

Privatisation and the break-up of Yugoslavia

‘There must be classes – there must be rich and poor,’ Dives says, smacking his claret (it is well if he even sends the broken meat out to Lazarus sitting under the window). ‘Very true; but think how mysterious and often unaccountable it is – that lottery of life which gives to this man the purple and fine linen and sends to the other rags for garments and dogs for comforters.’ William Makepeace Thackeray, *Vanity Fair*

Introduction

The most important socio-historical consequence of the fall of communism in eastern Europe in 1989 was the restoration of the institution of private ownership. The system of socio-political processes used in carrying out this restoration was termed transition. The privatisation process represents a form of government-engineered structuring of ownership relations in a society which becomes dominantly conflicting through the sheer division between owners and non-owners, so the entire policy of transitional governments in post-communist countries has been reduced to the protection of capitalist capital-formation, with minimum transfer payments to the working class. Mass-scale unemployment and the fall in real wages have accompanied the privatisation process in eastern Europe. For the majority of the east European population, the pauperisation of the working class implies life below the poverty threshold. Privatisation actually accomplished the ‘forcible expropriation of the people’, similar to the state-run structuring of ownership relations in society in previous historical periods.

The process of forcible expropriation of the people,

wrote Marx:

Received in the 16th century a new and frightful impulse from the Reformation, and from the consequent colossal spoliation of the church property. The Catholic church was, at the time of the Reformation, feudal proprietor of a great part of the English land. The suppression of the monasteries, &c., hurled their inmates into the proletariat. The estates of the church were to a large extent given away to rapacious royal favourites, or sold at a nominal price to speculating farmers and citizens, who drove out, *en masse*, the hereditary sub-tenants and threw their holdings into one.¹

The main hypothesis of this article is that the privatisation of state-owned capital defined the structure and plotted the course of all social changes in eastern Europe after 1989. Using so-called ‘expert projects’, all the mechanisms of social restructuring have been employed to serve monopolistic capitalist capital formation. A multitude of political manipulation and domination technologies have also been used to this end. The ‘national (sovereignty) revival’ technology was instrumental in providing social

1 K. Marx *Capital* Vol. I Part VIII, Chapter 27: <http://www.marxists.org/archive/marx/works/1867-c1/ch27.htm>.

consensus between the working class and the (communist) nomenclature which, according to the paradox of historical bifurcations, initiated the restoration of private ownership in 'real socialist' countries.

However, the weakness of such consensus in east European countries became apparent as early as at the beginning of the 1990s, with the main amalgam being the revolt against Russian hegemony. The other postulate of the consensus – the promise that integration into the European Union ('Europeanisation') will automatically lead to economic prosperity – started to lose credibility.²

The purpose of the transition of eastern Europe from communism to capitalism, which started in 1989, was justified by the inefficiency of an economic system based on public ownership and a centrally-planned economy, as well as with the need of these countries to have a more dynamic social development which would enable their more favourable integration into the European and international division of labour.

These societies are today faced with crisis, with a dramatic awareness of the negative effects of changes and the traumas caused by dispelled illusions and expectations that an expressway to an affluent society would be found while preserving established work safety and acquired (non) working habits and egalitarian culture.

An average inhabitant of these countries found himself in an ironic and frustrating situation to stand in front of finally abundantly stocked stores with an almost empty wallet...

... Taken out of the impasse of the former social order, after paying a high price, they found themselves in a position of economic periphery and dependent development. They are facing a hard task to establish a balance between market competition and the regulatory role of the

