# The Regional Problem and the Break-Up of the State: The Case of Yugoslavia*

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## The Nature and the Scope of the Regional Problem

The regional problem in the second Yugoslavia (1945-1990) was never a question of economic disparities only: it was interrelated with the national question and the question of the organization of the state. It also reflected various historical influences and the resultant mixture of different cultural patterns.[1]

In Yugoslavia, official definition of the magnitude of the regional problem resulted from the interaction of the regional power configuration, economic interests, political will and the ruling ideological postulates. Thus the status of underdevelopment and the volume of transfers were determined by (unlimited) aspirations, on the one hand, and (limited) possibilities, on the other.

"Official" proportions of the regional problem in Yugoslavia (in terms of the underdevelopment status received by some republics and provinces) did not reflect the real situation since the boundaries of underdevelopment did not coincide with the boundaries of the republics and the provinces.[2] Nevertheless, Yugoslav regional policy stubbornly persisted with the simplified dichotomy of economically developed and underdeveloped republics and provinces (which was never based on the real situation).

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* I would like to thank the referees for the critical comments and suggestions. They rightly point to the necessity of more thoroughly examining other (non-economic) dimensions of the Yugoslav conflict. However, my primary intention was to shed light on the economic aspect of the Yugoslav break-up, which has been so far neglected. This does not mean that the author advocates any sort of a simplified model of economic determinism. Ethnic "irrationality" certainly has a longer and more dramatic history than the unsuccessful regional policies of communist Yugoslavia (see, for example: Hory Ladislaus, Martin Broszat, *Der Kroatische Ustascha Staat 1941-1945*, Stuttgart, Institut für Zeitgeschichte, 1964; Vladimir Umeljić, *Die Besatzungszeit: Das Genozid in Jugoslawien 1941-1945*, Graphics High Publishing, Los Angeles, 1994; Smilja Avramov, *Genocide in Yugoslavia*,Belgrade, BIGZ, 1995; Vladimir Dedijer, *Das Jugoslawische Auschwitz und Der Vatikan*, Freiburg, 1988, 2nd edition 1991; also in English: Vladimir Dedijer, *The Yugoslav Auschwitz and Vatican*, New York, Prometheus Books, 1992). We refer the readers who are more interested in the other aspects of Yugoslavia's (d)evolution to the works cited in the Selected Bibliography at the end of this article.

1 See: Коста Михаиловић, *Регионална стварност Југославије*, Београд, Економика, 1990, p. 16; and Јован Бараћ, *Проблем пасивних крајева*, Земун, 1939, pp. 12-13.

2 See Maps 1 to 4 in: Часлав Оцић, *Национална равноправност и регионални развој*, Београд, ИЕН, 1986.

The consequence was that the share of the Yugoslav population living in the regions which almost throughout the postwar period were classified as underdeveloped (Bosnia-Herzegovina, Macedonia, Montenegro and Kosovo-Metohia) grew from 30.57% in 1948, to 33.84% in 1965, to 40.23% in 1990.

Judging from these facts only, Yugoslav regional policy — which disregarding the interdependent development of all regions (particularly after 1965) was confined to one specific aspect of regional development, to the development of less developed regions — was unsuccessful because it did not help decrease the number of people living in the conditions of underdevelopment but led to its increase. The point is that regions of underdevelopment had been rigidly and roughly defined: regional policy clashed with the real proportions of the regional problem, which is clearly shown by the above data on the population dynamics in such imprecisely defined underdeveloped regions. A more realistic approach with municipalities as units of observation shows that development was spatially dispersed, namely that in reality there were no large compact underdeveloped regions, quite contrary to the basic premise of the official regional policy.

Occasional attempts,[3] from 1945 to 1974, at regionalizing Yugoslavia in order to promote both its overall and regional development did not bear fruit. With the exception of the 1961-1965 period, republics and provinces or, to be precise, the underdeveloped republics and provinces, were the focus of attention on the Yugoslav level.

## Regional Policies and Changes in the Institutional Framework

Yugoslav regional policy was basically characterized by a twofold reductionism: (a) by its primary (and since 1965 exclusive) focusing on republics and provinces (as Yugoslav "regions"), and (b) by its orientation towards less developed Yugoslav regions.[4]

The institutional framework for the resolution of the regional problem underwent some changes: two basic stages of regional development may be distinguished — up to 1965 and after 1965. A third stage, deeply rooted in the past, can also be identified but it became manifest only after the last year (1990) of the research period covered by our study. At that stage the survival of Yugoslavia was placed at the top of the agenda. The concepts of Yugoslavia's development after World War II were strongly inspired by ideology. For the concepts of regional development the most important were the implications of the principle of egalitarianism, with its policy manifestations in the form of redistributive measures. However, in practice, the real power of regions played a greater role in the implementation of regional policy objectives than the ideologically founded pronouncements suggested. For, not only thus "ideology has the power to transform social reality only between certain limits and... when we ignore those limits we produce the contrary of what was desired" (Louis Dumont[5]), but it was also used to justify the

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3 See, for example: Anton Malik, "Gospodarski rejoni v Jugoslaviji," *Ekonomska Revija*, 1-2, 1950.

4 Часлав Оцић, *Раст или власт*, Београд, Економика и Економски институт, 1990.

5 Louis Dumont, *From Mandeville to Marx: Genesis and Triumph of Economic Ideology*, Chicago & London, The University of Chicago Press, 1977.

regional interests that hid behind it.

Interest-based regional configurations under a highly formalized decision-making procedure (such as consensus, for example) inevitably resulted in the perpetuation of decisions and the compounding of existing problems, particularly if the initial outcome of interest coordination and harmonization was based on a bad political compromise. The overpoliticization of regional questions prevented the resolution of the actual problems of Yugoslavia's regional development. Not only did it maintain the *status quo* in interregional relations but it also contributed to the rigidification of regional policy (by rendering its instruments anachronic and inefficient) and to its reductionist interpretation as a policy of one region.

The multi-ethnic composition of the country, the federal state system and considerable differences in the degree and structure of economic development both between and within regions made equality the fundamental strategic goal of Yugoslavia's regional development during the whole period after 1945. Equal regional development was considered not only as conducive, in the long run, to the optimum development of the entire Yugoslav economy but also as an essential condition for the achievement of social equality ("providing working people and citizens with equal opportunities for work and living") and national equality.

The last forty or so years have seen a considerable change in views about the basic determinants of the strategic goals of regional development: amended or redefined by new constitutions, (cooperative) federalism was combined with elements of (conflict-causing) confederalism, national equality was gradually identified with the equality of republics and provinces. There were also major shifts in the emphases of the components of general development (social - national, political - economic, etc.), while in the economic sphere both the concept of development and the institutional framework (centrally planned economy, market-planned economy, self-management agreement economy, etc.) underwent fundamental changes. All this, in addition to other factors (e.g. those of a strategic nature — "strategic territories" as "priority regions"), resulted in the fact that the basic goal of regional development was in certain phases realized in different ways, i.e. in a different (social, political, economic, etc.) environment.

In economic terms, until 1965 the basic objective of the policy of regional development — the rapid development of all, accompanied by a faster development of underdeveloped regions — had been pursued within a mainly sectorally defined Yugoslav optimum, where the development objectives of a region were set according to the development objectives of the country as a whole. After 1965, this territorially coordinated goal system was gradually replaced by a territorially uncoordinated goal system. The latter allowed republics — as sovereign agents in the Yugoslav economic environment — to pursue separate development objectives which may have (but most often did not) corresponded to the images of the overall objective.

## Regional Development Levels: Grouping of Regions

Starting from a fundamental concept according to which development is a multidimensional phenomenon, our analysis of regional development levels, i.e. regional differences, was initially based on a wide range of indicators. In the final stages of research a smaller number of indicators of overall regional development levels was chosen.[6] Among these are the following: (1) original value of fixed assets in the social sector per working-age inhabitant; (2) share of workers in working-age population — representing "productive forces"; and (3) gross national product — GNP *per capita* representing the effects of "productive forces."

The relative values of the indicators of economic development levels of Yugoslav republics and provinces show that the differences between the most developed region and the least developed region are the largest with the indicator that represents the effects of "productive forces" (*per capita* gross national product — GNP), and narrowest with the indicator of the employment level (number of workers in the social sector per 1000 working-age inhabitants: EMP). The range of the development levels of the material element of the "productive forces" (fixed assets per working-age inhabitant: CAP) are closer to the range within the first indicator (GNP) than within the second one (EMP). In addition to regional policy reasons, these trends can also be explained by important theoretical and methodological reasons: the so-called *per capita* indicators (such as the above CAP and GNP) have been observed to vary more than the structural indicators (here: EMP). In fact, this is a case of two different "qualities of time" in which *per capita* and structural changes are taking place. Therefore these two types of indicators are useless unless they are somehow standardized. Here standardization has been done as a prerequisite for the factor and cluster analyses. Individual features (indicators) were replaced by a synthetical representation of three characteristics of the economic development level of republics and provinces. Republics and provinces were grouped on the basis of their relationship to this synthetically expressed level of economic development. The relationship is measured by the distance between the points which represent such objects (and their groups or clusters) in a multidimensional space.

Regions were clustered together according to the degree of similarity: those grouped first were the regions closest to one another regardless of their economic development levels. The results of the factor analysis clearly show both the level of development and the classifying patterns of regions, on the basis of the value of the points scored by regions on the main factors. The main factors (taken together) explain the largest part of the variance, but not the entire variance (in this case only a negligible percentage remained unexplained). Cluster analysis encompassed and synthesized all the information contained in the indicators. Thus the two methods are supplementary and also mutually verifiable. Both can be used for the classification of regions.

Matrices of initial distances reveal that the largest difference in economic development levels was that between Slovenia and Croatia in all the observed years. In fact, this difference divide all the observed regions into two groups. One group consists of Slovenia only, while the second group includes all the other republics and provinces. At

6 See: Часлав Оцић, *Основна теоријска и методолошка питања утврђивања критеријума и показатеља развијености*, Београд, Институт економских наука, 1985; and Часлав Оцић, *Развијеност југословенских региона: предмет и методи истраживања*, Београд, Институт економских наука, 1985.

first sight the latter seems highly heterogenous: however, for most years, the distance between Croatia (the most developed region in the group) and Kosovo-Metohia (the least developed region in the group) was narrower than between Croatia and Slovenia. This dichotomy does not reflect the true complexity of the Yugoslav situation in terms of regions. The results of the factor analysis (crosschecked by cluster analysis) give a precise picture of the actual regional differences over the 1950-1987 period: in 1950, 1952, 1955 and 1960 Yugoslav regions fall into five groups, differently composed in each year. For all other years (except 1970) the republics and provinces form four groups, following the same pattern of grouping (again except 1970) with changes occurring only in the positions of the members of the third group, i.e. central Serbia (Serbia minus the autonomous provinces of Vojvodina and Kosovo-Metohia), Montenegro, Bosnia-Herzegovina and Macedonia. In general, the position of certain regions on the (under) development scale is quite stable: for instance, Slovenia, Croatia and Kosovo-Metohia retained the same position throughout the observed period. The least stable was Bosnia-Herzegovina which changed its position six times over thirty seven years, and even changed its development classification group for times.

The stable configuration of republics and provinces according to their levels of economic development over the last twenty five years of the existence of former Yugoslavia suggests a need to define four distinct groups of regions. The name of the group should specify the most important typical features of republics and provinces included. Since many of these features are structural and since only the level of economic development is discussed here the following names were chosen: the most developed, developed, underdeveloped and the least developed groups. During the 1965-1990 period the four groups of regions included the following republics and provinces: (1) the most developed regions: Slovenia; (2) developed regions: Croatia and Vojvodina; (3) underdeveloped regions: central Serbia, Montenegro, Bosnia-Herzegovina, Macedonia; and (4) the least developed regions: Kosovo-Metohia.[7]

## Structural Change: Shift-Share Analysis

The study of the *regional growth/sectoral structure* relation involved various techniques of shift-share analysis. In the standard shift-share analysis, regional (economic) growth (in terms of various indicators such as: GNP, employment, fixed assets) was broken down into three parts: proportional hypothetical growth, structural shift and differential (regional) shift.

