

Mr. Chairman, and respected members of the Commission:

October 5, 2000 was a day of new hopes for the global community. On that date the people of Serbia rose up, physically occupied the halls of state, and ended the reign of Europe's last Communist dictator. Having suffered the nightmare of Nazi occupation followed by a half-century of Communist misrule, it finally seemed that a new government of the people would take power in Belgrade.

Three years later, Serbia is the only country in Eastern and Central Europe that does not have a single law governing communal or private property restitution. No property claims have been resolved and no property has been returned. Despite successes on the international level, domestic Serbian laws remain those dictated by the Communist party during the 1940's and 1950's. DOS (the ruling coalition of former opposition parties) has maintained and further developed the inherited structure of Communist laws, which favors dictatorial one party rule. Co-Chairman Christopher H. Smith stated before this Commission in July 2002, "... governments still cannot bring themselves to part with most of the loot stolen by their undemocratic predecessors." In Serbia, the government not only refuses to return stolen property, it likewise refuses to part with the anti-democratic Communist-era laws that made such plunder possible.

While other transitional countries that this Commission examines are critiqued for their unwillingness or inability to enforce existing restitution laws or for the inadequacy of these laws in addressing international claims, Serbia still lacks any laws on restitution or denationalization. American claimants, who have so far registered over 500 million dollars in claims with the United States Embassy in Belgrade, have absolutely no access to the Serbian court system which continues to function exactly as it did under 50 years of Communism.

The potential legal rights of American claimants are further exacerbated by the Serbian government's passing of several new laws that allow for and promote the right to use and develop seized assets. The government has launched a two-pronged attack to unjustly liquidate nationalized property before a law on restitution is passed: firstly, the Privatization Program and secondly, the sponsorship of new laws that further augment Government control over real estate. Enhanced government control of property facilitates the transfer of state ownership into the hands of government insiders. It has become clear, especially since the July 2003 report by The International Crisis Group, (ICG) titled "Reforms in Serbia stall again" that the Serbian privatization program is simply a cover for the laundering of Milosevic era dirty money and a means for current politicians to illegally acquire government controlled assets. A small group of roughly 50 individuals and companies have so far purchased over 70% of prime nationalized assets offered for sale through the "privatization" program.

According to the aforementioned ICG report of July 17th 2003, "Some of the individuals and companies are well known to average Serbs: (15 companies listed)... Because of the support they gave to Milosevic... many of these individuals or companies have at one time or another been on EU visa ban lists, while others have had their assets frozen in Europe or the US.... they and their companies were associated with the Milosevic regime and benefited from it directly.... Few of the Milosevic crony companies have been subjected to legal action... Most disturbing... at

a time when the economy is worsening--these companies' positions of power, influence and access to public resources seem to have changed very little."

The increasing economic power of this criminal clique and their strong links to the current government's plundering of nationalized assets is further defined in the ICG July 2003 report as follows, "The oligarchs have managed the transition from the old regime to the new with relative ease because of their ability to finance Serbia's political parties, both ruling and opposition enjoying the oligarchy's financial largesse, there is less and less momentum inside the government for reform." Lower level bureaucrats are silenced in this corrupt loop through kickbacks and bribes that favor certain bidders in the privatization process. American citizens have reported such solicitation for bribes to our Embassy in Belgrade.

Because the Serbian Privatization Program has become a land-grab for insiders, no provisions have been made to address possible claims to nationalized property. Ambassador Randolph Bell, Special Envoy for the Department of State addressed the importance of potential claims in privatization programs before this Commission on July 16, 2002 stating, "Changing the ownership and use of buildings and land from one party or purpose to another can cause major disruptions that already economically challenged countries can ill afford. In encouraging restitution, we try to keep in mind the following considerations: ... Privatization programs should include protections for claimants."

The Serbian government not only fails to provide for claimant protection, it compounds this disregard for fiscal and moral responsibility through the communication of officials lies purporting non-existent provisions for claimants. One such fabrication frequently seen in official communications from the Serbian government is the contention that 5% of monies from sales of state controlled assets is being set aside to retribute potential claimants. Independent organizations have not been able to verify this claim. Published Serbian government budgets do not list such a fund. These illusive resources are not listed on any government accounting records and no Ministry will vouch for the amount of money that has been "collected."

US Diplomats have been directly lied to in official Serbian government communications regarding restitution provisions. I contacted Mr. James E. Stephenson, Director of USAID in Serbia and Montenegro, for advise on how American claimants could better represent their interests in Serbia. He wrote back to me July of this year stating that the Serbian Government had officially informed USAID that an intra-ministerial group had been set up to deal with restitution issues. He suggested that I contact this group. After numerous unsuccessful phone calls, I sent registered mail to multiple Ministries of the Republic of Serbia. I finally received a reply from the Ministry of Finance and Economy numbered 023-02-00251/2003 and dated 15.08.2003 from which I quote, "Regarding your letter of 05.08.2003, directed to this Ministry asking about the formation of a special intra-ministerial group dealing with the privatization process and restitution, or the restitution process alone, we inform you that no such special intra-ministerial group has been formed."

One must conclude, from the previously mentioned ties to criminal money and the blatant lies told to American Diplomats that the current Serbian government vehemently opposes any form of restitution or compensation to American and domestic claimants. This intransigence is

creating political instability in Serbia as approval ratings for the current government plummet to single digit levels. Ironically, the main campaign promise of the current Serbian Government during the year 2000 election was speedy enactment of a law on restitution and denationalization.

The Serbian government is clearly ignoring the majority will of its citizens. Marten Board Intl., a licensed partner of the British Market Research Bureau of London in conjunction with "Blic" a local Serbian daily newspaper conducted a large survey of Serbian voters in July of 2002 where 73.1% of voters polled were in favor of the restitution of Communist seized properties-- the highest voter consensus on any single issue in the Republic. Polls over the last decade in Serbia have shown that voter support for a law on restitution consistently reaches the 70 to 80% level.