- 2 At the end of 1993, the UN Economic Commission for Europe stated that, in east European countries, the key issue is not the transition in itself, but direct survival. It is considered that the short-term outlooks for the success of transition in these countries are still poor because the problems faced by them are structural in character rather than ones which result from market fluctuations. Expectations after 1989 were enormous and therefore, unfortunately, not only the hopes that living standards would improve considerably were frustrated but also the adjustment costs turned out to be much higher than expected. As a result, a vast majority of the population has felt the sharp drop in living standards. In mid-1992, public opinion surveys in Hungary showed the widespread discontent of the population with the economic (87% of respondents) and the political situations (72%), while in Poland (in the same year), surveys showed the discontent of 87% of respondents with the political situation and 80% with the economic situation. East Germany, of course, had particularly favourable conditions for transition that were managed and financed by the government agencies of the former west Germany. Despite enormous invested resources (about \$100bn per year), many enterprises in eastern parts of the country were closed while an enormous number of people lost their jobs. Between 1989 and 1992, employment in industry was reduced by as much as 80%. Oskar Kovač (1994) 'Dosadašnji uticaj sankcija na tranziciju privrede SR Jugoslavije i kako dalje?' ['Impact so far of Sanctions on the Transition of the Yugoslav Economy and What Next?'] *Institutionalna infrastruktura u tranziciji ka tržišnoj ekonomiji [Institutional Infrastructure in the Transition Toward the Market Economy]* Institut društvenih nauka, Centar za ekonomska istraživanja [Institute of Social Sciences, Economic Research Centre]: Belgrade, p. 137.

state, on the one hand, and to preserve minimum social justice and the redistributive role and measures of a poor 'welfare state' on the other.³

After being in transition processes for fifteen years, east European societies are no closer to the desired goal of developing their own technologies, creating new products and businesses and promoting production processes – development models underlying prosperous west European societies.

Theoretical and methodological framework

Scientific explanation of the structural disintegration of post-1989 east European countries, as well as of the break-up of Yugoslavia in 1991, is not possible using just a positivist and historical-descriptive analysis of the set of historical events and personalities alone, i.e. without adequate reference to a theoretical and methodological framework. For, as Braudel stressed:

Historical events are mere dust,

unless they are inserted into adequate periodic cycles and long-term tendencies. 'The fall of communism' is not only a great historical victory of liberalism, not only a triumph of the 'free world' over 'totalitarianism', nor is it a result of the 'conspiracy of power centres' (political, military, financial, religious, etc.) in the modern world, nor a phenomenon of the so-called 'new world order'. Neither can it be defined as a historical defeat of 'communist nomenclatures' in east European countries because they were actually the organisers and the only 'velvet revolution profiteers'.

The structural disintegration of east European societies can be understood only through the combined implementation of a structural-functionalist analysis of east European communist systems and a comparative-historical analysis of social changes in the contemporary international capitalist system. This approach, of course, has its limitations. These are ideological-political, as well as theoretical and methodological, in character because they represent a combination of three fundamentally contradicting theoretical systems. However, the structural and historical complexity of the phenomenon of social disintegration warrants such a research approach. A basically critical approach, it is the only way to overcome the unsuccessful attempts of modernisation theories and the theory of globalism in the interpretation of contemporary east European social practice. Communist industrialisation and urbanisation⁴ did not result in the democratisation of east European societies, nor did their 'democratisation' after 1989 result in social growth. Does this mean that communist modernisation did not lead to growth in social rationalisation (M. Weber); or that eastern Europe does not possess a 'growth capability', i.e. that east European societies have been incapable of 'adaptive upgrading' (T. Parsons) or lacking in the ability of 'tension man-

- 3 Zoran Stojiljković (1995) 'Društvena uloga i razvoj sindikata' ['Social Role and Development of Trade Unions'] in *Sindikat i društvo u tranziciji* [Trade Union and Society in Transition] Institut za političke studije [Institute of Political Studies]: Belgrade, pp. 70, 83, 84.
- 4 Industrialisation, communication and urbanisation are the main elements of the definition of social development as modernisation.

agement' (W. Moore); or that they did not manage to develop an institutional structure that would be able to absorb continuously changing problems and demands (S.N. Eisenstadt)?

On the other hand, poor communications and the scarcity and loss of information have been a constant feature in the patterns of political socialisation in east European societies for two centuries and can also be monitored as indicators of the stagnation and authoritarianism of society in the period preceding the establishment of communist systems, as well as during them and in the post-communist period. Thus, we cannot examine the socio-historical basis of the post-communist ('transitional') structural social disintegration of eastern Europe without a prior definition of the socio-historical basis for the rise and fall of communism in this geo-political region.

With this proposed theoretical-methodological orientation, we have defined the criteria for the analysis and assessment of the dynamic transformation of the structural elements of the functional process of transition. This enables the definition of the historical algorithms between ownership forms, social development and the position of different social classes (capitalists and labour) and the mediating groups (elites and masses – the 'people') in eastern Europe as a European periphery of the global capitalist economy system.