The results of the shift-share analysis regarding employment, classified according to a modified Boudeville typology,[8] were interpreted from a purely economic point of view, i.e. on the basis of an assumption of an economic logic at work, which labour as a variable factor that accurately reflects both business trends and qualitative and quanti-

7 For more details see Chapter V in: Часлав Оцић, *Економика регионалног развоја Југославије*, Београд, Економика, 1998.

8 J-R. Boudeville, *Problems of Regional Economic Planning*, Edinburgh, Edinburgh University Press,1966.

tative changes in economic efficiency. According to this assumption employment can be considered as a general indicator of growth, structural changes, success or failure of the economy (whether national, regional or sectoral). Employment, however, is not an economic indicator only: it also reflects social, historical and political aspects of growth. Therefore, the results of an analysis of the components of regional changes in employment cannot be interpreted purely in classical economic terms. Underdevelopment and a relatively abundant supply of labour exerted a strong pressure on employment. Because of the rising expectations of the latently unemployed rural population, growth of employment is often accompanied by an increasing rate of (registered) unemployment. The number of people employed was constantly rising (with the exception of Vojvodina in the 1965-1970 subperiod) thanks to formal and informal channels of job procurement (nepotism, corruption). A high correlation between non-productive employment and development levels suggests that a considerable number of workers were not employed for production purposes. The political idea of creating a working class (by means of industrialization and urbanization) as the social base for new ruling elites undoubtedly affected the magnitude and the sectoral and regional dynamics of employment in the social sector. Under soft budget constraints, which characterized the business environment, the social function of employment prevailed over the function of an efficient economy.

Thus, for example, according to the modified Boudeville typology of regions, Montenegro, Kosovo-Metohia and Macedonia, respectively, were the most successful. The least successful were Slovenia and Croatia, with above average growth of employment in only one subperiod. However, this does not mean that Montenegro was economically more successful than Slovenia, but only that employment in the former grew more rapidly than in the latter. If, by chance, both of these regions had applied exclusively or predominantly economic criteria of employment, such a result could have indicated that Montenegro grew at a higher rate than Slovenia. Then it would have followed that one of the basic goals of Yugoslav regional policy (rapid development of all accompanied by faster development of underdeveloped regions) had been achieved. By formal standards, it was achieved in terms of employment, the growth of which was indeed more rapid in underdeveloped regions than in the developed ones. However, since employment was strongly affected by non-economic factors, it does not mean that the development of these regions was in fact more rapid.

By pointing to non-economic determinants of employment we by no means devalue the results of shift-share analysis: they do provide accurate information about actual changes in employment. These other, non-economic factors undoubtedly produced economic effects. The analysis identifies the components of regional changes in employment and the interpretation of its results should take into account both the non-economic and the economic context of change.

Similarly, the results obtained by shift-share analysis of fixed assets have to be interpreted in economic terms but without loosing sight of the social and political contexts. In terms of economic theory the change in fixed assets value is equivalent to the gross investment during the defined subperiods. Increased investment, if efficient, makes an economy successful. Under the conditions that prevailed in Yugoslavia, however, the very problem lay in the efficiency of fixed assets. First, the Yugoslav economy displayed all the characteristics of a relatively underdeveloped economy (e.g. a relative abundance of labour and a relative shortage of capital) and, second, it was a socialist economy: labour was intended as the pivot around which the system revolves, just as capitalism revolves around capital. In the Yugoslav case, the price of capital was below the price suggested by its relative availability, which under soft budget constraints inevitably resulted in inefficient investment. Thus, more investment did not mean a more successful economy.

When the results are reviewed in this specifically Yugoslav context, it becomes clear why the relatively least developed regions were by Boudeville's typology classified as the most successful ones: the value of their fixed assets grew at the highest rate. Thus, just as with employment, Montenegro, Kosovo-Metohia, and Macedonia were the most successful regions, while the least successful were Croatia and Slovenia. It should be stressed here as well that, despite the apparent paradox, the results of the shift-share analysis precisely describe the actual changes. They only show the effects of a regional policy reduced to mere transfers of money to underdeveloped regions: such a policy may (and did) secure an increase in the book value of fixed capital. Since a status of underdevelopment automatically guaranteed a steady and abundant inflow of cheap capital (through the Federal Fund for Financing the Accelerated Development of the Underdeveloped Republics and the Autonomous Province of Kosovo), there was a negative correlation between the size of inflow and the efficiency of capital use. Inefficient investment does not support economic development, but prevents it.

Assuming an "organic growth," i.e. the domination of the market as the main factor of economic activity coordination, GNP can be considered as the general indicator of growth, of structural changes, the success or failure of an economy (whether national, regional, or sectoral). When market forces are suppressed by various forms of nonmarket coordination, and free enterprise by normative *dirigisme* and by standardized agreement among "economic agents," there is no organic growth. Consequently, the growth rate of the GNP cannot be taken as a definite indicator of the economic success of Yugoslav regions.

In general, results of the shift-share analysis of employment, fixed assets and GNP, and, in particular, the results of a modified Boudeville typology of regions clearly suggest the following conclusions: (a) there is a negative correlation between the degree of development of a region and its success (performance); (b) crucial to a region's success is a differential shift, i.e. regional particularities are the key to the differences in their success; (c) the structure of regions is not a significant factor of the difference in their success, from which it may be concluded that regional structures do not significantly differ, i.e. that these differences are not so great as to significantly influence the differences in regional success.

In order to make these conclusions more distinct, the regions were ranked according to their success measured by the modified Boudeville typology of regions with respect to all three indicators: employment, fixed assets and GNP. The criterion for ranking was the number of successful or unsuccessful subperiods. The results of the ranking show that the observed interdependence is the most striking in employment, a bit less marked in fixed assets, and least in the case of GNP. Additionally, the differences between the most successful region and the least successful region are the most striking in regard to employment (the top regions have no unsuccessful subperiods, whereas the lowest ranking regions are successful in only one subperiod). The ranking of regions according to their performance in terms of employment growth resulted in the largest number of groups — six. Regional differences are narrower both in terms of fixed assets (there are four groups) and success (top regions have only one unsuccessful subperiod each, whereas the lowest ranking regions have two unsuccessful subperiods each). The smallest interregional differences were observed in regard to the GNP: there are three groups only, the top group consisting of two regions with two unsuccessful subperiods each and the lowest group consisting of four regions with three unsuccessful subperiods each.

A rather strong connection between the success of a region and its level of development in the case of employment and fixed assets (the less developed a region, the greater the increase of the two indicators) suggests that regional policy had a strong impact on the growth of production factors in underdeveloped regions, but also that it was primarily directed toward them. If we consider how important employment is for keeping the social peace, which is one of the major objectives of regional elites, it is obvious why this connection is the most striking in the case of employment. With respect to the growth of the GNP as an indicator of success, this connection is less noticeable. On the one hand, Kosovo-Metohia and Macedonia, the least developed regions, rank among the most successful ones, and Slovenia and Croatia, the most developed regions, among the least successful ones, still, on the other hand, the least successful regions also include Bosnia-Herzegovina and Montenegro, while central Serbia ranks among the more successful regions. This only shows that GNP growth is not merely dependent on the factors of production growth but that it is determined to a large degree by their usage upon which, in turn, the federal regional policy had no influence whatsoever.

## Efficiency: Shift-Share Analysis

Similarly, results of the shift-share analysis of labour productivity and the output-capital ratio show that: (a) there is a strong connection between a region's level of development and its success (measured by the difference between the regional and the average efficiency), here in terms of a positive correlation between the two; (b) the differential shift has a decisive effect on the success of regions, and its effect is positive with developed regions and negative with the underdeveloped ones; and (c) differences in the sectoral structure of regions have no significant influence on the differences in their success.

The developed regions fell into the most successful or predominantly successful regions, while the underdeveloped regions fell into the predominantly unsuccessful category. The differences between the most successful and the least successful regions are wide: in no year was the efficiency of successful regions below the Yugoslav average, while the efficiency of the least successful regions in no year exceeded the Yugoslav average.

In terms of labour productivity regions are grouped as follows: successful regions (Croatia and Slovenia), occasionally (un)successful (Vojvodina, central Serbia and Montenegro), and unsuccessful ones (Macedonia, Kosovo-Metohia and Bosnia-Herzegovina). In terms of fixed assets efficiency regions are grouped into successful ones (Slovenia, central Serbia and Vojvodina), occasionally (un)successful (Croatia and Macedonia), and unsuccessful ones (Bosnia-Herzegovina, Kosovo-Metohia and Montenegro).

Relatively minor differences in the sectoral structure of regional economies, i.e. the small influence of these structural differences on the differences in regional efficiency can be explained by an ambition of macroeconomic decision-makers of almost all regions to obtain, if at all possible, everything that Yugoslavia already possessed so that "one day" regions could function as sovereign independent states. Moreover, the completion of regional economic structures was carried out according to the overall Yugoslav model of socialist industrialization. The desire to achieve self-sufficiency, in the absence of either strong economic incentives or coercion which could induce radical structural changes, led, among other things, to the self-reproduction of the "original" economic structure of regions ("a little bit more of the same"). According to the law of inertia, in an environment dominated by seminatural, technological and "agreement-based" (arbitrary) investment criteria, with a lack of innovation and a strong aversion to risk, necessary structural adjustments fail to occur. Where there are no structural changes, there are no qualitative changes either. The absence of dynamism in institutional arrangements affected the structure of regional economies: a rigid system resulted in a rigid structure which, in turn, had a minimal effect on efficiency.

A comparison between the results obtained by ranking regions according to their efficiency and those obtained by ranking regions according to the achieved growth of production factors (employment and fixed assets) and GNP growth clearly indicates that there was a rapid growth of production factors in underdeveloped regions. This growth was made possible by an abundant inflow of capital. However, the way in which capital flowed into the regions (automatically and without any control by the donors over its use or investments efficiency) and the environment in which it was used (soft budget constraint, socialization of investment risks, zero or minimum price of capital, institutional and noninstitutional pressure from the unemployed population, etc.) inevitably led to nonproductive employment, i.e. inefficient investment. In other words, rapid growth of production factors in year *t* did not provide the basis for self-increase in year *t+1* but, instead, created a need for increased external capital in year *t+1* in order, first, to preserve the existing (inefficient) economy and, second, to ensure new (inefficient) growth.[9]

9 The result of the shift-share analysis are presented in full in: Часлав Оцић, *Структура и ефикасност. Регионална анализа компонената структурних промена и разлика у економској ефикасности у југословенским републикама и покрајинама*, Београд, Научна књига & Грмеч-Привредни преглед, 1994.

## Interregional Relations: Autarky

Interregional economic relations include the flow of traditional production factors (labour and capital), the flow of information, of technology, of goods and services, money flow, organizational linkage, as well as special forms of business cooperation. The volume and structure of interregional relations depended on: (a) the size of regions or their respective economic power; (b) the level of economic development of regions; (c) the proximity (or distance) of regions, and (d) the structure of regional economies. Since in Yugoslavia the exchange of commodities and services was the most prominent feature of interregional relations,[10] by observing it we can get reliable data on the changes in the interdependence of republics and provinces.

An increasing autarky of regions was the fundamental trend in interregional trade. In general, the most closed were the most developed and/or the largest regions. The process of closing was the most rapid in the least developed and smallest regions (with the exception of Macedonia), although they were unable to catch up with the developed regions since, initially, they had been very open in relative terms. Developed regions (Slovenia, Croatia and Vojvodina) were more open in deliveries than in purchases. Trade within this group, including central Serbia, was more intensive. Less developed regions generally traded more with developed regions, although in the observed period links between underdeveloped regions grew somewhat stronger (with the exception of Kosovo-Metohia) despite the general pattern of increasing closure.

