporate culture, to which they had been exposed at the beginning of their careers as managers.

At the time, Amila Omersoftić, president of Energoinvest's management board, and responsible for the drafting the company's privatisation model, explained the criticism towards the government's privatisation design as such:

'We knew that if the daughter [companies] separate from the mother company, they cannot survive. We followed Blum's [the founder of Energoinvest] concept: fetch the capital, open new factories, educate young people and develop Bosnia in five years. However, politics did not allow us to return Energoinvest to its pre-war shine.'<sup>130</sup>

Here, she mobilised the memory of Energoinvest's founder and most revered manager Emerik Blum to remark that the management and their project were the bearers of the 'real' Energoinvest legacy. As it emerged in all the twenty interviews conducted with top and middle managers in Energoinvest, they

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129 'Uspješno Opstali! Kako Dalje?', *Energoinvest List*, num. 1084, June 1998, p.2. This was later confirmed by a senior USAID official in an interview with the author, where he explained that, contrary to infrastructure support, reconstruction of large companies was not considered a priority as many of them were not considered to be potentially profitable.

130 Dženana Karup-Druško. 'Mirsad Kebo Se Preko Energoinvesta Obračunava s Brankovićem.' *Dani*, num. 602, June 12, 2008.

viewed the outcome of this privatisation process as the failure of a neoliberal model imposed by international advisors.<sup>131</sup> Their vision for a united Energoinvest, rebuilt on the image of what the company used to look like in the past, clashed with what they saw as a transformation that would break up the company.

The management criticised this fracturing also with regards to market opportunities, which they saw as dependent on the company's unity. While the first privatisation measures were being discussed, the company's management started expressing their concerns towards a new model that would break up large conglomerates:

'For a long time' – a director in Sarajevo commented on the company's journal – 'the top state leaders have talked about how the future is in small and medium enterprises. However, we should understand that without big there is no small or medium enterprise either. Energoinvest is not a dinosaur of the socialist entrepreneurship.'<sup>132</sup>

This last remark illustrates the kind of concern managers had towards the privatisation rationale: they felt that Energoinvest was being treated as an empty skeleton of the socialist era, with no possibility for recovery.

As the international advisors interviewed confirmed, (neo) liberal privatisation projects did not view the global role of Bosnian companies as something that should be revitalised. On the contrary, the premise for economic reconstruction was precisely that Bosnia was a small recovering economy in the European semi-periphery, unable to compete on the global market. As a senior World Bank advisor from Bosnia commented:

'the management [of Energoinvest] did not want to privatise because they thought they were a crown jewel of [the Bosnian economy]...well maybe they

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131 This also emerged in a recent interview with the new general manager Bisera Hadžialjević, see 'Intervju Direktorice Energoinvesta, Bisere Hadžialjević.' *Nezavisna Novinska Agencija ONASA*. October 25, 2017. <http://energoinvest.ba/index-news-bos.php?newsid=177>.

132 'Zamajac Novih Početaka', *Energoinvest list*, num.1081, March 1998 p.2.

were a crown jewel in the 1980s when Siemens was not big, and they could compete...but I mean, coming to me in 2004 – as they did – and telling me that they were competitors to Siemens is a lie, maybe you were twenty years ago...so in the end, we were blocked completely'.<sup>133</sup>

Managers aspired to re-create a long-gone greatness, perhaps unfeasible in the context of post-war Bosnia. By contrast, international analysts viewed Bosnia as a country that did not need larger companies, as these would not be able to compete in a world market that had drastically changed since the 1980s. For a company like Energoinvest after the war, it would have been impossible to compete with Siemens. Primarily because of the lack of resources, but also – as remarked in the quote above – because Bosnia was now in the semi-periphery of the world economy. The primary objective of privatisation in Central and Eastern Europe was, for the World Bank, that of breaking the link between the public political apparatus and the economic or financial sphere. Large state-owned enterprises were the embodiment of such a link, and therefore should be broken down and privatised.<sup>134</sup> Only in this way, World Bank and IMF still argue, it is possible to restructure these large complexes properly.<sup>135</sup>

On the other hand, the management believed that the company still had the potential to revive its production and world market contacts. The old generation of managers who had spent most of their career in socialist Energoinvest was thus trying to pursue a reconstruction design that would be as close as possible to what the company used to be. In one of the first public meetings between the government and the management Božidar Matić, who had been the general director between 1989 and 1993 and was afterwards a member of the management board, declared:

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133 T.S., Interview with author, phone interview, 11.11.2016.

134 Lampe, *Yugoslavia as History*, p.405.

135 International Monetary Fund, European Department. *Bosnia and Herzegovina: Request for Extended Arrangement Under the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for Bosnia and Herzegovina*. Washington, D.C.: International Monetary Fund, 2016, p.48.

'We want to show that the biggest value of Energoinvest is its position in the world market. In the process of privatisation, Energoinvest should be accepted as a whole, as one organism that has grown for 45 years. Like an organism, it can carry diseases, but a cure can be found. However, a body cut into pieces cannot be brought back to life. We would not want to see our brand and fame in the market destroyed by our division.'<sup>136</sup>

Key to the company's successful development, the global market was once again referred to as Energoinvest's lifeblood – as it had been during the company's expansion in the 1970s and 1980s.

Managers employed these kinds of health metaphors as a way of critically pointing out the magnitude and severity of this transformation. As stated in an interview right after the IAGP proposition to dismember Energoinvest in September 2000, Mesud Čaušević, deputy general director of Energoinvest, declared: 'That would destroy us. It would be the same as if someone cut off one of our legs and made us run'.<sup>137</sup> The rest of the management too was outraged by this decision, commenting that the separation of daughter companies was 'as if a doctor suggested the amputation of the heart to a patient that just suffered a heart attack'.<sup>138</sup> These metaphors were suggestive of an idea of Energoinvest as a unified body, combined with the view of the company as having potential only on the global market. Managers drew upon past formulations of a socialist corporate culture they were familiar with, and which they considered as the only viable option for their company's survival. Here, managers were not against the market; rather they were 'pro' market. This view created frictions with the international advisors who, in their view, had a very narrow understanding of the tradition of market-openness of large Bosnian enterprises. Ultimately, this was a clash of visions and ideas of what the Bosnian economy should become after reconstruction.

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136 'Plod Znanja i Bosanskog Inata', *Energoinvest List*, num. 1063, September 1996, p.2; these kinds of views were frequently remarked on the journal, see: Arifagić, H. 'Zajednički nastup sa tvornicom u Lukavici', *Oslobođenje*, December 23 2005, p.16.

137 Kapetanović, Amer. 'Zaokret Za Deset Milijardi.' *Dani*, September 15, 2000. <https://www.bhdani.ba/portal/arhiva-67-281/172/t17204.htm>.

138 Faruk Šarić. 'Strateški Partner', *Energoinvest List*, num. 1105, December 2000, p.2.

The new development model championed by international advisors was not supported by the company's management because it conflicted with the socialist corporate culture they had nurtured in Energoinvest; a culture of unity, market competitiveness and research development. The then general director Edib Bukvić, himself a party member of SDA (the party that mostly supported the IAGP) voiced his disagreement towards a transformation that would fracture Energoinvest. Reflecting on these issues, he commented:

'their advisors [told] us we need small medium enterprises. We had internal knowledge that such a decision would not be good, but we did not have the political strength to defend from that. [...] What was the value of Energoinvest? It was the fact that we had our own research institutes, our own development, which prepared new production and developed new research'.<sup>139</sup>

He too had been exposed to the socialist corporate culture of unity still strong in Energoinvest and constructed a narrative of failure of reforms based on the disregard of what was understood as being a constitutive feature of Energoinvest: its unity of production, research and engineering.