To describe the phenomenon of social disintegration in eastern Europe in the transition period, and to review the break-up of Yugoslavia in this context, the quantitative history method is necessary. Only its implementation can enable us to grasp the quantitative characteristics of the privatisation phenomenon on the one hand and, on the other, to classify social groups (owners and working class) and to describe their incomes, positions and behaviour from the point of analysis of social choice, because any aspect of human behaviour can be measured and numerically expressed. The methodological reduction of the variability of human opinion and behaviour through measurable forms is necessary for the description of meaning and for the assessment of the historical significance of the process of social disintegration in post-1989 eastern Europe.

It is true that such an approach can be criticised as over-simplifying the complexity of historical events and processes and placing individuals into categories, as well as being unable to measure political positions which certainly affect the directions of social choice. However, the very complexity of the phenomena of privatisation and social disintegration inevitably requires models and simplification if the aim is not only to describe but also to evaluate their historical significance.

The advantage of quantitative history, in contrast to qualitative impressionistic history, is that its systems and methods of classification, the assumptions it uses and the patterns it imposes, are stated and clear; one does not have to see into the mind of the historian, or follow his thought processes, to understand quantitative history, since the classification and the rejection of data are exposed to view.⁵

Use of quantitative history techniques implies a reduction of multitudes into understandable forms and the provision of models as a means of deriving meaning from

5 Roderick Floud (1973) *An Introduction to Quantitative Methods for Historians* Methuen & Co Ltd: London, p. 4.

studied historical facts and their positioning relative to the meaning of other historical facts.

The collection, classification and arrangement of data in order to study the privatisation case implies a definition of the economic side of social groups (owners and working class) as the main variable for establishing the data matrix as a method of their organisation. However, the availability of historical sources that would enable the collection of the interval, or relational, type of data⁶ necessary for the method of descriptive statistics is very limited. This raises a question as to which series of the data set can be at all relevant for determining historical facts on the privatisation process.

We are obviously forced to opt for the definition of partial historical sequences and their arrangement into mosaic forms. Therefore, in quantitative historical analysis we will not be able strictly to abide to all the conventional rules of systematisation and the presentation of a data matrix. Consequently, co-existence as the essence of the quantitative method of analysis will certainly be disturbed. However, research into so-called 'wild privatisation' is, nevertheless, scientifically and socially justified.

The importance of the implementation of quantitative analysis in the description and interpretation of the facts of so-called 'transitional history' lies in the need to defend historical science from being instrumentalised for the purpose of imposing an ideological 'transitional truth regime'. More precisely, quite overt attempts at defining the role of historical research in the function of the process of the 'liberalisation' of society in eastern Europe are becoming increasingly frequent. It is stressed that 'liberal transitional history' is liberated from prejudice and that it is based on the 'pluralism of the forms of presentation with their political dialectics', but the importance of the correlation between historical presentation and liberal political identity is emphasised in a straightforward fashion.⁷

Elites as factors of social development

In addition to Marx's two factors of social development, labour and capital, Max Weber introduced a third: culture. Recognising culture as an important factor of development also affected Durkheim's understanding of the organic solidarity of society as a key principle of its prosperity.

The modern society, as a structural system of organised social groups (or classes) emerged as a phenomenon of west European civilisation through the process of the historical development of the capitalist method of production. The inner immanence of capitalist relationships to develop as a global system resulted in the integration of peripheral societies into the international division of labour. Most peripheral countries became a part of the world capitalist system in the historical period when elements of

- 6 Interval or relational, proportional data encompass the precise characteristics of the relationships between information categories, i.e. data on the size of the interval between categories, such as data on income, population, wages and profit.
- 7 Rudi Tajtl (2004) 'Istorijska pravda u tranziciji na balkanski način' [Historical Justice in Transition the Balkan Way], 'U potrazi za liberalnim prikazom' [In Search of a Liberal Presentation] in *Strategije za tranzicionu pravdu u državama bivše Jugoslavije* [Strategies for Transitional Justice in ex-Yugoslav States] Fond za humanitarno pravo [Humanitarian Law Centre]: Belgrade, pp. 40-41; 50-51.

the traditional society in them dominated the elements of the modern civil society of the centre. During the 19th and 20th centuries, elites of different ideological backgrounds in peripheral societies tried to find a salutary formula for development and to provide to their respective nations as good a position in the international division of labour as possible. The elites of the liberal ideological corpus stressed that the given goal may be achieved through the development of private enterprise, the market economy and parliamentary democracy, while communist ones suggested a centrally-planned economic system based on state ownership and proletarian dictatorship.