The relatively high volume of trade among neighbouring regions confirms the hypothesis that proximity is an important determinant of the intensity of interregional trade. However, relations between bordering regions displayed a tendency to decline, while relations between remote regions grew relatively stronger. The best examples are the relations between Slovenia and Kosovo-Metohia and between Montenegro and Vojvodina.

The more developed regions (Slovenia, Croatia and Vojvodina) had a positive total trade balance. On the other hand, total trade balance of less developed regions (Bosnia-Herzegovina, Montenegro, Macedonia and Kosovo-Metohia) was negative. Central Serbia also had a negative total balance of trade. Thus, there is a noticeable regularity in terms of a correlation between the degree of a region's economic development and the number of positive (or negative) balances in transactions with other regions. Vojvodina's specific structure of production made it an active region in terms of trade with other regions almost without exception. Hence, the strongest influence on the volume and the balance of trade between regions was exerted by their levels of economic development.

## Some Other Results of the Regions' Development

With only a quick glance[11] at regional indicator values of those (economic and noneconomic) aspects of development that were not covered by quantitative analysis

10 Časlav Ocić, *Interregional Commodity Flows in Yugoslavia*, Paris, OECD, June 1991.

we can notice that, depending on the point in time we choose for our assessment, the data can be either the determinants or the consequences of growth. All indicators of demographic development display changes in accordance with the standard conception of modernization. Thus, for example, an increased number of households is accompanied by a decline in the number of household members. This rule applies to all regions except Kosovo-Metohia, where a rising number of household members occurred. Life expectancy for both males and females improved in all regions without exception. Some of these indicators, however, in terms of the magnitude of their change, also reveal a strong influence of the concept of socialist industrialization. A sharp decline in the percentage of agricultural population, from a factor greater than five (in Montenegro) to a factor greater than two and a half (in central Serbia), is unparalleled in the world. One of its consequences was that the percentage of the urban population more than doubled in all regions.

An increase in the relative significance of the GNP and the value of industrial fixed assets also speaks about the results of the development concept, which was understood to be industrialization. Thus, for example, in Montenegro, the share of the manufacturing industry in GNP in 1987 was more than seven times larger than in 1947, whereas on the Yugoslav level this share was more than twice as large as in 1947. The share of industrial fixed assets also rose considerably. Macedonia achieved the largest increase of industrial fixed assets, of some 70%. The ideological impact of this concept of development was reflected in the change of GNP's property structure. The share of the private sector in the GNP on the Yugoslav level fell 2.3 times from 1952 to 1990. The steepest decline occurred in Slovenia and central Serbia. In Slovenia the private sector's share in the GNP fell 2.7 times, while in central Serbia it fell 2.6 times. An increased share of exports in the GNP shows that the economy was opening up, while an increase in the relative importance of imports of raw materials and intermediate goods speaks of the increased import-dependence of the economy.

The change in the social development indicators also reflects an important egalitarian component of the development concept thanks to which special importance was attached to the social "superstructure." Thus, in 1988 the number of medical doctors per 10,000 inhabitants of Yugoslavia was almost six times greater than in 1952, with the highest increase occurring in Macedonia and Kosovo-Metohia. The number of doctors per 10,000 inhabitants increased by a factor of ten in Macedonia, and by a factor of nine in Kosovo-Metohia. There was also a great rise in the number of junior college and university students. The sharpest increase was recorded in Kosovo-Metohia with zero students per 1000 persons in 1947/48 school year, and as many as 19 in 1988/89, which represents the highest value of this indicator in comparison to other regions. In the observed period, central Serbia had the smallest, 2.5-fold increase in the number of students per 1000 persons. The living-standard indicators rose sharply as well. The proportion of households with a TV set was 47 times higher in 1981 than in 1961, and the proportion of households with a passenger car was almost 26 times higher. The rise

11 Fore more see Chapter IX in: Часлав Оцић, *Економика регионалног развоја Југославије*, Београд, Економика, 1998.

of these indicators was again the sharpest in underdeveloped regions, particularly in Kosovo-Metohia.

Underdeveloped regions invested enormous effort and resources into schools, hospitals, dwellings, the mass media and the like in order to become "modern." However, they were more concerned with quantity (indicators) than with quality. The expansion of social institutions involved a direct copying of the developed regions' behavioural patterns and systems of values ("demonstration effect"), which caused the "revolution of rising expectations," soon to be replaced, however, by the "revolution of rising disappointment and frustration." But the social dimension was not instrumental in bringing about the expected dynamics of the economic side of development. New rules of the game were equally visible in consumption: here as well, modernization fostered new needs and aspirations. Moreover, suddenly increased appetites for the consumption of "modern" goods and services created a profound dissatisfaction with traditional living conditions, especially in rural areas. The outcome is known: the mass exodus to industrial centres in urban areas. A shortage of the labour force in the agricultural sector was accompanied by huge urban unemployment. This imbalance had far-reaching consequences: a growing pauperization of the people who remained in rural areas and of those who were caught in the trap of chronic urban unemployment. Development through modernization (i.e. industrialization) resulted in income differences between individuals and social groups as well as between urban and rural areas. Under the circumstances — contrary to all expectations — economic and social dualism increased. Both types of dualism conspicuously manifested themselves in rising unemployment.

## Regional Development Costs: Ratios of Investment

The ratio of investment to GNP is taken as a synthetic (and simplified) representation of regional development costs. Over the 1952-1990 period the share of investment in GNP (the investment rate) varied considerably both by subperiod and by region, ranging from 86.2% in Montenegro in the 1952-1960 subperiod to 17.4% in Vojvodina in the 1983-1990 subperiod. The investment rate by year ranged from 117.0% in Montenegro in 1954 to 16.6% in Vojvodina in 1990.

For the whole period the average rate of investment in Yugoslavia amounted to 20.4%. In other words, an average one fifth of the GNP was spent on investment throughout the period. Above-average investment rates were achieved in Bosnia-Herzegovina, Montenegro, central Serbia and Kosovo-Metohia. The highest was the 29.7% investment rate of Kosovo-Metohia, and the lowest was the 18.0% investment rate of Vojvodina. The average investment rate was calculated cumulatively on the basis of GNP and investment in current prices. Although theoretically this is the best method of calculating average investment rates, in the case of Yugoslavia it considerably distorts the picture of the actual situation. The reason for this are extremely high inflation rates in the last decade of the observed period, which resulted in disproportionately greater weights being assigned to GNP in these years than in the previous ones. On the other hand, the last years were also characterized by a sharp decline in investment. Given all this, the average investment rate was low in proportion to the rates achieved before 1979.

In some regions the investment rate exceeded the upper limit that determines the so-called absorptive capacity of the economy. The maximum absorptive capacity is 40% of the investment in GNP. Particularly characteristic here are the cases of Montenegro and Kosovo-Metohia. The rate of investment for Montenegro exceeded the upper limit in all subperiods, except the last one, while that of Kosovo-Metohia fell below the limit only in the first and the last subperiods. In two years (1953 and 1954) investment in Montenegro even exceeded the GNP, while in 30 out of 37 years, more than 40% of GNP was spent on investment. The investment rate was above 40% in Kosovo-Metohia in 26 years, in Macedonia in 12 years, and in Bosnia-Herzegovina in 10 years. In central Serbia investment exceeded this limit in one year (1961). In other regions (Croatia, Slovenia and Vojvodina) in no year did the investment rate exceed 40% of the GNP.

The investment rate figures and trends by region clearly show the method by which regional policy was to achieve the declared objective: a rapid development of "the material base for productive forces" of all regions, along with a faster development of that of underdeveloped regions. Because of the inefficiency of investments, the investment boom under "soft budget constraints" (and universal arbitrariness), which peaked in the late 1970s, resulted first in the collapse of the economy, and then of the state.

## Interregional Income (Re)distribution

Undoubtedly, this process was also made possible by the mechanisms of interregional distribution and the redistribution of income. Their effects are aggregately shown and dimensioned relative to the key economic aggregate — the GNP. In this way, in addition to the structure, the total scope of interregional financial relations was also identified. Both in real and in nominal terms, only Kosovo-Metohia and Montenegro had a favourable balance. Other units (including the federation) showed a deficit. A deficit also occurred in the sum of payments and receipts prescribed by federal regulations. This widespread deficit financing, however, did not place all the republics and provinces in the same relative position. Some of the absolute losers turned out to be relative winners. These include Bosnia-Herzegovina (whose receipts stipulated by federal regulations, in relative terms, were one and a half times higher than payments) and Macedonia. The biggest absolute and relative losers were central Serbia and Vojvodina, followed by Croatia and Slovenia.

Total payments prescribed by federal regulations compared to GNP show (with the exception of Kosovo-Metohia and Slovenia) a relative regional uniformity — from an average of 10% at the beginning to 9% at the end of the observed period. On the other hand, total receipts prescribed by federal regulations relative to GNP vary, from between 1% and 2% in Vojvodina, to between 39.47% and 47.84% in Kosovo-Metohia. This reveals a considerable interregional redistributive effect. It is manifested either as a positive or negative balance of a republic or province and is then calculated as a percentage of GNP. Kosovo-Metohia had the largest inflow of federally prescribed funds, while Slovenia and central Serbia had the largest relative outflow. The country's total deficit, as that of most republics and provinces, tended to decline slightly up to 1987, but in 1988 it was again on the increase.

By using constant prices, the payments and receipts of republics and provinces under federal regulations have been aggregated for the 1981-1988 period. Over these eight years the largest outflow in absolute terms occurred in central Serbia (211,811 million dinars in 1980 prices), while the largest inflow was that into Kosovo-Metohia (112,501 million dinars). If we compare regional shares in payments and receipts of federal prescribed funds, Kosovo-Metohia is the biggest relative winner as well — its receipts are 12.14 times higher than its payments. Vojvodina is the biggest relative loser — its receipts account for only 37% of its payments.

Since this highly complicated and more importantly, conflict-causing process of "robbing-Peter-to-pay-Paul" produced more losers than winners, the final effect of this confused mixture of relationships is clear before all in comparison to the objectives that inspired their establishment.[12]

## (D)evolution

The efficiency of regional development, in the broadest sense, should be evaluated by the sum total of all the results and costs of a region's development. Besides investments that were essential for the achievement of certain results there were unnecessary costs as well. This wasteful spending, as a consequence of a negative politicization of regional development, particularly in underdeveloped regions, gave rise to social parasitism and led to a cultural disorientation in development and eventually, since the process was a lasting one, to the so-called parasitic involution.

The political monopoly of the Yugoslav communist party was one of the three main factors which determined economic policy in general and regional policy in particular. The other two were the federal state structure, mostly rooted in ethnic differences, and economic planning (of the command, indicative, pseudoindicative i.e. self-management agreement type). The debate about party control was focused on the principles of the party's organization (especially the principle of democratic centralism) under the conditions of legislative decentralization of society. The federal state structure raised two questions: of the distribution of power among the federation and federal units and of the distribution of power between regional and local authorities and economic enterprises. On top of the traditional debate about the relative efficiency of centralized *versus* decentralized planning mechanisms, economic planning opened the issue of the development priorities of certain republics and of the level and the objectives of regional policy.

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12 See: Časlav Ocić, "Former Yugoslavia: Regional Effects of the Redistribution of Federal Budget and Non-Budget Funds," *The Future of the Southeastern Europe: The Emerging Political Geography*, Liechtenstein Colloquium on European and International Affairs, November 17 to 19, 1995, Vaduz, Liechtenstein; and Časlav Ocić, "'Loosers' and 'Gainers': The Case of Former Yugoslavia," in: Р. Анђелковић (ред.), *Зборник радова Економског факултета Универзитета у Приштини*, Приштина, Економски факултет, 1997.