The managers of the smaller daughter firms undergoing privatisation separately from the core company also disagreed with such a decision. For example, the director of TDS Edin Ahmić declared at the time that it was a great disappointment to see that the 'proposed programme of privatisation, resulting from a collective effort of the union and the management potential of Energoinvest, has been destroyed by the ultimatum of the international advisory group'.<sup>140</sup> They argued that Energoinvest's daughter companies needed the core central branch, and vice-versa; Energoinvest was a turnkey business whose strength was that it delivered a finished product, and for this reason should have been privatised as a whole.

Managers were not only critical of the fragmentation of their company but also saw in the model of privatisation proposed another potential threat to their company's reconstruction as they had envisioned. Drawing upon the

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<sup>139</sup> Edib Bukvić, Interview with author, Sarajevo, 09.06.2016.

<sup>140</sup> 'Od Nostalgije Do Dobrih Želja.' *Energoinvest List*, num. 1109, April 2001, p.2.

experience of the Marković reforms, they supported a model in which employees of Energoinvest would be allowed to become shareholders of their own factories, a plan that would have maintained the company's unity.<sup>141</sup> The director of one of Energoinvest's research institutes called upon 'workers, their families, all of us [to] invest their certificates in Energoinvest and keep the control amongst ourselves.'<sup>142</sup> This plea was revived years later (in 2000) when an additional 67% of the state's capital in the company was put up for sale. The then director Džemajl Vlahovljak expressed his hope that workers would buy most of it.<sup>143</sup> In a news interview, Vlahovljak had voiced his dissatisfaction towards the concept of privatisation proposed in the Federation:

'The existing programme of privatisation encourages false motivations for purchasing the company, which is to become the owner of the building where the company was situated, but not the business and operations itself. We have missed our opportunity: to combine the Marković model of privatisation with strategic partner investment. [...] this [transitional phase] had terrible psychological consequences for people, that is not your ownership in the factory, but it is someone else's. That is emotionally a very sensitive thing'<sup>144</sup>

Hence, the same managers who were involved in its conceptualisation and implementation in the late 1980s brought back the Marković privatisation model into the debate as a missed opportunity of reform. They supported internal privatisation 'à la Marković' – where workers would become majority shareholders – in the hope of privatising the company internally and maintaining its structure as it had been before the war. The hybrid ethno-neoliberal privatisation created a narrative of failure and exclusion amongst 'former Yugoslav' managers, whose sense of self and vision for their companies had

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141 'Stvorena Klima za Daljni Napredak', *Energoinvest List*, num. 1078, December 1997, p.4.

142 'Zamajac Novih Početaka', *Energoinvest list*, num.1081, March 1998, p.2.

143 At this time, Energoinvest's yearly input was 3.5 million Euros. Generalni Servis ONASA. 'Energoinvest: Najuspješnija Poslovna Godina', December 24, 2004.

144 'Odgovornost Preuzimaju Uposleni', *Energoinvest List*, num. 1126, September-October 2003, p.3.

remained attached to a 'socialist corporate culture' (as identified in Chapter 2), based on the importance of expertise and unity.

### **5.6 'Once we were something, now we are nothing'<sup>145</sup>: Workers' narratives between shareholding and exclusion**

This section will now turn to the 'transition' generation of workers in Energoinvest – i.e. those who experienced three phases of privatisation from the late 1980s until the present day. It will discuss how they reflect upon 'neoliberal' privatisation and use narratives of failure to make sense of their loss of a feeling of unity and security in their workplaces. While their narratives of marginalisation and disappointment result from a variety of factors (personal histories, trajectories of employment), it is possible to analyse how two sets of reforms (ethnic and neoliberal privatisation) affected different aspects of their self-understanding.

In the previous Chapter, workers and union representatives interviewed about privatisation discussed at length about how this transformation changed their position as workers-shareholders. They felt disappointed as workers, veterans, and as shareholders, by a set of reforms that were supposed to reward subjects (workers-warriors) with vouchers and property rights; in reality, as they saw it, these reforms excluded them from real ownership of their factories and workplaces.

With the implementation of the second set of 'neoliberal' privatisation, the focus of reforms shifted from the remaking subjects and property relations to the remaking of workplaces. The further fragmentation of Energoinvest, and its privatisation through tenders rather than vouchers, produced a narrative of exclusion and marginalisation amongst workers; this was because of the (unmet) expectations of seeing their workplace returned to its pre-war splendour. Such expectations, as this section concludes, were informed by the legacy of a long established 'socialist corporate culture'. Workers of Energoinvest were attached to a specific idea of their company: a united, market-oriented and globally competitive corporation.

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145 Addis, 2012.

Employees had shown that they were willing to embrace privatisation as long as it was workers-based and focused on the global market. The second wave of voucher privatisation in the late 1990s still received workers' support – though to a lesser extent. While much less oriented towards the global market, workers welcomed this round of reforms, as they expected to be rewarded as veterans. This third phase was neither globally-oriented nor worker-oriented and for this reason, created a widespread sense of disappointment.

In many interviews, workers remarked how they feared that the fragmentation of Energoinvest would negatively affect the company's future business potential. They often noted that the war had implied a loss of foreign partners and a peripheralisation of their company.<sup>146</sup> To this day, all the former managers and workers interviewed mention the impact that losing Yugoslavia (its internal market and its international contacts) had for their factories. For example, Naser, a worker and veteran from Sarajevo, noted:

'After the war, there was not that market for us anymore. There was not Yugoslavia anymore, and that country was strong towards those smaller ones, we could still compete. Today, Bosnia is nothing.'<sup>147</sup>

Former employees like Naser reflected on the consequences of the war in terms of the loss of international partnerships and contacts, which they deemed vital for the survival of their company. This was a widespread view amongst the workers interviewed, in particular amongst those who are still working in the company. As Asim put it: 'We are too small now, there's no way we can compete like we once did'.<sup>148</sup>

Having been exposed to Energoinvest's globally-oriented corporate culture, employees had learnt to cherish the company's unity and structure as a holding - with a central branch dealing with global contracts and coordinating their fulfilment with its daughter companies. As such, they viewed its fracturing as

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146 This is one of the reason why many factories faced immense hardships after the war, as many of their buyers and partners had found opportunities elsewhere. Edin Ahmić, Interview with author, Sarajevo, 17.02.2016.

147 Naser, Interview with author, Sarajevo, 29.05.2016.

148 Asim, 2016.

potential damage for the daughter companies' possibility to compete on the global market.

The general union in Bosnia supported workers' line on this matter. As its president, Edhem Biber discussed:

'the union generally sought that the former large systems would be preserved. However, [...] the consultants of our political elites were the international financial institutions; unfortunately I must say, the World Bank and the IMF. [...] Nobody wanted Energoinvest to be once again a competitor on the global market'.<sup>149</sup>

Thus, the general union, workers and managers developed an understanding of the internationally-sponsored neoliberal privatisation as primarily aiming to fragment large enterprises and destroy the legacy of socialist Yugoslavia.

Yet, the central branch of Sarajevo – which had held the research and engineering capacity – still had excellent opportunities to develop further African and Middle Eastern markets. The smaller factories, where most of the production had taken place until 1992, had employed the majority of Energoinvest's workers. This workforce had learned to cherish Energoinvest's competitiveness in the global market. For them, this global gaze meant that they would (indirectly) experience international prestige and usually higher profits from international buyers. Most employees saw in the new privatisation model, the one separating their smaller companies from the central branch, a final act in their peripheralisation.

Union leaders and workers were well aware of the potentially disruptive impact that fragmentation would have had on a complex company like Energoinvest, particularly concerning the future of its daughter firms. The president of the company's union Fejzo Trešnjeo remarked at the time that they had supported the privatisation programme proposed by the management board, but that subsequently the international advisory group (IAGP) had intervened and completely changed the plan.<sup>150</sup> As he stated after the

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149 Edhem Biber, Interview with author, Sarajevo, 13.06.2016.