At the beginning of the 20th century, the revolutionary left of the European periphery, particularly the Russian, regarded with admiration the strengthening of the west European labour movement and anticipated that international proletarian revolution would solve the problems of the development of the periphery. Impressed by the development of the relationship of solidarity and mutuality amongst the western working class, Maxim Gorky exuberantly described the support of citizens for the strike of tram workers in Naples in 1911:

There begins a struggle, a turmoil. But suddenly the whole grey, dusty mass of onlookers gets into motion. They roar, howl, stream on to the rails; the man with the panama hat pulls it off, throws it high in the air and lays himself as a first one on the ground, tapping the striker lying beside him on the shoulder and shouting encouraging words to him.

And after him countless merry, noisy people who, three minutes ago were not near the place, began dropping on the rails as if their feet had been cut off. Laughing, they threw themselves down, made some grimaces and called out something to the officer who, laughing and shaking his handsome head, called out something to the man in the top hat, gesticulating with his hands and twirling his gloves under the nose of the latter.

In the meantime, more people kept coming and laying themselves on the rails. Women threw their parcels and baskets on the ground, little boys rolled themselves, laughing, together like dogs when they feel cold; respectable, educated people rolled themselves from side to side in the dust.

Five soldiers looked down from the platform of the first car on to the heaps of bodies under the wheels, their hands on the edge of the carriages, and their heads thrown back, roaring with laughter. They no longer looked like the tin toys of a little while ago.⁸

However, the singularity of the victory of proletarian revolution in Russia in 1917 caused the prevalence in it, and also in east European countries after World War II, of Volmar's concept of 'socialism in an isolated country' which, however, Stalin presented as his own idea of national communism. This concept was based on the assumption that the accelerated social development of peripheral societies can be achieved only through 'reliance on one's own devices' rather than by participation in the international division of labour (which was Trotsky's position), so the importance of the 'cult of work' (culture) as a factor of development was emphasised not only in political propaganda and art but also in academic literature.

8 Maxim Gorky 'Fairy Tales of Reality' *British Socialist* 1912, pp. 84-96, 140-142; online version: Maxim Gorky Internet Archive (www.marxists.org), 2003.

When societies of national communism faced a serious development crisis in the 1980s, communist elites were more ready to see the causes of the crisis as lying in the 'mentality' of the working class rather than in the character of the social system. That was particularly characteristic of Yugoslavia in the first half of the 1980s:

Our lagging behind in creativity, in innovation as the sum of total knowledge, *lies in our mentality*, in our reliance on the mediocrity of human powers in all areas of human work and creativity.⁹ (author's emphasis)

Placing an accent on culture as a factor in social development leads us to a research question on the social powers of social development. This research issue became particularly relevant in the debates on the problems of the development and modernisation of peripheral societies. In Anglo-Saxon academic literature between the 1960s and the early 1990s, opinion about elites as the driving force of development in peripheral societies (Seymour Martin Lipset) was dominant.¹⁰ However, major problems in the development of under-developed countries in Latin America and Africa, as well as the increasingly obvious contradictions of transition processes in eastern Europe, prompted a major reconsideration of the elitist concept of the modernisation of peripheral societies; additionally so since, in most under-developed countries, the model of 'downstream modernisation' was implemented with political, military and economic elites as its main implementing agents and supports. This model had already started to show its serious limitations at the end of the 1980s. Thus, the sociology of power is currently dealing increasingly with the phenomenon of the 'crisis of elites' in periphery societies, particularly in the scope of modern socialist critique of the world capitalist system.