The evolution of the postwar economic policy reflects the quest for a compromise between and within the following dimensions of the political structure: centralized political and economic power was constantly in conflict with the legislative decentralization, the decentralization of corporate governance ("self-management socialism" gave rise to political promotion of the "autonomy" of the workplace), as well as with the distributive and redistributive regional policies. As this conflict proved basically unproductive, the compromise that was reached may be considered a "bad compromise" in Eörsi's[13] terms.

After many unsuccessful attempts the Yugoslavia of the 1980s was presented with the dramatic question of whether to become "a serious and responsible society" with clearly defined rules of conduct. In other words, the problem of a transition from a pseudo-political to an authentic (pluralistic) political condition presented itself. This also implied a transition from a pseudo-legal to a legal environment as well as from a pseudo-economic to an economic environment. The result was an open (previously latent) general crisis, whose integral part (or more precisely, mirror) was a crisis of regional development.

Does this mean that the fundamental, strategic objective of regional policy (an even regional development) was merely one of the (utopian) illusions of a revolutionary and ideologized society? The illusion was dispelled when the external sources of finance for the Yugoslav "experiment" dried up and the issue of postrevolutionary normalization[14] was placed on the agenda. Indeed, two questions, stripped of their regional or rather regionalist cloak, in which they had frequently been wrapped throughout the postwar period, were brought out into the open:

(a) What is a republic — a region or a national state?
People living in a republic developed a consciousness about their territory as a political entity, since their region was either once an independent state or aspired to become. Additionally, the republics had legal guarantees for this, especially under the 1974 Constitution. Moreover, the self-assertion of republics was reinforced by autarkic practices stemming from Stalinist and Kardeljist economic theories.

(b) What is Yugoslavia — a common and lasting framework for answering the "national questions" of Yugoslav nations or a provisional establishment, a waiting-room in which everyone was hoping to grab an opportunity for their separate solutions or the achievement of "thousand-year-old dreams" of state sovereignty?

All this had already been strikingly evident (particularly since 1965) in the philosophy of regional development in the form of: (a) a refusal to accept the need for regional policy on the federal level; and (b) double standards — one regional logic was applied on the federal level, another on the republican. An illustrative example is the operationalization of equality as the principle that underlied the long-term, strategic goal of regional devel-

13 Иштван Ерши, "Луди дани младог Маркса," *НИН*, 31. август 1986.

14 Susan Lampland Woodward, "From Revolution to Post-Revolution: How Much Do We Really Know about Yugoslav Politics," *World Politics*, 1, 1977.

opment. With reference to territory and space this goal was defined as an evenness of regional development, while with reference to the citizen, social or ethnic group — as equality. How was territorial, national, social, civil (or whatever) equality to be achieved through instruments and objectives of regional policy? With great difficulty, of course, particularly insofar as, by an impossible simplification, the republic, nation and state were equated. What were the chances of achieving national equality on the part of the members of the Yugoslav nations who lived outside the "mother" republic, especially when they were unable to act as subjects on the level of the collective?

## Regional Convergence or Divergence?

A good illustration of this is the results of a quantitative analysis of the extent to which the objective of interregional equality was achieved. Unlike Williamson,[15] whose international comparison of regional disparities was made in terms of *per capita* GNP only, here we have included employment per 1000 working-age inhabitants and fixed assets per working-age inhabitant — with $V_1$ and $V_2$ being measures of relative regional differences, and M a measure of absolute regional differences. Moreover, $V_1$ is a weighted measure of regional differences, since squares of the deviations in regional indicator values and indicator values for Yugoslavia are weighted by the share of working-age population or total population in the corresponding aggregate at the Yugoslav level. The measure of absolute differences is also a weighted quantity, with the weights being the same as in the calculation of $V_1$. In order to determine the pattern of regional differences over the observed period (1952-1990) each series of obtained values was regressed with relation to time, i.e. the trend functions were estimated. For each series of values of regional differences we specified and estimated three basic functional (co)relations, with time as an independent variable: linear, log-linear and semilogarithmic. The criterion by which a trend function for each series of values of the dependent variable was chosen was the statistical significance of the estimated parameter ß and the statistical significance of the estimated function measured by the coefficient of determination.

The trend of regional differences in employment per 1000 working-age inhabitants in terms of the $V_1$ measure shows several subperiods. From 1952 to 1961 regional differences in employment fluctuated following a downward trend. From 1961 to 1964 they were on the increase, then from 1964 to 1972 they fluctuated again but followed no marked downward or upward trend. From 1972 to 1979 a constant growth in regional differences was observed, and from 1979 to the end of the observed period (1990) they decreased each year. It is this continuous decline in regional differences over the last nine years that mostly determined the downward trend for the whole period. From the type of trend function (a semilogarithmic one) it can be inferred that relative regional differences in employment per 1000 working-age inhabitants measured by $V_1$ were rapidly decreased over the whole observed period (1952-1990). A similar trend of relative regional differences was obtained for the $V_2$ indicator. There is also a significant de-

15 Jeffrey Williamson Jr., "Regional Inequality and the Process of National Development: A Description of Patterns," *Economic Development and Cultural Change*, 4, Part II, 1965.

crease in relative regional differences. Here again, the type of trend function shows an accelerated decline in relative regional differences. However, the estimated value of coefficient ß in this function is smaller than in the case of the $V_1$ indicator, as a logical result of the fact that the $V_1$ indicator was calculated by weighting the squares of deviation.

The trend of relative regional differences in the value of fixed assets per working-age inhabitant measured by both indicators ($V_1$ and $V_2$) clearly shows two subperiods. In terms of $V_1$, relative regional differences decreased over the first subperiod (1952-1971), but then increased over the second subperiod (1971-1988). The trend of relative regional differences over the first subperiod is best described by the semilogarithmic trend function, which means that these decreased at a diminishing rate. The trend of regional differences over the second period is best described by a linear trend function, which means that differences increased at a constant rate ß. In terms of $V_2$, however, as early as 1967 the trend of relative regional differences in the value of fixed assets reversed. They had decreased up to this year, and then started to increase. The trend of relative regional differences over the first subperiod (1952-1967) is best represented by a linear trend function, which suggests that differences decreased at a constant rate ß. A linear trend is also characteristic for the regional differences over the second subperiod (1967-1990), but the value of the estimated parameter ß is positive, which means that differences widened by a constant coefficient. But when the whole period is considered in terms of both indicators ($V_1$ and $V_2$) the downward trend of relative regional differences per working-age inhabitant prevails. In both cases trends are best depicted by the semilogarithmic trend function, which indicates that over time regional differences decreased at a diminishing rate.

Relative regional differences in GNP per capita clearly follow an upward trend, either measured by $V_1$ or $V_2$. In both cases this trend is best described by the semilogarithmic trend function with the logarithmically computed dependent variable. This means that relative regional differences in *per capita* GNP widened at an increasing rate.

In regard to absolute regional differences in employment per 1000 working-age inhabitants there are four subperiods with different tendencies. During the 1952-1964 subperiod absolute differences increased, during the 1964-1971 period they decreased, then increased again in the 1971-1979 period. Finally, from 1979 to 1990 they diminished year by year. When the whole (1952-1990) period is considered, absolute differences in terms of this indicator clearly demonstrate a downward tendency. This is confirmed by the estimated function of the semilogarithmic trend, according to which absolute regional differences in employment per 1000 working-age inhabitants diminished at an increasing rate.

However, absolute regional differences in the value of fixed assets per working-age inhabitant display no common tendency for the observed period as a whole (1952-1990). This is confirmed by an insignificant value of a parameter estimated against time in all trend functions which were estimated for the entire period. There are four subperiods. First, from 1952 to 1954, when differences grew at a constant coefficient; second, from 1954 do 1962, when differences declined at a constant coefficient; third, from 1962 to 1974, when the absolute differences between regions increased; and fourth, from 1974 to 1990, when absolute differences in the value of fixed assets per working-age inhabitant increased again, but faster than in the preceding subperiod.

In terms of *per capita* GNP as an absolute indicator, regional differences have the same trend as in the case of the $V_1$ and $V_2$ indicators. Namely, absolute regional differences also display an upward tendency over the whole period (1952-1990). Judging by the form of the trend function that best describes the tendencies in these absolute differences, the latter rapidly increased.

Results of the analysis show that both relative and absolute regional differences in employment and fixed assets declined during the observed period. Moreover, the decline of differences in employment was steep, while in fixed assets it was gradual. In the last decade, however, both absolute and relative differences between regions in terms of fixed assets increased. In terms of GNP, both relative and absolute differences rapidly widened during the entire period observed.

## Equality: The Failure of the Positive Discrimination Model

In principle, the Yugoslav system belonged to an egalitarian model, because it "generalized equality in production relations into a global principle of societal organization." In its initial stage, the state-administrative concept of equality was dominant: economic equality was seen as an expansion of state property. The introduction of self-management, of "socialist commodity production" and the growing importance of the national state were accompanied by shifts in emphasis regarding the attainment of egalitarian objectives. In addition, there was a change in the level of operationalization of these objectives, i.e. in their implementation.

At regional levels this implied a change in the conception of Yugoslav regional development. Until 1965 there had been several attempts to formulate Yugoslav regional policy. From 1965 Yugoslav regional development was seen almost exclusively as "the development of republics and provinces." Besides, on the federal level only less developed republics and provinces were the focus of attention. Somewhat later (after 1970, when more attention was being paid to territorial evenness within federal units) the same principle was applied on the intraregional level (as a rule, only underdeveloped municipalities /"communes"/ were given aid). Since policy was not conducted on the societal level, strictly speaking there was no socialist model of interregional equality. In East European countries and USSR all regions were covered by regional policy. On the contrary, in the developed countries of the West regional policy is focused on the so called "critical" (or "problem") regions. Thus, regional policy is only "a corrective" — it is not comprehensive as is the case with collectivist societies.

In the case of Yugoslavia, in regard to the regional issue, the existing model was a hybrid rather than a strictly egalitarian one. In addition to the case mentioned, its hybrid character is explicit in another important segment of the policy of regional equality. Namely, the equality of chances and conditions on the regional level implied an equalization of the "productive forces" of unevenly developed regions, i.e. a transfer of capital to underdeveloped regions and above average growth of (productive) employment there; equal participation in results, however, implied a reduction of regional disparities in terms of *per capita* GNP. The latter, "eclectic" feature of regional policy combined a "civil" concept of equality (as equality of conditions) with a Stalinist "naturalist" concept of development as a quantitative growth of all productive forces. In the USSR, at least conceptually (and in practice) the socialist concept of equality (as equal participation in results) was consistently pursued: people should have equal living standards in whatever region they lived. At the same time, productive forces could grow at different rates, which meant that, guided by economic logic, regions should make the best use of their comparative advantages and thus enable the optimum distribution of productive forces throughout the country.

Example of inconsistency in the conceptualization and the practice of Yugoslav regional development may also be illustrated by the applying of double standards in regional policy. Whereas interregionally the egalitarian principle was pursued, with constant requests for resources to help redress regional disparities, within regions, contrary to proclamations, the more developed parts (municipalities) were given priority while the less developed were marginalized.

The principle of evenness at first operationalized as "a rapid development of all accompanied by a faster development of underdeveloped regions" subsequently implies a quantification in the form of concrete (planned) targets. Since there was no institutional (before all, market) test of regional development efficiency and the underlying principle was the ("natural") dialectic that quantity (automatically) brings about quality, i.e. that growth generates development, the choice of quantitative representation of regional development objectives was understandable. In principle, the stronger political pressure there was for quick, direct, and tangible results of development, the more marked were the preferences for quantitative representations of development objectives. An illustrative example is the way in which development objectives of less developed regions were formulated in medium term federal plans: as a rule, the less developed a region was, the greater were its development aspirations. Under the circumstances, quantitative dimensions were the focus of attention because they were usually more visible. The more visible they were, the higher was their significance as symbols of development. Yugoslav regional (and global) development is a striking example of symbolic modernization. The way in which objectives were formulated also show that the policy of regional development was to a great extent symbolic instead of leading to actual (qualitative) changes. First to be financed were "prestige projects" and an illusion of "exuberant" growth was created, while behind that facade, in the absence of effective control, there usually flourished corruption and various sorts of theft. Elements of parasitism grew stronger, the social climate was redistributive (the welfare effect of investment came first) rather than productive (the productivity effect was neglected). Under the banner of equality pure and simple redistribution in favour of parasitic social strata took place, usually in the "grey zone," outside public control, brokered by the regional *nomenklaturas*.