150 'Diktirana Budućnost', *Energoinvest list*, num. 1103, October 2000, p.2.

privatisation model was implemented 'for the twenty former Energoinvest companies, it would have been better to adopt the old model of privatisation'.<sup>151</sup> The management and the union, in fact, agreed that the decision of disassociating the capital from daughter companies would have been fatal for the future life of Energoinvest, its firms and especially all its employees. As reported in the company journal at the time:

'Workers, personally and through the union, showed dissatisfaction. They do not accept these solutions, they support their unions and the management of Energoinvest, and they would most prefer to remain strategic partners. These daughter firms are 'on ice', they do not have a management board, and they do not know to which conglomerate they belong to anymore.'<sup>152</sup>

Similarly, workers interviewed at the time expressed resentment for such decisions, which meant the 'destruction' of Energoinvest as performed by party politics and their international advisors.<sup>153</sup>

Particularly dear to workers was the preservation of their companies' unity. Workers and union leaders had been exposed to the 'cult' or 'myth' of Energoinvest as a unified, market-oriented corporation. Thus, they still attributed the success of their factories to the links they had established within Energoinvest and, thanks to it, with the rest of the world. Most of these daughter firms, whose destiny was to be privatised separately, were still producing for the foreign market and thus needed the expertise and contacts provided by the central company in Sarajevo. Although with a reduced capacity, these companies expected to employ half of their pre-war workforce.<sup>154</sup> Workers of the factory TDS, which produced transmission pipelines for the middle-Eastern market, repeatedly went on strike demanding to remain a 'daughter' company of Energoinvest. The president of the factory's union declared:

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151 'Kolo Energoinvestovih Sestrića.' *Dani Num.* 191. February 2, 2001. <https://www.bhdani.ba/portal/arhiva-67-281/191/t19105.shtml>.

152 'Nas Program je Bolji!', *Energoinvest list*, num. 1107, February 2000, p.1-2.

153 Fikret Osmanović remarked that it was a matter of pride to be working for Energoinvest. 'Od Nostalgije Do Dobrih Želja.' *Energoinvest List*, num. 1109, April 2001, p.3.

154 'Visok Ugled u Zemlji i Svijetu', *Energoinvest List*, Num. 1098, March 2000, p.2.

'this is how it was before the war. The largest part of our production is carried out through Energoinvest. Just today we have finished producing five wagons of transmission pipelines for Energoinvest. That is our only chance to work and produce successfully. We just want to keep working and to be able to live off that work'.<sup>155</sup>

Thus, in the years immediately after the 'neoliberal' privatisation of Energoinvest, workers engaged in strikes and protests against a specific kind of privatisation: one that was fragmenting their workplaces and selling them to local private investors who had accumulated capital and shares by purchasing vouchers on the black market.<sup>156</sup> Workers of Energoinvest demanded rights 'to life, health and work', and asserted that they were in favour of finding strategic partners for privatisation, but against the sale of their factories to war profiteers.<sup>157</sup>

Hence, in the years following the company's privatisation as envisaged by USAID, workers became increasingly dissatisfied not with privatisation as such, but with a kind of transformation that did not reflect what they saw as the true nature of their companies: market-oriented production units tied to a large, globally significant corporation. In June 2008, roughly 8000 workers, including workers of Energoinvest and its union, protested against the precarious living conditions caused by the process of privatisation and the bankruptcy of their firms.<sup>158</sup> Dževad was one of the many workers who went on strike, and he recalls his motivations as follows:

'Of course, we wanted to stay in Energoinvest, because we did not have our own system for the foreign market, so we needed people who could sell our

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155 Krsman, N. 'Rukovodstvo sprečava privatizaciju', *Nezavisne Novine*, June 19 2003, p.9 .

156 M.K.S. 'Metalci žrtve lošeg koncepta privatizacije', *Oslobođenje*, November 16, 2004, p.17.

157 I. Tabučić. 'Radnici tražili pravo na život, zdravlje i rad', *Nezavisne Novine*, May 16 2003, p.2

158 'Energoinvestova Mladost u Razgovoru sa Direktorom Energoinvesta', *Energoinvest List*, num.1148, July 2008, p.3.

product. Energoinvest in Sarajevo dealt with that aspect; they had people with expertise. We did not have a developed marketing branch. And they took that away from us, like when they cut the umbilical cord that keeps a baby tied to the mother. We [from Armature] came here [to the central offices] and protested and went on strike. [...] All the factories protested because Energoinvest was like a mother to us, not a stepmother. It was that kind of love, that kind of relation. [...] at once we were left with none of that. And that is why it all collapsed.<sup>159</sup>

Like their managers, workers too employed health and family metaphors to illustrate the kind of transformation their companies had endured; many referred to transition as having signified the death of their companies. Mladen, for example, felt that his company (IT development in Energoinvest) had been 'killed with a purpose' by new owners only interested in its real estate value.<sup>160</sup> Many were visibly distressed by the collapse and fragmentation endured by their factories and often became emotional when reflecting upon these transformations.

In the decade following the second wave of privatisation (after 2002), former employees of Energoinvest in both entities (Federation and Republika Srpska) showed the extent to which they were still attached to their workplaces. Whether by directly investing in the revival of production, by reclaiming ownership of shares, or by purchasing their own companies, workers actively demonstrated their intention to remain linked to their companies. Simultaneously, this was evidence of dissent towards privatisation that, in their view, saw that kind of attachment to their workplaces as an obstacle.

Commenting that their situation after privatisation was 'worse than in 1992', workers of the Energoinvest factory TAT (equipment for thermo-regulation) bought most of the machinery necessary to revive production.<sup>161</sup> Similarly, workers of the factory TDS (transmission pipelines and electricity poles), most

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159 Dževad, Interview with author, Sarajevo, 16.12.2016.

160 Mladen, Interview with author, Sarajevo, 17.07.2014.

161 B.Turković. 'Otkazi svim radnicima osim menadžmenta?', *Dnevni Avaz*, March 17 2010, p.9.

of whom are in a situation of precarious employment, remarked that they were paying the factory's energy bill, to keep a minimum of production going and prevent their workplace to be completely shut down. TDS was the only case where the Privatisation Agency and the Advisory Group for privatisation initially sought to maintain the factory within the Energoinvest group after they saw that it would not be able to stand alone on the world market, as it needed strong coordination with the central branch.<sup>162</sup> Workers had strongly expressed their will to return within the central branch, especially after it had struck a 5 million USD deal with Libya for the building of electrical power lines.<sup>163</sup>

Moreover, workers questioned the idea that the new model of privatisation aimed at attracting foreign or domestic investors with large available capital (Arcelor Mittal, Siscam, Raiffeisen Bank, INA-MOL), rather than small owners and certificate-holders like them.

Contrary to what they had expected would result from two sets of privatisation reforms (Marković laws and post-war voucher privatisation) the 'neoliberal' privatisation of Energoinvest was not going to give workers the possibility to participate to privatisation as small shareholders directly. Energoinvest and its daughter companies were undergoing privatisation through tender, i.e. through bids of large strategic investors. As a result, workers' expectations of becoming (or remaining) shareholders of their own companies were often unmet. Workers came to experience neoliberal privatisation as a further fragmentation of that sense of attachment that tied them to their workplaces, actualised through the ownership of shares.

The fact that workers mostly valued ownership rights that would have a direct connection with their factories is perhaps most visible in the case of Energoinvest-Automatika (a producer of instruments for measurement and control of industrial production). This instance was one of the few where a collective of workers legally disputed privatisation and claimed ownership of the shares they bought during the Marković reforms (roughly 40% of the total

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162 'Zapisnik Sa Četvrtog Sastanka Radne Grupe Za Privatizaciju.' Ekonomski Fakultet Sarajevo: Koordinacioni odbor za ekonomski razvoj i EU integracije Radna grupa za privatizaciju, October 20, 2003, p.5.