At the end of the 1980s, euphoric belief started to spread in eastern Europe by way of the 'new ideology of necessity' that a way out of the crisis would be found and further prosperous social development achieved:

By urgent and definite transition to capitalism. The most vocal advocates of that necessity invoke the omni-solving formula of privatisation of anything and everything, urgently and irrev-

- 9 Joviša Prokopijević (1985) *Bitni faktori društvenog i tehnološkog razvoja* [Essential Factors of Social and Technological Development] *Ekonomika* Belgrade, p. 326.
- 10 Lipset's model of the 'elitist state modernisation' of backward societies (world periphery) 'downstream', with a reliance on traditional political culture as a manner 'perfected for centuries' for the regulation of social conflicts and the distribution of material wealth, power and reputation, is used in contemporary social science in Serbia by Todor Kuljić to analyse communist modernisation in Yugoslavia after World War II and to evaluate the historical function of communist regimes from the point of development of social structure. Kuljić has a critical attitude toward the opinion that the modernisation of society is only possible on the basis of a liberal model (pluralism, parliamentary democracy, private ownership, competition, market economy) and he maintains the position that authoritarian regimes relying on traditional political culture and state ownership can be agents of modernisation of undeveloped societies, but he nevertheless falls into the trap of the 'modernisation concept' and the 'theory of elites' which emerged within liberal eschatology with the aim of suppressing the Marxist concept of 'socio-historical development' and 'class struggle'. See: Todor Kuljić (1998) *Tito. Sociološkoistoriska studija* [Tito. A Sociological and Historical Study] Institut za političke studije [Institute of Political Studies]: Belgrade.

ocably, but often fail to state clearly who should do that and how. The role of a 'strategic partner' is portrayed as that of a saviour, rescuer, lottery jackpot. The erstwhile Bolshevik slogan – 'cadres can resolve everything' – is replaced by the motto of rigid economic liberalism – 'private owners will resolve everything'.¹¹

The neo-liberal ideology of transition offered the naïve emancipating concept that the sheer act of the legal change of ownership of the means of production would bring about fundamental change in the development potential of peripheral east European societies. However, it turned out that the legal change of ownership does not necessarily mean change in the real economic content. Neglecting the specific historical situation of eastern Europe, i.e. its lack of financial capital, peripheral position and the under-development of its economy as long-lasting characteristics, rather than just direct products of communist systems, neo-liberal ideology and the practice of transition, excluded social dialogue from the corpus of solutions for overcoming the economic and social problems of transition. Social dialogue was substituted with voluntarism and void democratic forms of parliamentarism.

The conflict amongst national (republic and province-level) party elites over the directions of social development and federal form of government is usually, along with the international factor, denoted as the cause of the disintegration of Yugoslavia (1991), under the conditions of the collapse of peripheral 'real socialist' regimes in east European countries (1989). The break-up of the League of Communists of Yugoslavia (LCY) in 1990, which preceded the disintegration of SFRY in 1991, is taken as an indicator of the collapse of the party state of proletarian dictatorship in which the Party was the only factor of social integration.

Following the general line of contemporary sociological thought in Serbia, Vladimir Goati sees the cleavage in the elite stratum¹² as the main cause of the break-up of Yugoslavia.

At the end of the 1980s, antagonisms between the elites, concealed for a long time, became public. Goati stresses the historical importance of hostile measures and the decisions of the republic elites: the adoption of amendments to the Constitution of Slovenia, which triggered the process of separation from the federation (September 1989) despite such a procedure not being provided for by the 1974 SFRY Constitution; the economic blockade of Slovenia by Serbia (December 1989); Slovenia's counter-measures against Serbia (February 1990); the proclamation of amendments

11 Nebojša Popov (2003) 'Rad – kazna i nagrada' ['Work – Punishment and Reward'] in *Živeti od rada* [Working for Living], prepared by Lidija Jovetić, Republika Belgrade, p. 7.

12 Under the term 'political elite' or 'politocracy', Goati implies the leadership of the Party (LCY) and of other socio-political organizations (SPO), as well as top-ranking officials in political-executive and administrative state bodies whose election and recall were regulated by the Social Compacts on Personnel Policy (from the municipality to the Federation). The politocracy (or politocracies) in Yugoslavia, whose composition was precisely defined by the mentioned Social Compacts, were roughly comparable to the 'nomenclature' in the countries of 'real socialism'... Dr. Vladimir Goati (1993) 'Republičke elite i raspad Jugoslavije' ['Republican Elites and the Break-up of Yugoslavia'] in *Privredna reforma 1990. – put u tržišnu ekonomiju* [Economic Reform 1990 – A Way Toward the Market Economy] Institut društvenih nauka [Institute of Social Sciences], Centar za ekonomska istraživanja [Economic Research Centre] Belgrade, p. 389.