Mechanisms for transferring resources from developed to underdeveloped regions were also inconsistently conceived: the collection of transfer resources was centralized (through the Federal Fund), whereas the way in which these resources were used was decentralized (any control of their use was considered a violation of republican/provincial sovereignty!). This further reinforced the autarkic practice which was a logical consequence of the (Stalinist or Kardeljist) "metaeconomic" theory. Such a transfer mechanism, however, was the cause for dissatisfaction on both sides: among the donors as well as among the receivers of funds. The more developed regions objected to the high priority given to interregional redistribution, while the less developed regions defied the growing tendency towards the application of distributive criteria (particularly of profitability) in investment evaluation and fiercely opposed the very idea of control over the use of transferred resources.[16]

The model of "pooling labour and resources" (directly and through the Federal Fund) is a good illustration of how the illusion of regional development problem solving was produced. First, the illusion was created that there was harmony at micro and macro levels, while any arising conflict was suppressed by overregulation instead of being openly and clearly articulated and effectively resolved. Behind an apparent absence of conflicts, the inner conflict escalated to the extent that it had to be resolved in the Clausevitzian way — by violence. The violence, in turn, completely delegitimated the system and its *nomenklatura*.

Thus, in the end, the much praised quality (a peculiarity bordering on unparalleled originality, unique authenticity) of Yugoslav regional and global development proved to be only a fragile illusion which was dispelled quickly but not painlessly. This was preceded by the activation of built-in destabilizers so that it could plausibly be argued that the disintegration was a planned process. Namely, since its establishment Yugoslavia was constantly plagued, either disguisedly or openly, by various national strategies for the break-up of the federal state: for some of its nations Yugoslavia was a final solution, whereas others considered it only a transitory framework, a waiting-room in which they stuck to their own, separate solutions. Therefore, the policy of regional development was to a great extent a policy of investing in ethnicity and state sovereignty, i.e. in national independence which was often (naively) believed to be attainable through economic independence. While opting for economic isolation from the rest of the country, the separatist republics tended to open up politically, primarily by "appealing" to an international factor to take "democratic" control. The "xenofiles" with separatist inclinations tended to internationalize "their" cause, lacking the power to achieve their "thousand-year-old dream" of independence. On the other hand, the xenophobes that remained in the existing state ignored the importance of the international factor and therefore paid a much higher price in defending and safeguarding their vital interests.

16 Fred B. Singleton, "The Economic Background to Tensions Between Nationalities in Yugoslavia," in: W. Gumpel & D. Keese (Hrsg.), *Probleme des Industrialismus in Ost und West*, München, 1973; Časlav Ocić, "Kosovo and Metohia: Investing in Ethnicity," paper presented at the International Conference "Diverse Cultures Interacting within Monolingual and Multilingual Societies," Chiba University, Japan, December 18-21, 1997.

## "The National Question" and Nationalism

In single-party mobilizational systems — such as the Yugoslav system after 1945 — interregional policy, or any other policy, cannot be dissociated from its ideological underpinnings. This is particularly true of interethnic and interrepublican relations, whose framework and direction was set by an explicit, full-fledged national politics derived from the Marxist-Leninist ideological postulates of the system. Lenin argues that "all definitions in general have only a conditional and relative meaning," and so does the definition of nation, particularly with regard to its dialectical-historical connections with class and society. These connections are not defined by any universal rule. Labour parties are entitled to "differentiated" political strategies, Lenin points out. So, labour parties of an "oppressive nation" are entitled to insist upon the "right of an oppressed nation to secession," whereas the labour party of "an oppressed nation" should insist on "the right to unification." A big nation has to accept a certain inequality in relation to a small nation. In this way, it would give up the advantages that it unjustifiedly gained during the previous period of historical development as well as the advantages stemming from the mere fact of its numerical superiority to small nations. The right of each nation to self-determination, uncompromisingly defended by Lenin, coincides with the interests of the proletariat, i.e. of the communist revolution. The latter has international aspirations and in this regard the "national question" itself becomes a global issue — it is directly associated with the establishment of the Communist New World Order. Therefore, wherever nationalism is subversive of an existing (noncommunist) order, "the right of oppressed nations to self-determination" should be "unwaveringly" supported. For Lenin, national self-determination means "political self-determination, the right to secession and establishment of an independent state." The right of a nation to self-determination, according to Lenin, is an uncompromising principle of political democracy. But it also means a *complete equalization* (?!) *of nations* in terms of economy, culture and education. In a multinational community, with markedly uneven development, "under socialism," this implies an active policy of national equality, in other words a considerable redistribution of the "conditions and results" of development or, in regional policy terms, an "even regional development."

Despite assertions of official ideologues that the politics dealing with the national question was consistent at least since 1925, several stages in the development of the Yugoslav communists' national politics are noticeable.[17] These are: (1) 1919-1923: defence of centralism and unitarism, the concept of the three-name (Serbo-Croat-Slovene) people; (2) 1923-1928: internal disputes between the left wing and the right wing of the Party; (3) 1928-1934: the period of the Comintern, marked by the Comintern order to split Yugoslavia into separate, ethnically homogenous national states; (4) 1934-1943: recognition of the right to national self-determination, coupled with the desire to preserve the unity of the socialist Yugoslavia; (5) 1943-1964: federalism characterized by the disjunction of the republics and nations, and the more implicitly than explicitly

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17 Драган Суботић, "Комунистичка партија Југославије о федерализму 1918-1941," *Гледишта*, 3-4, 1991.

formulated idea of Yugoslavism; (6) 1964-1974/1992: dismissal of Yugoslavism and the identification of nations with republics and, consequently, of interethnic with interrepublican relationships; and (7) 1974-1992: consensualism and the disintegration of the state.

The idea of national economies (i.e. economies of republics and provinces in which national working classes — through their /party/ states — freely use their national surplus values) emerged in the "sixth stage" of the evolution of the Party's national politics, beginning in 1964 when the 8th Congress of the League of Communists of Yugoslavia laid the ideological foundations for the identification of nations with republics, i.e. of interethnic with interrepublican relations.

The idea and the practice of "national economies" was accompanied by a variety of ideological rationalizations. Two fundamental attitudes that provided plausible grounds for republican and provincial economies to become "national economies" were: (a) that "national economies" ... "are a safeguard against unequal relationships and against any attempts at exploitation" (Hasan Hadžiomerović[18]; and (b) that "national economies" promote national independence and state sovereignty. Thus, the economy was defined in strictly functional terms, in terms of promoting state sovereignty: the completion of protected economic structures of republics and provinces, i.e. the creation of "national economies," "springs out of a natural need to secure the strongest and safest possible foundation for the economic independence implied by sovereignty" (Hasan Hadžiomerović[19] ).

The degrees of external dependence and of autarky, however, did not prove to be inversely proportional, as was believed by the break-up theorists. That dependence and autarky are not mutually exclusive (i.e. that autarky is no remedy for dependence) is illustrated by numerous examples of underdeveloped countries whose dependence has grown shifting from consumer goods to production goods. As imports and particularly technological dependence increased, so did the overall dependence. Also, dependence is usually associated with the market as — in Marxist terms — an exploitive institutional mechanism *per se.* Did the market enable transfers of income from underdeveloped to developed Yugoslav regions? Perhaps it did, inasmuch as the market existed. It should be noted that in Yugoslavia certain functions of the market (the allocative function, for instance) were hardly ever performed. The market was parcelled: interrepublican trade kept declining. Actually, there was no single Yugoslav market for goods, let alone for factors of production. Besides, developed regions (potential exploiters) and underdeveloped regions (potentially exploited) were closing their respective regional markets with an almost equal intensity.

In the case of Yugoslavia one could hardly speak of a classic (market) exploitation, in view of the fundamentally anti-market orientation of the system in all its forms — from the centrally planned to the consensual. Exploitation was a matter of position and

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18 Хасан Хаџиомеровић, "Елементи економске теорије регионалног развоја," in: К. Миљовски et al. (ур.), *Неравномерни економски развој у економској теорији и пракси*, Скопје, МАНУ, 1980.

19 *Ibid.*

status, involving, first, the monopoly to create institutions and, then, the very place in the power structure. As the power centres were mostly located in the sphere of politics rather than of the economy, the crucial role in both social and regional (national) exploitation was played by the privileged social groups, republics and nations.

The domination of political over economic sphere, from the point of view of Yugoslav regional development, manifested itself in the strong action of the political oligarchy of the loosely connected federal units towards an increasing closure of the republican/provincial economies. Republican *nomenklaturas'* insistence on the creation of six "national" economies meant an anachronic, antidevelopmental fragmentation of the Yugoslav economic (and not only economic) space. The creation of "national" economies provided the basis for a qualitative change in the organization of the state: the creation of several independent, sovereign states *vis-a-vis* the federation.

The process of putting into practice the concept of national economies (with corresponding autarkic tendencies) led to a continuous slowdown in Yugoslavia's economic growth, its diminishing competitiveness and growing dependence. Concurrently, the process was a source of constant political instability and harsh conflicts. The concept of national economies brought diverse "passions" into the economic sphere, which more than any other sphere should be ruled by reason. So, this sphere (otherwise the primary, and in developed countries almost exclusive source of conflicts of interests) lent additional strength to an already strong and objectively determined secondary line of conflicts (race, religion, nation and language) so characteristic of developing countries.

The two ideological and political cornerstones of the post-war Yugoslav "commonwealth" were the following: (a) that the socialist society solves the problem of uneven (economic) regional development, unsolvable under capitalism; and (b) that only socialism makes national harmony and equality possible. Was the regional problem solved (or at least alleviated) in the socialist, federal republic of Yugoslavia? Were national equality and harmony achieved? The answer is definitely negative: Yugoslavia's development after 1945 and after 1965 showed the end of the path of a road of decentralization without democracy and without efficient mechanisms of economic cohesion, with an arbitrary interregional redistribution and a permanently suboptimal global allocation of resources. The heightening effect of centripetal forces led Yugoslav economy, state and society, etc. into disintegration, eventually taking the form of an explosion.

The role of nation and nationalism in the break-up of Yugoslavia is twofold. It has its (a) international and (b) internal aspects.

In more recent history, because of its subversive nature, nationalism has been the most suitable vehicle for breaking up large (especially multi-national) states. Today, the leading actors in world politics use it, before all, to dismantle the Soviet (communist) empire. Here, Yugoslavia served as guinea pig for testing the mechanism of the New World Order (NWO). In the vocabulary of the NWO protagonists both the Russians and the Serbs are referred to as expansionist and conquering, i.e. as imperialistic ("oppressive") nations. This is not the only correspondence between the NWO and Marxist-Leninist (communist) terminologies. The latest NWO, like communism, also has planetary ambitions and, in its purpose and essence, though not in terminology (which is democratic), is equally revolutionary, because the change is so universal and radical that it can only be effected by force. Therefore it is concerned neither with legality nor with legitimacy. The fight against communism is used as a justification for secessionism — anticommunism is an alibi not only for separatism, but also for various kinds of selective (inconsistent, i.e. *ad hoc*) foreign intervention. The NWO means a victory of the bourgeois principle over the proletarian principle and therefore nationalism is always supported because it is now primarily anticommunist in nature. The New World Order uses nationalism to score a victory over communism but, fundamentally, not to promote the nation, but rather to negate it. Just as the nation (nationalism) is a temporary aid to the proletariat in its struggle against capitalism and for the Communist New World Order, so is it to the Anticommunist New World Order. The New World Order is, thus, not only anticommunist but also antinational (it advocates "a confederation of regions," which is why it is being introduced into the "Old Continent" as "the Europe of regions").