163 'Energoinvest D.D. - Najbolje Rješenje.' *Energoinvest List*, num. 1126, September-October 2003, p.4.

capital). By mid-2002, the privatisation agency sold 100% of the capital – a little above one million KM - to investment funds (MI Group, PIF Bosfin) and to some prominent families linked with SDA and with Energoinvest (the later general director Enes Cengić or the then director of another of Energoinvest's daughter firms Osman Zec).<sup>164</sup> However, as workers repeatedly claimed (even in court), this sale did not recognise their rights as shareholders, acquired during the Marković reforms of 1990-1991. Moreover, the company had not paid workers' retirement contributions for the period between 1997 and 2000.<sup>165</sup> In the end, this privatisation deal was concluded without consideration of the shares previously bought by workers during the Marković reforms. Asim, one of the workers who sued the company explained his motivations:

'Those are my shares! I fought for those shares I bought before the war because they are mine and they are registered in court. Seventy per cent of us workers bought those shares before the war, and we have filed a court case against the company, we have been involved in this for the past seven years or so, but we still have not managed to get our shares nor our contributions back.'<sup>166</sup>

This case was not an isolated one, as groups of workers in other companies across Bosnia claimed that the new privatisation was not taking into account the shares they had bought during the Marković reforms.<sup>167</sup> According to the then president of the general union Edhem Biber:

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164 F. Borić. 'Privatizacija Privatiziranog Preduzeća?!' *Dani*, num. 496, December 15, 2006, p.10 in response to this article, Amila Omersoftić published a reply on the same newspaper, claiming that there was no record of the shares ever being bought by workers 'because Karadžić's forces during the war had destroyed the factory and taken away all the documentation'. Amila Omersoftić. 'Fokus: Privatizacija Privatiziranog Preduzeća.' *Dani Num.497*, December 22, 2006, p.4 and 77.

165 Belma Bećirbašić. 'Plaća od jedne marke', *Dani*, August 26, 2005 p.38-39.

166 Asim, 2016.

167 Elirija Hadžiahmetović. 'U Centru sve je stalo, samo dugovi rastu', Ljiljan, May 23, 2003, p.36.

'the workers of Automatika are not the only ones who have remained disempowered in the process of privatisation. Unfortunately, this is the best example that it is important to carry out a revision of all the forms of privatisation, the 'Marković' one too. This will best guarantee workers' rights'.<sup>168</sup>

As a result, a commission set up in the early 2000s further determined that the post-war privatisation reforms cancelled 'with a stroke of the pen' the shares workers had acquired in 1990;<sup>169</sup> much of the records of workers' shareholding had been destroyed during the war. Parallel to this, as explained in the previous Chapter, in 1994 the social property of companies was transformed into state ownership. Although in theory this should have recognised workers' shareholding, in practice it often erased their rights to do so. In fact, workers had been progressively replaced by veterans and their families as the category who most deserved to own their companies. Finally, the amount of these shares varied greatly, from 40% in some companies to less than 5% in others; it was thus often difficult for workers to claim back control on the shares they had purchased.

Regarding workers' relationship to shareholding, the situation in Republika Srpska was not much different. Here, the IAGP influenced the privatisation of former factories of Energoinvest to a lesser extent, since the companies had already been separated from the central branch in Sarajevo and were thus easier to privatise or be liquidated. A smaller size allowed a potentially faster sale or a quicker liquidation. As with their colleagues in the Federation, Energoinvest workers here were equally enraged by a privatisation model that did not recognise their rights as shareholders, or that sold their companies to enterprises that did not revive production.

For example, workers of the (former) Energoinvest factory RAOP (producing switchgears) in Lukavica (East Sarajevo) repeatedly went on strike in 2009, protesting against months of unpaid wages and an unclear privatisation

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168 A.D. 'Dvadeset tri radnika ne mogu ni doktoru', Dnevni Avaz, April 1 2008, p.10.

169 The Association for the Protection of Unemployed Shareholders of Agrokomerc against The Federation of Bosnia and Herzegovina, No. CH/00/5134, CH/00/5136, CH/00/5138 and CH/01/7668 (Human Rights Chamber for Bosnia and Herzegovina March 8, 2002), paragraphs 67, 69.

contract that involved the entity government and the Serbian purchasing company Jugotrade.<sup>170</sup> What remained unclear in this deal was the fate of 36% of the company's capital, which belonged to small shareholders, i.e. workers who had been employed in the factory before the war and had purchased shares during the Marković reforms.

Branimir, a white-collar worker employed in the company since 1970, recalls that workers like him had purchased those shares before the war, and some had even invested the vouchers they were given as veterans. As he comments, they believed that Energoinvest would be 'like it was before the war. There was trust in the company, that it would revive production and that we would all get dividends from that'.<sup>171</sup> However, the majority of state-owned shares were sold to a foreign company, which did not revive production; as a result, workers are still striking to demand their rights and arrears.<sup>172</sup>

Similarly, workers in the Energoinvest-Novi TNNO in Doboj (Republika Srpska), a producer of low voltage equipment, bought their own factory after it was declared bankrupt, and managed to revive production after one and a half years. In 2006, after having been on strike since the first privatisation in 2004, 330 workers-owners were able to reach a production of 25% of the pre-war standards. This was the first ever case in Bosnia of workers purchasing their factory after the mass privatisation of the early 2000s.<sup>173</sup> The factory was further able to maintain its relationships with foreign partners, with which it had been collaborating on the global market since the Energoinvest days in the early 1980s, and revived exports for the Korean market.<sup>174</sup> Workers viewed this as a

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170 SRNA. 'Radnici nastavljaju štrajk', *Nezavisne Novine*, August 11, 2009, p.2.

171 Branimir, Interview with author, phone interview, 19.12.2017. Branimir, who identifies as a Yugoslav Serb, is one of the few former workers who still spends time with his colleagues from the Federation. According to him, this is because they have an interest in common: they are all seeking to establish their rights as shareholders.

172 Srna. 'Ponovo Protest Ispred Kapije RAOP-A.' *Nezavisne Novine*, March 14, 2016. <https://www.nezavisne.com/ekonomija/privreda/Ponovo-protest-ispred-kapije-RAOP-a/359359>.

173 Generalni Servis ONASA, 'Doboj: Radnici Pretvorili Potraživanja u Akcije i Pokrenuli Proizvodnju', August 18 2006.

174 N.N. 'Proizvodnja za korejsko tržište', *Oslobođenje*, August 16 2010, p.19.

promising return to the company's past grandeur and relevance on the global market.<sup>175</sup>

Although there have been a few examples of former Energoinvest companies managing to keep afloat, the majority of the factories were either declared bankrupt or produced in a reduced capacity for the local market. It is now mostly Energoinvest's central branch that holds on to its global market contacts, something that has remained a defining identity feature for the company even in recent years. In 2017, the company, had business deals with partners in Algeria and Tanzania for the construction of power plants and power connections, each of which estimated around 50 million Euros.<sup>176</sup>

The testimonies above highlight that Energoinvest workers did feel a strong and lingering sense of attachment towards their companies and factories, due to a special tie they had developed throughout the decades. Whether by expecting compensation for their effort during the war and in the reconstruction period, or by challenging privatisation in court, workers had remained attached to a different privatisation model. They saw in internal shareholding the benefits of preserving a strong connection with their firm, even though unprofitable at times.