IX-XLIV to the Constitution of Serbia at the end of 1989, according to which the status of the autonomous provinces was regulated in a quite different way than in the 1974 SFRY Constitution; the declaration of the full independence of Slovenia (June 1990); the secret decree of the Assembly of Serbia introducing a tax on Slovenian-made products (23 October 1990); the new Constitution of Croatia, by which this republic was proclaimed a 'nation state of the Croatian people' (December 1990); the unilateral 'intrusions' of the republics into the federation's system of payments (end of 1990); etc.

Federal elites, the SFRY Assembly, the SFRY Presidency, the Federal Executive Council and the YPA leadership demonstrated a great lack of homogeneity given that their members were appointed to offices in the federal hierarchy on the basis of prior selection in the republic/province. Consequently, they acted, as a rule, as delegates of their respective communities. In the course of the relentless political struggles in Yugoslavia in 1991, the federal elites were deprived of autonomous authority because, unlike the situation in all Yugoslav republics, democratic elections had not been organised at the federal level. Without the democratic support of the people, the members of the federal elite (elected in the pre-pluralist period) lacked the authority to oppose the new republican elites which had received the support of the people in the first free elections. Goati also stresses the hostility of the military segment of the federal elite stratum towards the multi-party system and its inclination to preserve Yugoslavia in its former form ('Tito's Yugoslavia').

Goati corroborates his position on the sharp division within the LCY, which was operationalised through two coherent but mutually opposing platforms, with the results of two empirical research studies conducted in 1989. The political elites of the republics, party officials, government officials and officials of socio-political organisations had a 'tacit agreement' between themselves that they would not attack each other in public nor expose conflicting issues. However, at the beginning of 1988, stresses Goati, that agreement was breached. LCY bodies, notably its Central Committee, became a venue for public debates between two increasingly defined political platforms; one pro-reform, characterised by a westwards shift, as excellently illustrated by the key slogans of the 11th Congress of the League of Communists of Slovenia (December 1989) – 'Europe now', market orientation and political pluralism; and the other, traditional platform, which tended towards a restoration of the 'authentic values of socialism'. The first option in the LCY was resolutely advocated by the Slovenian leadership, with the cautious support of the Croatian leadership; and the other by the Serbian leadership (excluding the provinces) with the support of other parts of the LCY: Kosovo, Montenegro, Vojvodina, Macedonia, and Bosnia and Herzegovina. The political positions of the leadership polarised in these two blocs were shared by the Party grassroots, while the republic/province-level party elites exercised absolute control over 'their' mass media.

Goati stresses the results of empirical research conducted at the time of preparations for the 14th LCY Congress, which encompassed 4 361 LCY members from all Yugoslavia's republics and provinces. That research, conducted in June and July 1989, unquestionably showed that, in the LCY membership as among the leadership, existed two largely coherent ideological platforms: 'centralist-monist' and 'decentralised pluralist'; 'Serbian' and 'Slovenian'. The first was characterised by a more pronounced preference for the centralist organisation of society, expressed through the

pursuit of often sole competence for the federation, from army to culture; for the composition of the federal assembly according to the principle of proportionately (proportionate, that is, to the number of voters); and for majority decision-making. Within this platform, political pluralism was regarded as a negative phenomenon and it insisted on the existing leading role of the LCY; more precisely, on a renewed and strengthened 'democratic centralism'. Characteristic of the other, 'Slovenian' approach was the option for a highly decentralised and pluralist society; independence of the republics within their competencies; which would include the area of foreign relations and even the army; and for the parity principle of the composition of the federal assembly, as well as an insistence on consensus as the only way for making decisions at the level of the federation. Political pluralism was much better valued within this second option, 'although not as highly as is usually considered', while the principle of democratic centralism was rejected.

Under the influence of events in central and eastern Europe in 1989, Goati stresses that the traditional wing of the LCY had to abandon its positions and to accept, although only principle, the pluralist option.

