

Debt and austerity: Solidarity with the people of Bosnia, Serbia and Croatia

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Solidarity with the people of Bosnia, Serbia and Croatia: the CADTM demands a moratorium on the debt of these countries and an end to austerity measures

Since May 17, floods in the Balkans have taken a heavy toll with 17 deaths in Serbia, 27 in Bosnia and 2 in Croatia. Add to this disaster tens of thousands of displaced people and of homes without electricity, and enormous material damage. According to the political authorities, flooding on this scale has not been seen in the region for over a century. 40% of Bosnian territory has been devastated by floods. Damage is estimated at around 1.3 billion euros, the equivalent of 10% of the country's GDP.

The IMF has taken advantage of the situation to offer Bosnia an "aid package" on condition that the Bosnian government agrees to carry out certain economic reforms. Exactly what form these will take has not yet been made public. The Serbian Prime Minister, Vucic^[1], has declared his intention to save 400 million euros by means of salary cuts for civil servants, a later retirement age for women and new measures favouring private "investors".

The CADTM hereby denounces the IMF's intervention in the region, because of its destructive policies. It is unacceptable that the IMF should exploit this natural disaster to impose new austerity measures in exchange for a loan, on a population already made vulnerable by the floods.

Let us recall that the IMF has already intervened on several occasions in Bosnia, following the economic recession that began there in 2009. The last instalment loaned (404 million euros ^[2] made available in September 2012) was conditional upon the implementation of structural reforms: austerity and privatisations, especially in the health insurance and pension sectors^[3]. These attacks came after the wave of privatisations, particularly in the industrial region of Tuzla, which triggered the popular uprisings seen in the country in recent months.

Similarly, in Serbia between 2002 and 2010, 2400 public companies were privatised with utterly negative results. These privatisations imposed by the IMF have brought in their wake corruption issues, violations of workers' rights and the enrichment of a minority of the population.

The last point to note is the high level of unemployment, with official figures of 40% for Bosnia (60% among young people) and 25% for Serbia.

In view of the social emergency, the CADTM invites all political and social forces that share our indignation to unite in demanding the immediate suspension of debt payments for Bosnia, Serbia and Croatia. Interests must be frozen so that priority is given to the needs of the population and to freeing up the resources urgently required for the countries' reconstruction. For as long as the moratorium lasts, an audit of the debt should be carried out to investigate the origins of the indebtedness and also the impact that loans from creditors like the IMF have on the population. All illegitimate debts must be unconditionally cancelled.

CADTM International, 30 May 2014

Articles cited:

[1] <http://www.businessweek.com/news/2014-05-19/foreign-aid-arrives-as-serbia-bosnia-struggle-with-floods>

[2] <https://www.imf.org/external/pubs/ft/survey/so/2012/int100512a.htm>

[3] See on ESSF (article 31076, in French), [Révolte sociale en Bosnie-Herzégovine : « Qui sème la misère récolte la colère »](#)

P.S.

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