The post-war reformative project had not managed to create trust in these new property relations, as workers of Energoinvest had remained attached to a different form of ownership, one that would be directly linked to their companies. Their rejection of the new transformations sponsored by the international community derived precisely from their acknowledgement that other forms of transition were possible. For workers interviewed in Energoinvest, privatisation came to be closely associated not only with the loss of jobs but also with the loss of what they associated with their 'working lives'. In contrast with their experience of the Marković reforms, they relate to the post-war privatisation as

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175 Afterwards, however, the issue of property became even more controversial, as a small entrepreneur from a nearby town purchased a majority of the company's shares. According to workers, this was conducted under intimidating circumstances, as apparently they were threatened with losing their jobs if they did not sell the shares. As a result, workers went repeatedly on strike, but the company was finally declared bankrupt; Čakarević, Sanja. 'Štrajkom Traže Plate i Doprinos.' *Nezavisne Novine*, June 16, 2009. <https://www.nezavisne.com/novosti/gradovi/Strajkom-traze-plate-i-doprinos/42342>.

176 'Novi Posao u Tanzaniji', Energoinvest List, num. 1166, November 2017, p.1-2.

a process that has violently excluded them from a space defining of their identity – as workers, veterans, shareholders, (ex) Yugoslavs.

## **5.7 Conclusion**

This Chapter has argued that a more ‘neoliberal’ phase of privatisation - described as such by those who opposed it, as well as in much of the literature on this topic - developed after 2000. Until this phase, the privatisation and transformation of workplaces had been tied to the ‘remaking’ of workers-subjects. This framework was influenced by a bottom-up pressure from workers to see their hyphenated identities recognised (as ‘workers-owners’ during the Marković reforms, as ‘workers-warriors’ and ‘ethnic-owners’ in the first post-war reforms). Conversely, this new phase of privatisation entailed a top-down set of policies primarily aimed at transforming workplaces into smaller, efficient companies, to which the remaking of subjects would follow. Here, new reformers viewed workers’ attachment to their workplaces as an obstacle to privatisation.

This attitude was particularly evident in the way privatisation was conducted in large enterprises like Energoinvest, whose companies were transformed into smaller units easier to privatise; here, the surplus of workforce could be dismissed. Economists, managers, and workers saw this intervention as another step away from the model of privatisation and transition they had envisioned and embraced. As a result, they too viewed this second phase of privatisation as an additional transformation that distanced them even more from their initial expectations of transition.

Experts, managers and workers did not oppose privatisation from the start, because they had initially anticipated they would be involved in it. Experts and economists assumed that they would be consulted throughout the formulation and implementation of transition reforms. Managers as well expected their expertise and experience to be valued, and awaited the reconstruction of their company and a reprisal of production. Finally, workers sought participation in privatisation through workers’ shareholding; they hoped for a transition that would allow them to return to their jobs and workplaces, restructured so to ensure a revived presence in the world market. These ‘narratives of discontent’

highlight how these different actors make sense of transition and their 'post-socialist' condition, by holding on to the legacy of late-socialist privatisation and a socialist corporate culture.

## VI. Conclusions

This thesis has set out to investigate the economic, social and cultural history of market and privatisation reforms in Bosnia between 1988 and 2008, by analysing the entangled relationship of workers' identity and economic reform. To that end, it has taken up the case of a large Bosnian industrial complex as a space in which competing conceptualisations of work, ownership, identity and deservingness intersected. The research has investigated a wide variety of actors - economic experts, managers and workers – and explored their interactions as they negotiated rapid and multiple reorganisations of the Bosnian industrial workplace.

In doing so, this research has addressed two main questions: How did different waves of economic reform change how workplaces were experienced as spaces of both work and socialisation? How did the struggle over the meaning of work, ownership, and productivity shape workplaces and workers' identities across the transition? This thesis has claimed that in a context such as that of Bosnia and Herzegovina, there were powerful local forces that produced new hybrid economic forms shaped in the image of local cultures and the legacies of earlier reforms. Viewing the transformation from this angle allows one to challenge the very axiom that economic transition has been a rather straightforward trajectory towards privatisation and market liberalisation.

By focusing on the workplaces of a large industrial complex (Energoinvest) – as imagined by experts, organised by companies, and experienced and remade by workers – the thesis has illustrated how the reformulation of workers' identity played out over several subsequent economic transitions. It has argued that different cycles of privatisation reforms – from socialist, to ethnic, to neoliberal – have centred on attempts to 'remake' workers and adapt them to new conceptions of work, identity, ownership and deservingness in the workplace. In this account, workers have also been active subjects of transformation, in that they have contributed to shaping reforms and influencing their outcome. Due to this process of shaping and re-shaping from top-down and bottom-up, Bosnia reveals an experience of economic transition in which a

distinct set of alternatives to the neoliberal model of privatisation have persisted through time, moulding ownership and workplace relations.

The persistence of alternative reform and privatisation models in the 1990s was in part due to the still proud legacy of Yugoslav market reform, which lived on in post-socialist and post-Yugoslav Bosnia (unlike other Eastern European countries where it was more effectively demonised). This persistence should not only be ascribed to the specificities of Yugoslav self-managed socialism, or the country's geopolitical position 'in between' the two Blocs of the Cold War. Rather, it was due to a vision of Yugoslavia as the pioneer in the effort to make socialism 'market-oriented' – a vision shared by experts, managers and workers. The idea of 'being pioneers' was grounded on the tangible successes of enterprises in the global market, and propagated at different levels within the workplaces. Here, workers and managers experienced what I have defined as a 'socialist corporate culture', which encouraged a globalist and Yugoslavist view amongst employees, and which survived as an ideal beyond the fall of the system.

During the conflict of 1992-1995, workers began to imagine themselves additionally as soldiers and veterans. Soldiers returning from the war expected social and economic rewards for their service. The demand for these benefits was closely linked with their membership in different 'ethnic armies'. As argued in Chapters 3 and 4, this moulded the demands and expectations that workers had of post-war privatisation, and – combined with the legacy of the Marković reforms – contributed to shaping claims over the distribution of ownership rights in the post-war society.

Finally, only the third stage of privatisation reforms in the early 2000s had a more explicitly neoliberal character in its intention and conceptualisation. Here, contrary to the previous socialist and ethnic privatisations, the new framework for the privatisation of large enterprises proposed a model that did not take into consideration the special sense of attachment that workers had towards their workplaces. Moreover, this neoliberal model entirely neglected the influence that a past engagement in the world market still had on workers' and managers' expectations of reforms. In this context, international advisors – unresponsive or unaware of this legacy – tailored economic reconstruction to what they

envisioned were the needs of a country belonging to a regional periphery, rather than to a globally aspiring semi-periphery.

Although studies of transition in Eastern Europe often exclude Yugoslavia – and Bosnia in particular – from comparative analyses, this research contributes to opening up new avenues of investigation that have rarely been at the centre of focus: namely, the interplay between economic transition and local identity. This thesis has posited these economic reform projects as part of an ongoing struggle over the meaning of work, identity, ownership and deservingness – rather than merely being about market liberalisation, privatisation, or neoliberal economic hegemony. It has argued that economic reforms and ‘transition’ were deeply social events that have extended into both past and present. These have demanded a certain re-orientation of selfhood, of the values and mentalities dictating the new social order one must live by, but they have also coloured the past, producing historical narratives laden with the bitter disappointment of the present condition.

The following three sections will lay out the thesis’s broader contribution to three main thematic areas: the study of (neoliberal) economic reforms in (post)socialist societies; the historicisation of transition; and the study of identity-making in this context.

### **6.1 Neoliberalism, alternative reforms, and the remaking of subjects**

This thesis has contributed to the scholarship on transition by challenging an established view of post-socialist reforms as driven by a “Washington consensus” formulation of neoliberal economic principles. It has argued that some of these ‘neoliberal’ reforms actually drew upon the socialist period, thus giving origin to hybrid reforms models and their complex implementation at the local level. Hence, the thesis has sought to bring a new perspective to the literature on the Varieties of Capitalism in Eastern and South-Eastern Europe,<sup>1</sup> by charting the origins and complex formulations of hybrid models of reform throughout the ‘long transition’.

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<sup>1</sup> Bohle, Dorothee, and Béla Greskovits. *Capitalist Diversity on Europe’s Periphery*. Ithaca, NY: Cornell University Press, 2012.