In the midst of the political conflict within the LCY, which ended in break-up at the 14th Congress, the republic political elites also started, from the beginning of 1988, to look for allies outside the LCY, often among the emerging political opposition with which, as a rule, they established better relations than with other parts of the LCY. That has, to a great extent, defined the character of the conflict in Yugoslavia. Instead of a global conflict between the ruling communist party and society, what was happening in Yugoslavia, Goati stresses, was a conflict between parts of the ruling party and parts of society.

Goati goes on to emphasise that the process of the break-up of the LCY was in close correlation with the tendency of social and economic disintegration of the country. From the early 1970s, the Yugoslav republics had practically developed as autarchic societies. The share of intra-republic deliveries in total deliveries rose from 69% in 1970 to 76% in 1987, which Goati interprets as an indicator of a weakening organic solidarity in society. In parallel, mechanical solidarity increased within 'ethnic communities' (as the republics were to a great extent), which was conducive to the burgeoning of nationalism.

Simultaneously with the growing autarchy of the Yugoslav republics, according to the results of the censuses taken in 1981 and 1991, a process was evolving of a concentration of ethnic groups in those republics in which lived the majority of members of such groups. According to Goati, the direction of ethnic migrations indicates that they were not primarily caused by economic reasons because, in that case, the economically most developed republics (Slovenia and Croatia) would have been the centre of immigration regardless of the ethnic affiliation of the immigrants themselves, but by other causes – above all, aggravated inter-ethnic relations. Goati stresses that this is an important indicator of social disintegration.

The decisive and, for the survival of Yugoslavia, fatal conflict, according to Goati, took place within the LCY up to the beginning of 1990. The culmination of that conflict was the 'interruption' of the 14th extraordinary Congress of the LCY (20-22 January 1990), caused by the departure from the Congress of the delegates from Slovenia. After the 'interruption' of the 14th Congress – in fact, the collapse of the LCY – the republic leaderships attempted, with the aid of 'their' mass media, to emphasise

the impression that 'their' nation and republic was being threatened by other nations and republics.

Following the first free elections in 1990, opposition parties came to power in four republics (Slovenia, Croatia, Bosnia and Herzegovina, and Macedonia), while reformed communist parties preserved their ruling position in Serbia and in Montenegro. In Bosnia and Herzegovina, reformed communists were defeated by a landslide although communists in the other three republics, despite losing the elections, managed to win the support of a considerable number of citizens. Thus, it was extremely nationalist-oriented parties that saw triumph in the first parliamentary elections in Yugoslav republics.

Most parties, including communist ones, offered carefully-elaborated 'national programmes'. In certain republics, mutually confronted parties offered almost identical 'national programmes': this was, for example, the case with Demos and the League of Communists – SDP in Slovenia; as well as with the Serbian Renewal Movement and the Socialist Party of Serbia. Communists in Serbia and in Montenegro embraced 'national programmes' much earlier than the free elections (in 1987 in Serbia and in 1988 in Montenegro), during the struggle for the protection of the rights of Serbs and Montenegrins in the province of Kosovo. In the course of that shift, internal conflicts broke out within the leaderships of these two parties, resulting in a change in the ruling set of officials. After that, both parties became energetically involved in the resolution of the Kosovo problem. Communists in Serbia and Montenegro inaugurated and started to implement a 'national platform' long before the establishment of opposition parties.

In Croatia, Slovenia and Macedonia, communist parties also formulated their respective 'national programmes' immediately, before the first free elections, but were outpaced by the newly-founded opposition parties. The new parties rather than communists were perceived by voters in these republics as the authentic representatives of national interests.

The winning actors, which drew communists out of power in Slovenia, Croatia, Macedonia, and Bosnia and Herzegovina in the free elections in 1990, were made up of newly-founded parties which, according to Goati, had several common features. One of these was an extreme distancing from the *ancien regime* and its integrating ideas and values (socialism, self-management, the working class, social ownership) and the acceptance of the value set of liberalism and democracy (human rights, private ownership, parliamentarism, the multi-party system, the importance of the national issue).

The victory of the opposition in Slovenia and in Croatia in the spring of 1990 marked the victory of forces which tended towards a confederate political order for the country. The victory of the extremely nationalist-oriented Croatian Democratic Community in the elections in the second largest republic announced an escalation of the conflict between the two most numerous nations in Yugoslavia, Serbs and Croats. By the end of 1989, the ruling League of Communists – SDP had already assumed a confederate position in Slovenia.