## Separatism: Economic and Political

Within Yugoslavia, the various nationalisms were used, on the one hand, as an ideology of separatists, and as a demagogy of (rather caste than crypto-communist) "elites", on the other. They used it to mobilize their "own" national "masses" and confront them against others for the purpose of preserving and strengthening their own power. The ideological heritage of (Austro-)Marxism[20] provided many good ideas for the "nationalization" of socialism and communism (in the form of national-communism) so that for the "new" ideologues (Kardelj and the like) it was not difficult to devise different varieties of Marxist, socialist, self-management, etc. doctrines that were in line with different stages of the "building the socialism." At the end of this road there opened a question of whether these were stages in the progress of the socialist society or stages in attaining strategic goals of the national development of various Yugoslav nations.

Differences in traditional national programmes occasionally manifested themselves in the form of "crises of growth" (e.g. around 1970). In the 1990s, previously carefully hidden behind the screen of communist, socialist and self-management phraseology, the long-term strategies of the secessionist nations (in the first place the Slovenes and Croats) dramatically came to the fore, or, in other words, the last stage in the achievement of national goals and interests was launched. Victory in this stage is usually won by the cunning of the secessionist political mind, strongly supported and aided by a foreign factor. However, it seems that the internal factors of the break-up were dominant, at least in the initial stages of the process. At the beginning, actions of the foreign factor were discreet, but then acquired a more direct form of supporting the integration of some parts of Yugoslavia into (Central) Europe (Alpe-Adria), ending in military assistance to the secessionist Yugoslav nations and even with a threat of international armed intervention against "uncooperative" Serbs.

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20 Руди Ризман, *Марксизам и национално питање.* Београд, НИЦ ССОС, 1987.

For Marxists, revolutions were national in their form and class in their content. Yugoslav separatist (r)evolutions (except in their final stages) were "class" in form (ideology), and national in content. But did they, in the Yugoslav case, imply only a victory of the national idea or of the communist idea (as well)? The boundaries of the newly emerged states are communist, and so was the idea of achieving national "equality" through secession. It should be noted here that objections pointing to the risk of the disintegration of a state were overruled by Lenin with the following question: "from the point of view of democracy in general, and of the proletarian movement in particular,"... "is there any freedom greater than the freedom to secede, freedom to create an independent national state?" In the Yugoslav case Lenin's concept of the right to national self-determination, ultimately seen as the right to secession, prevailed over the current Western ("civil") concept of this right as the right to choose the type of government within ("inviolable") state borders. With a triumph of the Leninist concept of the right to national self-determination, that is with a triumph of the separatist revolution, the Yugoslav state collapsed and so did Yugoslavism as a pseudoreligious zeal.

It is usually thought that a growing region-centre disparity should for the most part be attributed to economic exploitation, with the region being the victim. Schumacher argues that it is "the normal case... that the poor provinces wish to separate from the rich, while the rich want to hold on because they know that exploitation of the poor within one's own frontiers is infinitely easier than exploitation of the poor beyond them."[21] It is undoubtedly true that a separatist movement is very strong in regions that lag behind average the economic development of the country of which they are part. Hansen points out that economic backwardness of poor regions should not be equated with their exploitation by the rich, particularly because the latter usually subsidize the former (in many different ways). Therefore an analysis of exploitation costs suffered by a given region and of its benefits from subsidies could reveal whether it is a "loser" or actually a "winner." Because, according to Hansen, in region-centre disputes it is likely that the major issue will be regional equality rather than global efficiency.[22]

This is also true for the cases when the rich regions believe that they are being exploited by the poor regions. However accurate the cost-benefit analysis of interregional relations, it cannot solve the problem of interregional conflicts by itself. Namely, whether subsidized or exploited, a region may strive for independence for non-economic reasons. Actually, regions with strong separatist movements are characterized by a cultural identity which their inhabitants want to preserve. Most often, the question of cultural identity is intertwined with the economic motives for separation, combining into a more general question — that of power.

In the attainment of a non-economic goal of separatism, besides formulating political arguments in favour of separatism, often used are economic problems that have a great significance for decision-making connected with political choice. When a struggle

21 E.F. Schumacher, *Small is Beautiful: A Study in Economics As If People Mattered*, London, Blond & Briggs, 1973.

22 Niles Hansen, "Economic Aspects of Regional Separatism," *The Regional Science Association Papers*, Vol. XLI, 1978.

for separatist status is only politically motivated, the cost of separation and the possible adverse consequences for a given region are not much of an issue. It is believed that in the case of strong political will for independence considerable economic sacrifices are acceptable. The economic consequences of independence are usually taken to be relative or even irrelevant when politics prevails over economy, and particularly if separation is taking place in a subsistence (more precisely, seminatural) rather than a market economy, as was the case with Yugoslavia.

The political and economic objectives of separatism are often incompatible, partly because very few separations in history have been achieved by "consensus" (they have mostly been characterized by bloody wars, the costs of which in terms of material destruction and human lives should also be charged, contrary to usual practice, to separation accounts). Another form of incongruity between the economic and the political objectives of separatism is that, even when a region achieves political independence, it remains dependent in trade, in putting joint ventures into operation etc. because of the previously established relationship of technological and economic interdependence between regions. That is why secession is often preceded by a policy to decrease dependence through a geographical redirection of economic flows or through increased self-reliance (autarky), coupled with a kind of a general self-segregation which, under a widespread political arbitrariness, appears to be an easier and faster road to independence. That a "break-up" and independence are not positively correlated is illustrated by numerous cases among which, as we have already shown, the Yugoslav case is very striking. A "fast and easy" road relatively quickly shows its real costs. And thus a need arises for a (relative) decline in real income to be increasingly compensated by the so-called psychic income (Albert Breton[23] ).

## Federalism

Multiethnicity has served to justify the establishment of federalism in Yugoslavia. Federalism as a method of solving the national question (in the Leninist model) was the reason for the reconstruction of Yugoslavia on federal principles in 1943, which was confirmed by constitution of January 31, 1946, after the Communist Party of Yugoslavia took power by revolution in 1945. Such a "solution" is also rooted in the Party's interwar conception of the national question. The Comintern spirit based on the idea of breaking-up Yugoslavia was to mark almost half a century of Yugoslavia's history. This idea, following a systematic political, legal, economic, cultural and media groundwork, would finally be implemented through enormous violence.

After 1945, several federal projects were tested in Yugoslavia. Yugoslav federalism was becoming increasingly formalized in procedure, ever more complex, rigid and inconsistent, and thus less and less practicable. In the final analysis, of all its potentially strong and weak points, federalism in Yugoslavia displayed more of the latter.

In the Yugoslav case, federalism based solely on ethnic principles (introduced in the 1960s) could have functioned only if the complex, heterogenous Yugoslav reality

23 Albert Breton, "The Economics of Nationalism," *The Journal of Political Economy*, 4, 1964.

was simplified to such a degree as to equate ethnic and republican boundaries, despite the fact that they rarely coincided. So simplified Yugoslav federal system — devised along ethnic lines — fixed the borders, directed the communications system, set the patterns of economic life, defined the limits and the directions of population movements, established the parameters of political life and political conflicts.

This type of federalism proved to be an inefficient mechanism for resolving conflicts and managing crises. Federalism based on regionalist principles was not given an opportunity to display its qualities. It was constantly under ideological attacks as being a disguised unitarism, hegemonism etc. Thus, for example, a proposal made in the 1950s that Yugoslavia, according to the principles of economic geography, should be divided into four macroregions did not stand a chance of being seriously considered by the political factors. Any subsequent hint at the possibility of introducing federalism based on regional and developmental criteria was condemned as "an attempt at restoring *banovinas*" (multiethnic administrative subdivisions of Yugoslavia before 1941).

The 1974 constitutional model of federalism was implemented and institutionalized on the basis of plural national sovereignty which, "being confederally intact, sucked into its realm every issue raised at the federal level. Thus, in Yugoslavia, all issues of development, modernization, new technology, information systems, democratization etc., by the sheer manner by which they were raised and resolved, were turned into vital national questions and thereby into official interethnic disputes" (Slobodan Samardžić[24] ).

All things considered, federalism in Yugoslavia could not but fail: sham democracy in a (withering) state without the rule of law, with a seminatural inefficient economy, an absolute "ethnicization" of all relationships and the negative politicization of each and every question could only result in a "façade federalism." Consequently, what failed was not "real" but distorted federalism. It did fail, but was the federalist idea, the idea of democratic federalism defeated in Yugoslavia? If all the preconditions for constitutional and democratic federalism had been satisfied, would Yugoslav federalism have been able to resolve the question of "plural national sovereignty," which, indeed under extremely unfavourable conditions, it has thus far failed to do?

## A Long Journey from Utopia to Dystopia

The Yugoslavia established in 1918 and reconstructed along federal lines in 1943 is gone. The circle is closed. It was a long journey from positive to negative utopia (dystopia): from a nonexistent place to a bad, grim one. Dystopia is a common designation for the postcommunist chaos and the post-Yugoslav chaos. With the collapse of the Titoist regime, the federal state also collapsed (because it was an ideological, party-based and not the legal state). The ideology was utopian; thus Yugoslavia (un)justifiably(?) shared its destiny.

Would the destiny of the second Yugoslavia have been the same independently of this? In other words, was the first Yugoslavia utopian as well? It was also an ideological

24 Слободан Самарџић, *Југославија пред искушењима федерализма*, Београд, Стручна књига & Институт за међународни раднички покрет, 1990.

state, based on an idea of an integral Yugoslavism. Therefore, it also was a forced community, an "amalgam" produced primarily by ideological coercion. Yugoslavia as an unforced community could, in principle, be established as a community of interests, of probably loosely connected parts: democracy within it could work, because, as Kielmansegg argues, it can only endure a plurality of interests, to a lesser extent a plurality of values, but almost to no extent a plurality of identities.[25] Can Yugoslavia survive as a voluntary spiritual community? A positive answer presupposes the existence of a Yugoslav nation, that is a Yugoslav national (spiritual) identity, since experience tells us that only a nation is a spiritual community.

Was there a Yugoslav "we"-consciousness? It is evident that since 1918 there have been different perceptions (and different projections) of Yugoslavia: it turned out that some nations saw Yugoslavia (and subsequently communism) only as a vehicle for achieving some other (national-strategic) goals, whereas for other nations Yugoslavia was a utopian ideal. The fall of communism in Eastern Europe provided the former with an opportunity to implement their strategic ideas (a sovereign state and national independence), while the latter saw Yugoslavia as the "final" solution.

Was the break-up of Yugoslavia chiefly caused by external factors, or should most of the blame for Yugoslavia's exit from the historical stage be laid on internal factors? There are those who argue that "Yugoslavia was created by Europe" (Milorad Ekmečić), implying that Europe can also destroy it if it so chooses, and others who find that internal events have played the crucial role. According to the latter, all that happened in Yugoslavia from 1918, to 1929, 1934, 1937, 1941, 1943, 1945, 1964, 1968, 1971 to 1974... inevitably (?) led to what happened in 1990, 1991 and 1992. This article is not designed to analyze either the underlying or the immediate causes of current events on the territory of the former Yugoslavia. But, despite the absence of a "historical distance," it seems that the thesis proposed at the beginning of this article about the importance of the regional problem has been confirmed: the regional problem was dramatically interrelated with the major issues of a multinational, federal, socialist community; thus, the study of the former has undoubtedly provided a clearer perception, explanation and understanding of the latter.

The Yugoslav pendulum swung ever closer to the point of disintegration, built-in "destabilizers" were activated, the (un)planned collapse of the state took place. This break-up was significantly facilitated by the regional policy, particularly by the formulation and operationalization of regional development goals. But the regional policy itself (and the way in which its goals were set) undoubtfully was a result of the action of other, deeper and more powerful forces.