In the context of post-socialist countries, transition studies have viewed neoliberalism primarily as an economic project associated with market rationality, withdrawal of the state, and promotion of entrepreneurship, guided by like-minded groups of experts.<sup>2</sup> Authors like Quinn Slobodian, on the other hand, understand neoliberalism as a political project whose principal aim is to take power away from national democratic structures, and thus render the national market economies sphere progressively immune to political shifts pushed from the bottom-up, rejecting collectivism and class identity.<sup>3</sup> If one understands neoliberalism as a wide range of practices aimed at removing popular democratic infrastructure from economic policy, then neither the Marković reforms nor the post-war ethnic reforms in Bosnia, would fully fit this description. These were still embedded in a socialist context where notions of collective ownership, socialist corporate culture, and rewards for groups of workers or veterans acted as guiding forces. Similarly, they do not fully fit within an understanding of neoliberal transition as mere promotion of Western-like models of privatisation and market liberalisation. Thus, the Yugoslav and post-Yugoslav experience of transition blurs the lines of this broader debate about the relationship between ‘the economic’ and ‘the political’ in the development of neoliberalism. Further, it stresses the significance of a wider range of actors, and of bottom-up pressures, in the shaping of transition reforms. The idea that specific variants of privatisation could be compatible with socialism was not just an idea amongst economists; it was also something that workers had developed thanks to a feeling of attachment and ownership towards their companies, supported by the peculiar definition of social ownership and the way this was experienced in globally-oriented workplaces. This further challenges an understanding of transition as a purely top-down phenomenon.

This formulation of hybridity ‘from the ground floor’ allows to view transition in Eastern Europe under a new light, as in fact it shows the significance of ‘failed’ attempts at reform in the post-transition, post-socialist context. As much as Yugoslavia, the cases of Poland, Czechoslovakia and Hungary in 1989 are usually understood as a top-down implementation of Western-led economic

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<sup>2</sup> Stark, Bruszt. *Postsocialist Pathways*, p.154.

<sup>3</sup> Slobodian, *Globalists: End of Empire*, p.17.

reforms, while Romania and Bulgaria are taken as an example of neoliberal 'latecomers' since fast privatisation was only proposed in the late 1990s.<sup>4</sup> At the same time, these countries were characterised by attempts at reforming socialism through workers' ownership, often left out from historical accounts because they were short-lived.<sup>5</sup> Following the same mode of investigation as to the one employed here for Yugoslavia, one could assess whether the voucher models of privatisation implemented in the Czech Republic and Poland in order to secure a quick privatisation and a faster transition to a market economy were guided by principles derived from the socialist period itself, such as workers' ownership rights. Studying these hybrids, and the many different formulations, appropriation, or rejection of a socialist legacy within the context of transition reforms would allow to question the very categories of socialism and neoliberalism, and historicise the manifold varieties between them.

Furthermore, this thesis has proposed to focus on reformism as a subject of inquiry, and has traced a transnational history of marketisation in Eastern Europe that maps international links, ideas circulation, and learning processes. Recent historiography has illustrated the extent to which models of reform and transition were locally embedded and, at the same time, internationally circulating.<sup>6</sup> Analysing reforms as moments of negotiation between experts, political actors, managers, and workers forces us to rethink how to historicise 'neoliberal transition' in this context: whom do we consider to be the 'producers' of ideas, knowledge, and ideologies, and whom do we consider to be the consumers? Indeed, as some have suggested, local political elites in Eastern Europe were often more enthusiastic in embedding idealised Western neoliberalism than international institutions such as the IMF were.<sup>7</sup> If alternative models of transition are locally grounded, which actors contribute to shaping them? Based on what perceptions, expectations, and visions of reform?

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4 Ban, *Ruling Ideas*, p.42; Fabry, 'The Origins of Neoliberalism', p.3; Barbara Blaszczyk, Iraj Hoshi, and Richard Woodward, eds. *Secondary Privatisation in Transition Economies The Evolution of Enterprise Ownership in the Czech Republic, Poland and Slovenia*. Basingstoke, Hampshire and New York: Palgrave Macmillan, 2003.

<sup>5</sup> Stuart Shields. 'From socialist Solidarity to neo-populist neoliberalisation? The paradoxes of Poland's post-communist transition.' *Capital & Class* 31, no. 3 (2007): 159-178.

<sup>6</sup> Ban, *Ruling Ideas*; Ther, *Europe since 1989*.

<sup>7</sup> James Mark et al, *The Global 1989* (Cambridge: CUP, 2109, forthcoming)

With this thesis, I sought to contribute to historical inquiry on the transnational circulation of ideas, by focusing on the debates between and amongst different actors involved in reforms. An actors-based, multi-level approach to the history of (economic) transition opens up to new avenues in the study of (post) socialist transformation. How do the carriers of reform themselves experience transition? What kind of transnational and local networks did they develop, and with what intentions? What (pre)conceptions did they form of their international contacts, and why? What ideas, motives, expectations moved them to conceptualise reforms in certain ways, beyond what we find in their written contributions? Moreover, how do they relate now to these visions and expectations? How did they negotiate what they wanted to do, with what was possible or conceivable to do in the context of reform socialism?

When focusing on an actors' history of transnational market reforms, oral sources are particularly useful, as they allow to go beyond a mere mapping of global circulation of ideas. In fact, they show what kind of ideas were accepted, rejected or appropriated at the local level, and what kind of self-perceptions of 'geopolitical pride' or 'intellectual isolationism' emerged vis-à-vis these transnational networks. Such self-perceptions, as I argued in the first Chapter, would go on to shape economic reforms at the national level. Furthermore, by foregrounding a multiplicity of actors' voices, not only do we get a sense of how global ideas adapt to local contexts, but we also begin to understand the personal (and emotional) investment of different social actors in these reforms. For this, oral history enables us to portray a picture of these historical processes and to underscore the intellectual contribution that local workers, managers, party elites and experts made to global debates concerning work, ownership, and workplace social relations. Scholars who research reform socialism across the former Eastern Bloc will find that oral histories of experts, technocrats, and managers provide fresh insights into the history of reforming socialism.

Equally important in the analysis of reformism is to discuss and investigate who the subjects of reform ought to be. If we want to historicise how locally embedded alternatives to reform contributed to hybridise neoliberal transitions, we ought to understand how these models envisioned the transformation of

subjects, and not only of markets, private properties, or industrial relations. The long-lasting struggle over the remaking of subjects still dramatically affects post-socialist and post-neoliberal societies around the world, from Eastern Europe to Latin America. Though grounded on socialist ideological principles different to those of Yugoslavia's, the post-2003 "Pink Tide" in Latin America is another example where locally alternatives to neoliberal reform were shaped around the remaking of subjects.<sup>8</sup> Much like in Yugoslavia in the late 1980s, in the first half of the 2000s, the Latin American new left drew upon a local formulation of socialist reformism in response to neoliberally-oriented transition.<sup>9</sup> Here as well reformers introduced social-democratic alternatives to neoliberal reforms, by embracing a turn to privatisation with social-democratic values. In this context, they also sought to adapt workers and citizens to new reforms principles.<sup>10</sup>

Beyond the history of reformism, socio-political studies have deconstructed neoliberalism not only as a set of economic reforms but also as a project of remaking subjects according to specific principles of governance.<sup>11</sup> Since Foucault's groundbreaking work, a large body of literature has focused on the analysis of neoliberalism as a form of governmentality.<sup>12</sup> As Thomas Lemke argues, 'the theoretical strength of the concept of governmentality consists of the fact that it construes neoliberalism not just as ideological rhetoric [...] but above all as a political project that endeavors to create a social reality' in which new subjects are positioned.<sup>13</sup> Since the development of these ideas, there has been a tendency to see neoliberal frameworks as being primarily characterised

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8 Richard A. Dello Buono. "Latin America and the Collapsing Ideological Supports of Neoliberalism." *Critical Sociology* 37, no. 1 (2011): 9–25.