One possible hope for American claimants is the grassroots support that restitution and denationalization enjoy among the Serbian people. It is necessary to consider the economic history of Serbia prior to the Second World War to understand just how popular a restitution law would be. When Serbia achieved autonomy from Ottoman Turkish occupation, families inhabiting newly liberated Serbia were invited to claim as much land as they could farm. Due to centuries of Ottoman brutality the population had been reduced to a level too small to claim all available acreage. As late as the mid 1930's the Kingdom of Yugoslavia was still giving away 100-hectare parcels of untitled farming land in Serbia to any individual or family that could effectively farm such a large area. In the years immediately prior to World War II, Yugoslav tax records and census documents show that small farming households constituted 90% of the population of Serbia and privately owned over 85% of total land assets in Serbia. Hence by 1940, land was universally owned.

This uniquely equitable distribution of land was erased by subsequent Communist laws that gradually depopulated the countryside, with the execution of almost 300,000 Serbian farmers between 1945 and 1950 and the forced resettlement (over a period of several decades) of the majority of the rural population into Stalinist style apartment ghettos in urban areas, such as "New Belgrade." Farmland was placed under the control of state run agricultural collectives. Private property, as known in the West, ceased to exist.

Serbia went from a society where almost every family owned and farmed their own land to a country of landless socialist workers crowded into inhuman housing blocks. With past ownership statistics in mind, it is quite reasonable that most Serbian citizens today support immediate enactment of a law on property restitution. A large majority of the citizenry would directly benefit from the denationalization of hundreds of thousands of hectares of state controlled land.

An event of great importance for the democratization of Serbia occurred in June of this year, offering further proof of the average Serbian's desire to see a law on restitution and denationalization enacted. An existing but never before used Serbian law allows a group of citizens to author and directly sponsor a bill before the Republican Parliament if they obtain a legally specified amount of signatures for the bill within seven days. Parliament is technically required to vote on a successfully submitted citizen-bill. Within six days of June 7th 2003 a small group of human rights workers collected over 100,000 signatures, more than enough, to enter two bills into Parliamentary procedure. The two proposed laws, which must be voted on

this autumn, would freeze the current status of seized properties and set up legal procedures for restitution and denationalization allowing American citizens to file claims.

I strongly urge this Commission to monitor the status of these two citizen-bills in Serbian Parliament, not only because the proposed laws do not discriminate against American claimants or community owned property but also to support this fundamental expression of the democratic spirit by the people of Serbia. Chairman Ben Nighthorse Campbell stressed the importance of such laws before this Commission during the July 2002 hearing, stating, "Property restitution and compensation are important steps forward in the economic and political development of post-Communist states. Successfully responding to property claims means establishing the rule of law in these societies."

Two American claimants that participated in the signature drive for the two bills were harassed during the process. Heirs to vacant prime building lots in central Belgrade, " Tri Lista Duvana " and the " Srpski Kralj " emplacement, they were frustrated by their inability to protect the unencumbered nature of their properties. Despite repeated diplomatic intervention by the U.S. Embassy, through diplomatic notes and actual State Department officers appearing at the contested locations, Serbian officials refused to stop the insider auctions that sold the right to build on these properties to dubious investors. Ministry of Interior Police detained both of these American Citizen claimants on June 9th, 2003 while they were collecting signatures for the citizens' sponsored bill on restitution, at a designated signature collection point for which they had obtained a legal permit.

Civil and human rights action by local groups in Serbia may be the only means of truly democratizing Serbian society, both in legal and economic ways. The reestablishment of clear-titled property would return the illegal assets amassed by ex-Communist bosses and dubious reformers to rightful owners -- the people of Serbia. Without passage of a just and equitable restitution law in Serbia, the feudalization of Serbian society will continue. The impoverishment of Serbian citizens will bring further political instability because, in the end, desperate people will fight to obtain basic necessities needed to sustain human life.

I would like to thank the distinguished members of this Commission for allowing me to testify before you. The best hope for American claimants is to petition our government to support NGO's and grassroots movements in Serbia that actively support passage of a restitution law. Unfortunately, we cannot expect cooperation from the current Serbian Government. I would also suggest that issues such as NATO acceptance, Most Favored Nation Trading Status and US funding be linked to the Serbian government's passage of a fair and just law on restitution and denationalization. I would like to end with an excerpt from an open letter sent to the Secretary General of the Council of Europe Mr. Walter Schwimmer on August 6th, 2003 by The Belgrade Association of Citizens for the Restitution of Confiscated Properties, "We, the ordinary citizens of Serbia need your help to create a European and international forum to help us dismantle the anti-democratic plutocracy that now sells and controls most of Serbia's economic assets. Members of our group collected over 100,000 signatures in six days this summer to legally and directly sponsor two citizens' law bills on fair property restitution before the Serbian Parliament. We feel that the only way to return Serbia to the path of true democratic reforms is to guarantee property rights in accordance with international norms. Our proposed law would allow Serbian

and foreign claimants access to the court system to legally redress ownership disputes. We need your monitoring of the Serbian Parliament this September so that this bill is honestly discussed by Parliament and not secretly vetoed out of existence without any public debate. If Serbia is to overcome the last decade of criminal misrule and be truly democratic, every claimant must have the legal right to regain economic control over his or her confiscated property and thereby take it out of the hands of the criminal oligarchy. We would prefer to see a Serbia where, once again, 90 percent of the population controls 85 percent of the wealth rather than today's Serbia where less than .01 percent of the population is buying up 90 percent of state nationalized assets while most Serbian citizens live on less than 150 euros a month."