Yugoslavia has disintegrated into several smaller states. Many problems of the former state will be passed on to the newly emerged states. And these also are now faced

25 Peter Graf Kielmansegg, "Wieviel Pluralismus verträt die Demokratie?" Paper presented at the conference on political pluralism organized on November 1, 1990 in Belgrade by the German Cultural and Information Center (Published in Serbian as: "Колико плурализма подноси демократија?" *Гледишта*, 3-4, 1991).

or will be faced with problems of regional development, federalism, interethnic relationships...

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## Appendix*

**Table 1**

**YUGOSLAVIA (JUG), ITS REPUBLICS AND PROVINCES (R&Ps): BASIC FEATURES**

| JUG, R&Ps | Area in km² | Agricultural Area in Thousands of Hectars | Population in Thousands | Fixed Assets in Social Sector, 1972 Prices | Employment (Social and Private Sectors) in Thousands | Employment (Social Sector) in Thousands | GNP, 1972 Prices | GNP (Social Sector), 1972 Prices |
|---|---|---|---|---|---|---|---|---|
| | | 1988 | 1988 | 1987 | 1988 | 1988 | 1988 | 1988 |
| JUG | 255804 | 14193 | 23559 | 1064827 | 6884 | 6715 | 396627 | 34929 |
| BIH | 51129 | 2512 | 4441 | 163029 | 1084 | 1061 | 50598 | 42909 |
| CGO | 13812 | 511 | 632 | 34717 | 166 | 163 | 7899 | 7046 |
| HRV | 56538 | 3435 | 4679 | 275768 | 1624 | 1576 | 100911 | 88665 |
| MAK | 25713 | 1292 | 2089 | 61830 | 531 | 515 | 22073 | 19144 |
| SLO | 20251 | 979 | 1943 | 178623 | 862 | 831 | 66328 | 59907 |
| SRB | 88361 | 5464 | 9775 | 350860 | 2618 | 2569 | 148818 | 127258 |
| CES | 55968 | 3094 | 5831 | 217943 | 1739 | 1713 | 99094 | 85365 |
| KIM | 10887 | 511 | 1893 | 30306 | 238 | 232 | 8644 | 6814 |
| VOJ | 21506 | 1859 | 2051 | 102611 | 642 | 642 | 41080 | 35078 |

*Source: Statistical Yearbook of Yugoslavia, various issues.
JUG = Yugoslavia; BIH = Bosnia and Herzegovina; CGO = Montenegro; HRV = Croatia; MAK = Macedonia; SLO = Slovenia; SRB = Serbia; CES = Central Serbia; KIM = Kosovo and Metohia; VOJ = Vojvodina.

## Table 2

**YUGOSLAVIA, REPUBLICS AND PROVINCES: BASIC FEATURES (in %)**

| JUG, R&Ps | Area in km² | Agricultural Area | Population | Fixed Assets in Social Sector | Employment (Social and Private Sectors) | Employment (Social Sector) | GNP, 1972 Prices | GNP (Social Sector) 1972 Prices |
|---|---|---|---|---|---|---|---|---|
| | | 1988 | 1988 | 1987 | 1988 | 1988 | 1988 | 1988 |
| JUG | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| BIH | 20.0 | 17.7 | 18.9 | 15.3 | 15.7 | 15.8 | 12.8 | 12.4 |
| CGO | 5.4 | 3.6 | 2.7 | 3.3 | 2.4 | 2.4 | 2.0 | 2.0 |
| HRV | 22.1 | 24.2 | 19.9 | 25.9 | 23.6 | 23.3 | 25.4 | 25.7 |
| MAK | 10.1 | 9.1 | 8.9 | 5.8 | 7.7 | 7.7 | 5.6 | 5.6 |
| SLO | 7.9 | 6.9 | 8.2 | 16.8 | 12.5 | 12.4 | 16.7 | 17.4 |
| SRB | 34.5 | 38.5 | 41.5 | 32.9 | 38.0 | 38.3 | 37.5 | 36.9 |
| CES | 21.9 | 21.8 | 24.8 | 20.5 | 25.3 | 25.5 | 25.0 | 24.7 |
| KIM | 4.2 | 3.6 | 8.0 | 2.8 | 3.5 | 3.5 | 2.2 | 2.0 |
| VOJ | 8.4 | 13.1 | 8.7 | 9.6 | 9.3 | 9.3 | 10.4 | 10.2 |

## Table 3

**R&Ps SHARES IN CERTAIN DEMOGRAPHIC AND ECONOMIC AGGREGATES OF YUGOSLAVIA (in %)**

| | | JUG | BIH | CGO | HRV | MAK | SLO | SRB | CES | KIM | VOJ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Active Population | 1953 | 100.0 | 15.4 | 1.9 | 23.8 | 6.8 | 9.0 | 43.1 | 29.8 | 3.4 | 9.9 |
| | 1981 | 100.0 | 15.9 | 2.1 | 21.2 | 8.0 | 9.8 | 43.1 | 30.1 | 3.7 | 9.2 |
| Agricultural Population | 1953 | 100.0 | 17.2 | 2.5 | 21.4 | 7.9 | 5.9 | 45.1 | 29.0 | 5.7 | 10.4 |
| | 1981 | 100.0 | 16.0 | 1.8 | 15.6 | 9.2 | 4.0 | 53.4 | 35.4 | 8.9 | 9.2 |
| Employment | 1955 | 100.0 | 14.8 | 2.2 | 27.2 | 6.0 | 15.0 | 34.8 | 23.0 | 2.0 | 9.8 |
| | 1988 | 100.0 | 15.8 | 2.4 | 23.6 | 7.7 | 12.5 | 38.0 | 25.3 | 3.4 | 9.3 |
| Unemployment | 1955 | 100.0 | 8.9 | 1.4 | 28.8 | 14.3 | 10.8 | 35.9 | 21.9 | 3.8 | 10.1 |
| | 1988 | 100.0 | 22.7 | 3.8 | 11.9 | 12.4 | 1.9 | 47.3 | 27.5 | 11.8 | 8.0 |
| Investment (Social and Private Sectors), current prices | 1953 | 100.0 | 20.1 | 5.1 | 20.6 | 8.7 | 16.0 | 29.3 | 24.5 | 1.2 | 3.6 |
| | 1987 | 100.0 | 14.2 | 2.0 | 21.9 | 4.2 | 18.2 | 39.5 | 27.6 | 3.2 | 8.7 |
| Industrial Production | 1971 | 100.0 | 13.0 | 1.5 | 26.5 | 5.2 | 20.1 | 33.7 | 22.7 | 1.8 | 9.2 |
| | 1988 | 100.0 | 14.5 | 1.7 | 21.9 | 6.7 | 17.6 | 37.6 | 25.5 | 2.2 | 9.9 |
| Agricultural Production | 1971 | 100.0 | 11.0 | 1.5 | 22.2 | 6.6 | 6.8 | 51.9 | 27.4 | 3.3 | 21.2 |
| | 1988 | 100.0 | 11.8 | 1.7 | 22.4 | 6.6 | 9.1 | 48.4 | 25.6 | 4.0 | 18.8 |
| Export | 1973 | 100.0 | 11.2 | 2.0 | 36.3 | 5.5 | 19.5 | 37.1 | 26.7 | 1.6 | 8.0 |
| | 1988 | 100.0 | 13.9 | 2.0 | 20.7 | 5.2 | 25.6 | 32.4 | 22.9 | 1.6 | 8.0 |
| Import | 1973 | 100.0 | 8.5 | 1.3 | 24.5 | 4.1 | 20.5 | 28.9 | 22.1 | 1.2 | 5.6 |
| | 1988 | 100.0 | 11.0 | 1.4 | 24.3 | 6.5 | 21.6 | 32.3 | 20.3 | 1.3 | 10.7 |

## Table 4
## YUGOSLAVIA, REPUBLICS AND PROVINCES: POPULATION AND HOUSEHOLDS

| | Population per km$^2$ | | Population per 1 hectar of the Agricultural Land | Housholds in Thousands | | Average Size of the Houesholds (Persons) | | Life Expectancy (Years) Male | Female | Male | Female | Population younger than 20 in total Population, in % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1948 | 1988 | 1987 | 1948 | 1981 | 1948 | 1981 | 1948 | | 1980-82 | | 1981 |
| JUG | 62 | 92 | 1.7 | 3627 | 6196 | 4.37 | 3.62 | 48.6 | 53.0 | 67.7 | 73.2 | 32.7 |
| BIH | 50 | 87 | 1.8 | 498 | 1031 | 5.15 | 4.00 | 40.9 | 44.3 | 67.0 | 73.0 | 38.0 |
| CGO | 27 | 46 | 1.2 | 84 | 143 | 4.51 | 4.09 | 46.5 | 52.3 | 71.9 | 76.4 | 37.5 |
| HRV | 67 | 83 | 1.4 | 960 | 1424 | 3.94 | 3.23 | 51.5 | 56.6 | 66.6 | 74.2 | 28.5 |
| MAK | 45 | 81 | 1.6 | 219 | 435 | 5.27 | 4.39 | 45.9 | 48.2 | 68.1 | 71.8 | 38.4 |
| SLO | 71 | 96 | 2.0 | 381 | 595 | 3.78 | 3.18 | 52.7 | 57.6 | 67.3 | 75.2 | 30.7 |
| SRB | 74 | 111 | 1.8 | 1486 | 2569 | 4.39 | 3.63 | 49.8 | 54.2 | 68.1 | 72.7 | 31.5 |
| CES | 74 | 104 | 1.9 | 916 | 1662 | 4.54 | 3.43 | 49.8 | 54.1 | 69.4 | 73.9 | 27.4 |
| KIM | 67 | 174 | 3.7 | 115 | 229 | 6.36 | 6.92 | 43.4 | 47.4 | 68.1 | 71.5 | 52.2 |
| VOJ | 76 | 95 | 1.1 | 454 | 678 | 3.61 | 3.00 | 52.8 | 57.3 | 67.1 | 73.5 | 26.7 |

## Table 5
## YUGOSLAVIA, REPUBLICS AND PROVINCES: FEW MORE POPULATION INDICATORS

| | Live Birth per 1000 Inhabitats | Deaths per 1000 Inhabitants | Natural Increase per 1000 Inhabitants | Labour Force in total Population | Urban in Total Population | | Active in Total Population | | Agricultural in Total Population | | Active Agricultural in Total Population | Illiterate in total Population |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1988 | 1988 | 1988 | 1988 | 1953 | 1981 | 1948 | 1981 | 1948 | 1981 | 1981 | 1981 |
| JUG | 15.1 | 8.7 | 6.2 | 65.0 | 21.7 | 46.5 | 49.1 | 44.0 | 67.2 | 19.9 | 26.6 | 9.5 |
| BIH | 15.3 | 6.4 | 9.0 | 67.0 | 15.0 | 36.2 | 42.9 | 38.7 | 71.8 | 17.3 | 22.9 | 14.5 |
| CGO | 15.8 | 5.8 | 9.9 | 64.4 | 14.2 | 50.7 | 36.9 | 34.3 | 71.6 | 13.5 | 15.0 | 9.4 |
| HRV | 12.8 | 10.1 | 1.5 | 65.2 | 24.3 | 50.8 | 51.6 | 45.6 | 62.4 | 15.2 | 20.9 | 5.6 |
| MAK | 18.5 | 7.2 | 11.4 | 65.0 | 26.1 | 53.9 | 43.4 | 41.8 | 70.6 | 21.7 | 28.8 | 10.9 |
| SLO | 14.2 | 10.2 | 3.9 | 64.8 | 22.0 | 48.9 | 52.9 | 50.3 | 44.1 | 9.4 | 12.8 | 0.8 |
| SRB | 15.6 | 9.1 | 6.2 | 64.4 | 22.5 | 46.6 | 50.9 | 45.4 | 72.3 | 25.4 | 34.0 | 10.9 |
| CES | 12.6 | 8.9 | 2.6 | 66.5 | 21.2 | 47.8 | 54.2 | 51.8 | 72.4 | 27.6 | 38.1 | 11.1 |
| KIM | 29.1 | 7.1 | 24.0 | 56.1 | 14.6 | 32.5 | 35.3 | 23.8 | 80.9 | 24.6 | 23.5 | 17.6 |
| VOJ | 11.5 | 10.8 | 0.2 | 65.8 | 29.5 | 54.1 | 49.4 | 44.3 | 68.1 | 19.9 | 24.7 | 5.8 |