9 Tom Chodor. *Neoliberal Hegemony and the Pink Tide in Latin America*. London: Palgrave Macmillan, 2015, p.178; Cannon, Barry, and Mo Hume "Central America, civil society and the 'pink tide': democratization or de-democratization?", *Democratization* 19, no.6, (2012): 1039-1064.

10 Gabriel Fernandes Pimenta and Pedro Casas V M Arantes. "Rethinking Integration in Latin America: The 'Pink Tide' and the Post-Neoliberal." Buenos Aires, Argentina, 2014, p.17.

11 As, for example, in: Read, 'A Genealogy of Homo-Economicus'; Ther, *Europe Since 1989*.

12 Read, 'A Genealogy of Homo-Economicus', p.26. Foucault, Michel. 'The Subject and Power.' *Critical Inquiry* 8, no. 4 (1982): 777–95.

13 Thomas Lemke. 'Foucault, Governmentality, and Critique.' University of Amherst (MA), 2000, p.13.

by an interest in regulating subjects' identity.<sup>14</sup> As Jason Read puts it, 'neoliberalism is not just a manner of governing states or economies, but is intimately tied to the government of the individual, to a particular manner of living.'<sup>15</sup> While the concept of governmentality is usually discussed in relation to neoliberal forms of governance, the case of Yugoslavia provides us with an opportunity to explore socialist strands of governmentality in which the workplace is devised as an institution embodying the political rationality of social ownership.<sup>16</sup> This would allow us to draw innovative diachronic comparisons between, for example, formerly socialist countries like Yugoslavia, and China – where the lines between socialist and neoliberal forms of governance are eminently blurred.<sup>17</sup>

Similarly, works on socialism have analysed state socialism also as a project aimed at shaping the socialist worker–subject.<sup>18</sup> However, particularly in the case of Yugoslavia, little has been analysed of the multiple identity formulations that emerged because of different economic reforms, in the shift from '*homo Yugoslavicus*' to what has often been simplified as '*homo oeconomicus*'. This thesis has developed new avenues of historical research, ones that investigate the different modes in which ideas of making, unmaking, and re-making subjects can spring up from a wide range of economic models, some of which based on market rationality and neoliberal principles, and others grounded in local understandings of globalism, collectivism and socialist reformism.

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14 In this, I partly follow the foucauldian tradition that defines privatisation as a neoliberal form of governmentality, seeking to discipline individuals towards a different form of individualised entrepreneurialism. Read, 'A Genealogy of Homo-Economicus', p.35. As Foucault argues, neoliberalism construes the homo economicus to be an 'entrepreneur of himself'. Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-1979*, trans. Graham Burchell (New York: Palgrave Macmillan, 2008), p.226; Manduhai Buyandelgeriyn. 'Post-Post-Transition Theories: Walking on Multiple Paths.' *Annual Review of Anthropology* 37 (2008): 235–50; Shields, 'Historicizing Transition: Polish Political Economy', p.478.

15 Read, 'A Genealogy of Homo-Economicus', p.27.

16 Danijela Dolenc and Mislav Žitko. "Exploring Commons Theory for Principles of a Socialist Governmentality." *Review of Radical Political Economics* 48, no. 1 (2016): 66–80.

17 Gary Sigley. "Chinese Governmentalities: Government, Governance and the Socialist Market Economy." *Economy and Society* 35, no. 4 (2006): 487–508.

18 As Bartha's *Alienating Labour* and Kotkin's *Magnetic Mountain* illustrate.

## 6.2 Rethinking chronologies and spaces of interaction

In recent years, scholarship on Central and Eastern Europe has focused increasingly on the so-called “socialist” or “Red” globalisation, exploring spatial historical entanglements between the socialist world and the Global South. These works have contributed to scholarly efforts at de-centring globalisation and questioning a bi-polar view of the Cold War.<sup>19</sup> This literature problematises established narratives of 1989 as a ‘big bang’ rupture moment, as well as views of Eastern Europe as an isolated Bloc that was globalised only after the triumph of market neoliberalism. Conversely, these works have embedded the experience of ‘the global’ in Eastern Europe within a much longer historiography of globalised modernisation, whereby the socialist world played a significant part in multiple globalisations.<sup>20</sup> Socialist countries were protagonists of bi-lateral and multi-lateral political, economic, and cultural exchanges with both the West and the developing countries. Viewing Eastern Europe as part of an interconnected network of globalising forces throughout the second half of the Twentieth Century forces us to have a different view of so-called ‘transition’ as a diverse and non-linear phenomenon.

In this context, the case of Yugoslavia has often remained at the margins of this debate about ruptures and continuities. Here, the collapse of state-socialism was paralleled by state dissolution and the outbreak of war. These dramatic shifts have usually led scholars of (post) Yugoslavia to take 1991, 1992 or 1995 as rupture moments that signify the start or end of their historical narratives, hence overlooking significant continuities across these moments.<sup>21</sup>

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19 James Mark and Péter Apor. “Socialism Goes Global: Decolonization and the Making of a New Culture of Internationalism in Socialist Hungary, 1956–1989.” *The Journal of Modern History* 87, no. 4 (2015): 852–91; James Mark, Quinn Slobodian, and Andrew Thompson. “Eastern Europe.” In *The Oxford Handbook of the Ends of Empire*, edited by Martin Thomas. Oxford: Oxford University Press, 2018; Nikolay R. Karkov and Zhivka Valiavicharska. “Rethinking East-European Socialism: Notes Toward an Anti-Capitalist Decolonial Methodology.” *Interventions* 20, no. 6 (2018): 785–813; Silvio Pons. *Stato e Rivoluzione*. Torino: Einaudi, 2012.

20 James Mark et al. *The Global 1989* (Cambridge: CUP, 2109, forthcoming)

21 The scholarship on Yugoslavia as a pivotal agent of alternative East-South global entanglements only recently experienced a surge: see Jakovina, *Treća Strana*; Subotić, Jelena, and Srđan Vučetić. “Performing Solidarity: Whiteness and Status-Seeking in the Non-

Broadening out historical horizons, this allows us to analyse how ideas of alternative models of marketisation, privatisation and globalisation might have impacts beyond the state socialist era.

Moreover, bringing Yugoslavia into the debate over how we conceptualise chronologies of transition is not just a matter of historical detail. Indeed, viewing 1989 as the *annus mirabilis* that signalled ‘the end of history’ has been a political choice as well, and one that has profoundly affected the way international advisors envisioned economic reforms in the area. Drawing upon the Central and Eastern European experience, it is undeniable that a sense of Western triumphalism crept in many reforms projects in the 1990s and 2000s. As much as in Poland, Russia, or Romania, in the Bosnian context thinking about transition as a radical transformation of the political and economic system after Yugoslavia’s dissolution had profound implications on the economic reconstruction of the country: for those international advisors involved in policy-making, there had to be a clear-cut break from the socialist past. As Chapter 5 argued, market and privatisation reforms were directed away from the rebuilding of large economic enterprises, as this would have marked continuity with the globally-oriented economic structures of socialist Yugoslavia. In this sense, the thesis has contributed to further the debate about chronologies of transition, by illustrating the very real consequences of understanding these transformations in a teleological way, beyond theoretical or historiographical debates.<sup>22</sup>

Hybrid models were not only a result of overlaps between new designs and the legacies of local economic principles, but derived from the circulation of ideas and practices in the Yugoslav ‘global’ arena as well. In this sense, thinking beyond chronological rupture also allows us to reconsider our geographical framings. While this thesis has analysed the specific case of a large Yugoslav exporter, other scholars of Central and Eastern Europe have illustrated the significance of global economic relations for countries like Czechoslovakia, the

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Aligned World.” *Journal of International Relations and Development*, 2017, 1–22;

Spaskovska, ‘Building a better world’.

22 For these debates, see: Thelen, ‘Shortage, Fuzzy Property’, and Dunn, Verdery. ‘Dead Ends in the Critique’.

GDR, and the Soviet Union.<sup>23</sup> However, even this scholarship has rarely looked at bilateral or multilateral economic relations in socialism as having a ‘globalising effect’ on workers, by exposing them to different dynamics and values of the global market. The growing scholarship on ‘socialist globalisation’ has overlooked a whole area of research on globalised identities of the workplace under socialism. Little interest has been shown in the work of big exporting companies in Czechoslovakia and Poland, for example. The case of Energoinvest can illuminate this point further: not only were workers in large industrial Yugoslav complexes ‘globalised’ through the workplace, but their globalised identities shaped the way in which they understood – and attempted to resist and reshape – post-socialist transition.

Furthermore, the very construction of the socialist ‘global’ or ‘internationalist’ project as intrinsically flawed was crucial to the way in which the country’s economic reconstruction was conceptualised. As advisors at the World Bank, USAID and the OHR considered the economic collapse of the late 1980s as evidence of the socialist regime’s inability to adapt to new developments in the global economy, they came to accept the de facto re-peripheralisation of the Bosnian economy and its major exporters as part of a new natural world order. This thesis has countered these understandings of the chronological and spatial dimensions of transition as marked by clear-cut caesuras and ‘unconnectedness’ or ‘peripherality’.

Adopting the notion of multiple globalisations across the long transformation (1970s-2000s) compels us to view transition under a different lens, as a shift between different configurations of the global, rather than a jump from isolation to interconnectedness. Moreover, this approach shows that different actors view ‘the global’ and ‘the local’ in different ways, which in turn shaped their ideas about reform. From this perspective, ‘the global’ is an actors’ category, as much as an analytical one: in the case of Bosnia, workers saw themselves as global, the IMF regarded them as peripheral.

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23 Jan Zofka et al. *Globalization projects East and South: Spaces of Economic Interaction During the Cold War*, DeGruyter, forthcoming 2019.

### 6.3 Identity, ethnicity, and ownership: new avenues for the study of post-socialism

The literature on contemporary labour history in Eastern Europe (for example, in Poland, Hungary or Serbia) has mostly analysed transition in the post-socialist world as a (gradual or abrupt) marginalisation of class in the economic and political spheres.<sup>24</sup> In Yugoslavia specifically, class and labour identities are viewed as being replaced by ethnicity.<sup>25</sup>

In contrast, this thesis has shown the emergence and persistence of more complex, hyphenated and hybridised formulations of workers' identity and ownership. It has shown that ethnicity did not fully replace class as the main determinant of social relations in workplaces. As I have noted for the case of Energoinvest, workplaces were (and still are) sites of negotiations of different visions of reforms from the top-down and bottom-up, whereby identities shaped, and at the same time were shaped by, reforms. By tracing processes of identity (re)making, I have charted a complex story of labour in transition beyond workers' marginalisation or ethnicisation. The resilience of workers' 'feeling of ownership' towards their workplaces has led me to consider the ongoing importance of class as a category of self-identification subsumed with specific ownership tropes.

This new perspective on transition and class identity could open up to new avenues of research. Workers' identity and expectations as an essential factor shaping (transition) reforms can inform studies on traditionally industrial areas across the world. In a similar fashion to the Bosnian case, scholars of Chinese contemporary labour relations illustrate how labour and class identities, different ownership categories, and expectations of reform have influenced the shaping of transition reforms.<sup>26</sup> Here, however, the transition was state-led and (at least in theory) in the name of socialist modernisation. Thus, we may reflect on the different reasons why such different formulations of transition lead to

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24 As, for example, Arandarenko argues in: Arandarenko, 'Waiting for the Workers', p.170.

25 Belloni, *State Building and International*, p.110; Chandler, *Peace without Politics?*, p.143

26 Feng Chen. "Between the State and Labour: The Conflict of Chinese Trade Unions' Double Identity in Market Reform. ." *The China Quarterly* 176 (2003): 1006–28; Chen, 'Privatization and Its Discontents', p.43.

similar forms of resistance. What is the extent of class resilience in contexts of (post)socialist transformation, de-industrialisation, or globalisation? How is labour identity mobilised and reconfigured in the face of such profound changes?

Furthermore, we may reflect on whether an essential connection between workers' identity and a 'feeling of ownership' of the workplace exists, and whether it transcends the specific context of Yugoslav self-management. Do examples of socialist and non-socialist self-management experiences (from Latin America to Southern Europe) point to similar outcomes? The examples of the self-management corporation Mondragon in the Basque Country, and the co-operative systems in Italy and the U.K show that there might be such a hyphenated connection workers-owners, beyond the rhetoric or ideology of state-socialism. What do these historical examples tell us about experiences of direct democracy in the workplace?

In addition, some parallels might be drawn usefully between Bosnia and other post-conflict societies where ethnicity constitutes a prominent feature of privatisation. In countries like Sri Lanka, Zimbabwe, El Salvador and Sierra Leone, we may study how a reconfiguration of ownership rights intersects with processes of ethnicisation and identity-making.<sup>27</sup> The case of Bosnia can be compelling for many scholars of these areas, as it gives a new perspective on what post-conflict privatisation means in terms of the reshaping of societies and workers' identities. Put simply: how is post-conflict privatisation, in which reward for defending a homeland is paramount, used to create ethnic states? How do subjects negotiate different facets of their identities, in view of expected rewards or privileges? In contexts of extreme precariousness, are labour and class identities subsumed by ethnic ones? Also, in which contexts do they resurface? In turn, if ethnicity or membership in specific social groups features strongly in ownership reforms, how does that reconfigure the very notion of (private)

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<sup>27</sup> See, for example: Korf, 'Ethnicised Entitlements?', p.2; Pugh, Cooper. *War Economies in Regional Context*; Ahearne, 'Neoliberal Economic Policies', p.37.

property? If private ownership remakes individuals,<sup>28</sup> how do individuals remake, appropriate, or reject notions of ownership?

In conclusion, this thesis has shown that the Bosnian transition has not ended: it is an ongoing struggle over the meaning of work, ownership, and identity. Evidence of this, for example, can be found in the ongoing clashes between the police and unemployed war veterans demanding higher benefits. In September 2018, Bosnian former soldiers took to the streets, demanding an overhaul of the veteran's welfare system.<sup>29</sup> Dismayed by their social marginalisation, they demanded not only more social security, but also greater political recognition (symbolised by higher unemployment benefits, and tied in with their identity as workers–soldiers). Similarly, other groups (youth and the unemployed, for example) are also locked in this struggle for political recognition, underpinned by various contests of 'who deserves what'. Protests and widespread disappointment are about the (unmet) expectations that reformers, employers, employees and, ultimately, citizens had posed in transition. This is not in the main a nostalgia for socialism, but rather a demand for better reform. Thus, this thesis can help to understand the ongoing unrest and political (dis)engagement that characterise large sections of the post-socialist, post-Yugoslav societies. The unmet demands and expectations of the long 1990s, and the (ongoing) belief that alternative reforms were indeed possible in this context, explain current developments in the region. Any attempt at re-building Bosnia's economic life will have to address these socio-political dimensions of the economic transition.

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28 Katherine Verdery. "Privatization as Transforming Persons." In *Between Past and Future: The Revolutions of 1989 and Their Aftermath*, edited by Sorin Antohi and Vladimir Tismaneanu, 175–97. Budapest, New York: Central European University Press, 2000.

29 Radio Free Europe. "Bosnian War Veterans Clash With Police in Sarajevo, September 05, 2018. Available at: <https://www.rferl.org/a/bosnian-war-veterans-clash-with-police-in-sarajevo/29473622.html>

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Oslobođenje (1988-2014)

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