## Table 6

### YUGOSLAVIA, REPUBLICS AND PROVINCES: EMPLOYMENT, UNEMPLOYMENT, WAGES AND RURAL HOUSHOLDS' INCOME

| | Employment per Ownership Sector (in %) | | Employment in Social Sector (in %) | | Female Employment, Social Sector | Unemployment | | Unemploymet Rate | Persons at work Abroad | | Net Wages per Worker | Available Income per Rural Household | Average Size of Rural Household (Persons) | Available Income per Member of Rural Household |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Social | Private | Economic Activities | Administration & Social Services | in % | in Thousands | in % | in % | in Thousands | in % | | | | |
| | 1988 | | 1988 | | 1988 | 1988 | | 1988 | 1987 | | 1988 | 1983 | 1983 | 1983 |
| JUG | 97.5 | 2.5 | 83.2 | 16.8 | 39.3 | 1132 | 100.0 | 16.8 | 440 | 100.0 | 100 | 100.0 | 4.2 | 100.0 |
| BIH | 97.9 | 2.1 | 85.6 | 14.4 | 35.9 | 257 | 22.7 | 24.2 | 123 | 28.0 | 84 | 67.1 | 4.5 | 62.7 |
| CGO | 98.2 | 1.8 | 81.3 | 18.7 | 38.0 | 43 | 3.8 | 26.4 | 61 | 1.4 | 73 | 64.7 | 4.0 | 68.0 |
| HRV | 97.0 | 3.0 | 83.5 | 16.5 | 42.2 | 135 | 11.9 | 8.6 | 138 | 31.4 | 109 | 92.1 | 3.6 | 107.6 |
| MAK | 97.0 | 3.0 | 83.2 | 16.8 | 36.5 | 140 | 12.4 | 27.2 | 33 | 7.5 | 68 | 98.3 | 5.0 | 82.6 |
| SLO | 96.4 | 3.6 | 84.1 | 15.9 | 46.3 | 21 | 1.9 | 2.5 | 23 | 5.2 | 152 | 102.3 | 3.7 | 116.1 |
| SRB | 98.1 | 1.9 | 81.8 | 18.2 | 37.4 | 535 | 47.3 | 20.8 | 117 | 26.2 | 90 | 122.7 | 4.4 | 117.2 |
| CES | 98.6 | 1.4 | 81.9 | 18.1 | 38.5 | 312 | 27.6 | 18.2 | 56 | 12.7 | 91 | 87.4 | 4.0 | 91.6 |
| KIM | 97.5 | 2.5 | 75.2 | 24.8 | 23.3 | 134 | 11.8 | 57.8 | 35 | 8.0 | 66 | 118.2 | 8.3 | 59.8 |
| VOJ | 97.2 | 2.8 | 84.0 | 16.0 | 39.7 | 90 | 8.0 | 14.4 | 25 | 5.7 | 96 | 205.4 | 3.6 | 239.7 |

## Table 7

### YUGOSLAVIA, REPUBLICS AND PROVINCES: SOME ECONOMIC STRUCTURAL INDICATORS

| | GNP Ownership Structure, 1972 prices | | | | Share of Industry and Agriculture in GNP | | | | Share of Industry in Fixed Assets of the Social Sector of the Economy | | Share of Industry in the Employment of the Economy | | Share of Exports in GNP | | Share of Investment Goods in Imports | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Social Sector | | Private Sector | | Industry | | Agriculture | | | | | | | | | |
| | 1952 | 1988 | 1952 | 1988 | 1947 | 1987 | 1947 | 1987 | 1952 | 1987 | 1952 | 1988 | 1971 | 1987 | 1971 | 1986 |
| JUG | 69.5 | 86.9 | 30.5 | 13.1 | 18.2 | 44.1 | 39.2 | 13.9 | 46.5 | 56.2 | 40.5 | 48.9 | 13.3 | 17.9 | 64 | 75 |
| BIH | 73.3 | 84.3 | 26.7 | 15.7 | 12.9 | 50.2 | 35.5 | 12.6 | 42.8 | 65.6 | 36.8 | 51.9 | 11.3 | 19.7 | 68 | 82 |
| CGO | 73.9 | 89.2 | 26.1 | 10.8 | 4.9 | 36.5 | 47.7 | 12.8 | 55.1 | 51.4 | 22.3 | 38.6 | 7.9 | 17.5 | 51 | 66 |
| HRV | 70.5 | 88.1 | 29.5 | 11.9 | 21.9 | 38.4 | 36.4 | 12.7 | 46.3 | 48.2 | 40.6 | 43.3 | 13.7 | 14.2 | 63 | 76 |
| MAK | 72.5 | 86.4 | 27.5 | 13.6 | 14.7 | 51.5 | 57.6 | 16.6 | 33.7 | 56.5 | 28.2 | 49.5 | 12.1 | 17.7 | 60 | 82 |
| SLO | 75.0 | 90.9 | 25.0 | 9.1 | 28.1 | 47.0 | 22.5 | 7.5 | 52.8 | 59.8 | 52.8 | 54.5 | 15.4 | 22.3 | 66 | 72 |
| SRB | 64.0 | 85.2 | 36.0 | 14.8 | 25.4 | 43.8 | 45.7 | 17.8 | 46.3 | 56.7 | 39.3 | 49.6 | 13.2 | 17.6 | 63 | 73 |
| CES | 63.5 | 85.9 | 36.5 | 14.1 | 13.9 | 44.6 | 41.5 | 14.1 | 46.3 | 58.3 | 39.9 | 50.7 | 15.4 | 20.3 | 64 | 69 |
| KIM | 59.2 | 79.1 | 40.8 | 20.9 | 16.1 | 45.2 | 57.2 | 12.7 | 52.6 | 63.3 | 44.8 | 49.1 | 7.1 | 11.4 | 33 | 72 |
| VOJ | 66.8 | 85.4 | 33.2 | 14.6 | 19.0 | 41.5 | 53.6 | 25.4 | 45.0 | 50.5 | 36.9 | 46.6 | 9.6 | 13.1 | 61 | 81 |

## Table 8

### YUGOSLAVIA, REPUBLICS AND PROVINCES: FEW MORE IMPOTANT ECONOMIC INDICATORS

| | Investment Ratio | | Capital/Labour Ratio | | Labour Productivity | | "Investibility" Rate | | Depreciation Rate (100-Rate) | | Output/Capital Ratio | | Capacities Use, in % | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1972-82 | 1986 | 1952 | 1986 | 1952 | 1986 | 1975 | 1988 | 1961 | 1986 | 1952 | 1986 | 1980 | 1987 |
| JUG | 32.2 | 23.7 | 100 | 100 | 100.0 | 100.0 | 5.29 | 1.20 | 63 | 51 | 0.43 | 0.34 | 80 | 76 |
| BIH | 38.7 | 29.5 | 82 | 95 | 94.7 | 79.1 | 4.29 | 3.10 | 67 | 56 | 0.51 | 0.28 | 81 | 77 |
| CGO | 55.0 | 28.9 | 46 | 132 | 137.5 | 89.3 | 3.87 | 0.00 | 75 | 64 | 1.15 | 0.23 | 72 | 76 |
| HRV | 27.3 | 22.2 | 101 | 110 | 98.1 | 106.6 | 5.94 | 1.40 | 60 | 48 | 0.42 | 0.33 | 78 | 70 |
| MAK | 33.7 | 17.8 | 69 | 74 | 105.1 | 74.5 | 3.20 | 0.20 | 71 | 56 | 0.56 | 0.34 | 76 | 81 |
| SLO | 25.8 | 20.9 | 122 | 132 | 104.6 | 137.4 | 7.02 | 15.00 | 55 | 46 | 0.35 | 0.35 | 84 | 82 |
| SRB | 29.9 | 24.6 | 106 | 89 | 99.5 | 98.0 | ... | 0.90 | 65 | 52 | 0.41 | 0.37 | 81 | 77 |
| CES | 28.1 | 23.6 | 112 | 84 | 106.2 | 98.4 | 4.16 | 2.90 | 65 | 52 | 0.41 | 0.40 | 81 | 77 |
| KIM | 59.4 | 46.0 | 89 | 95 | 89.2 | 66.3 | 1.44 | 0.00 | 67 | 62 | 0.44 | 0.28 | 79 | 76 |
| VOJ | 28.7 | 23.0 | 95 | 100 | 86.3 | 109.3 | 8.19 | 1.50 | 66 | 48 | 0.40 | 0.35 | 83 | 75 |

## Table 9

### YUGOSLAVIA, REPUBLICS AND PROVINCES: SOME ILLUSTRATIVE INDICATORS OF SOCIAL DEVELOPMENT

| | Physicians per 1000 Inhabitants | | Dwellings with (in %) | | | | Households with (in %) | | | | University Students per 1000 Inhabitants | | Social Services Outlays per Inhabitant | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Electricity | | Water | | TV set | | Car | | | | | |
| | 1952 | 1988 | 1971 | 1988 | 1971 | 1988 | 1961 | 1981 | 1961 | 1981 | 1947/48 | 1988/89 | 1966 | 1987 |
| JUG | 3.9 | 22.3 | 88.0 | 96.3 | 34.0 | 71.8 | 1.3 | 62.0 | 1.6 | 41.4 | 3.1 | 14.4 | 100 | 100 |
| BIH | 3.0 | 17.6 | 74.7 | 94.1 | 24.1 | 65.6 | 0.4 | 53.3 | 0.7 | 32.4 | 0.4 | 9.3 | 68 | 57 |
| CGO | 2.2 | 18.3 | 78.7 | 94.5 | 31.0 | 67.3 | 0.0 | 47.6 | 0.9 | 33.6 | 0.5 | 10.5 | 83 | 79 |
| HRV | 5.1 | 25.3 | 91.2 | 96.1 | 39.1 | 74.2 | 1.5 | 67.2 | 1.6 | 44.5 | 3.8 | 14.6 | 111 | 129 |
| MAK | 2.3 | 23.1 | 92.5 | 96.2 | 34.2 | 71.5 | 0.4 | 61.1 | 0.7 | 39.8 | 0.9 | 15.3 | 75 | 58 |
| SLO | 5.9 | 25.6 | 96.7 | 98.8 | 69.0 | 92.9 | 2.2 | 74.6 | 5.2 | 72.3 | 3.4 | 16.0 | 180 | 264 |
| SRB | 4.5 | 23.6 | 89.1 | 96.9 | 27.4 | 68.6 | 1.5 | 60.6 | 1.3 | 36.9 | 4.2 | 16.7 | 98 | 83 |
| CES | 4.8 | 27.8 | 89.6 | 96.9 | 29.9 | 68.1 | 1.5 | 59.3 | 1.4 | 39.6 | 6.6 | 17.1 | 108 | 96 |
| KIM | 1.2 | 10.8 | 74.3 | 95.4 | 15.2 | 44.4 | 0.0 | 37.1 | 0.6 | 24.4 | 0.0 | 19.0 | 49 | 29 |
| VOJ | 3.8 | 23.5 | 92.4 | 97.3 | 25.3 | 79.1 | 1.8 | 72.0 | 1.2 | 34.5 | 0.3 | 13.2 | 97 | 95 |