The break-up of Yugoslavia formally occurred after the YPA's failed military intervention in Slovenia (in June 1991), which was an attempt to compensate for the lack of legitimacy with force, and after the decision of the SFRY Presidency (15-18 July 1991) subsequently to withdraw the YPA from Slovenia, although its actual

break-up was symbolised by referenda on independence. At the plebiscite in Slovenia (25 December 1990), and then at referenda in Croatia, Macedonia, Montenegro, and Bosnia and Herzegovina, citizens voted for independent states.¹³

Proceeding from the general theoretical position that individuals and narrowly-defined groups in strategic positions decisively influence the course of social events with their decisions, Goati stresses the key role of the republic political elites in the break-up of Yugoslavia and the outbreak of civil war. Goati also defines, as political motif, the tendency of the republic elites to win or to retain power by formulating 'national programmes'. These should have provided them with legitimacy and they should have enabled an 'alliance with the people' to have been created in conditions of economic crisis and a widespread feeling of the insecurity of existence.

Goati does not include privatisation as a factor in social disintegration and the political motif of the 'homogenisation of nations'. However, exactly at the time of the fiercest conflicts between the republic elites, three laws were enacted at the federal level and with the consent of all the republics: The Law on the Trade in and Disposal of Social Capital (in December 1989); The Law on Social Capital; and The Law on Wages and Salaries (the latter two both in July 1990). These set the foundations for privatisation in Yugoslavia. 'National homogenisation',* as a universal technology of the political struggle of all 'national nomenclatures', had the task of preventing the articulation of the authentic interests of the working class in Yugoslavia, segmenting it into a national framework, weakening class awareness by strengthening national awareness and thus, in the conditions of the break-up of the country and civil war, poverty and fear, enabling the nomenclature to seize control of social capital and resources. There were no available financial resources for the privatisation of social property, either domestic or foreign. Therefore, ownership could only be acquired through the instrumentalisation of political (leadership) functions. Thus, the famous Proudhonian maxim 'property is theft!' obtained its real historical confirmation in the process of privatisation in Yugoslavia, carried out in conditions of the country's disintegration and civil war.

Disintegration of society and class identity

The 'accumulation' of material and spiritual culture is a general law of the history of mankind. The social development of a community, as a more or less related and structured whole of several kinds of social changes (technical, economic, political, cultural) proceeding within the same direction, is defined by its ability for capital formation and for establishing an industrial growth rate.¹⁴ However, development always takes place in certain historical conditions and timeframes; that is, within a given socio-historical system and under the influence or direct engagement of certain social forces or classes which, by way of ideological systems, according to their class interest, define the strategy for social development (reliance on the state, on domestic resources or on foreign aid, the role of science, etc.).**

13 *ibid.*, pp. 389, 391, 392, 393, 394, 395, 398, 399.

14 The key factors of industrial development and growth of a country are: a) investment capital; b) foreign currency; c) production technology; d) the presence of and developed contacts with export markets; and e) the organisation of operation. Joviša Prokopijević (1985) *op. cit.* p. 115.

The major economic, political and cultural differences between western and eastern Europe have been basically determined by two historical processes: the first – by the maintenance of the elements of feudal relationships in eastern Europe until the end of the First World War; and the second – by a chronic shortage of financial capital. These two historical processes have made a periphery of eastern Europe in relation to the western central zone of accumulation.

After the collapse of communism and the shaping of the system of nomenclature capitalism, this peripheral position of the east European zone in the world capitalist system resulted in a Latin American-style pattern of relationships and ties between the owner class and the political elite. It implied, first of all, the government-initiated creation and toleration of the unlawful (shadow) economy, with the participation of government agencies in its activities or profit. This phenomenon of the linkage of government and criminal structures is denoted in the political dictionary by the notion of a mafia or corrupt state. Elements of this pattern can be found in all post-communist social systems, but only those countries created on the territory of the former Yugoslavia after its break-up have so completely assumed such a form. In addition to a peripheral position in the world system, the historic algorithm of the criminalisation of the state is also defined by the operation of private ownership capital formation.

The syndrome of the corruption of the entirety of the structure of the state (parliament, executive power, judiciary, health, education, local government, police, etc.) is characteristic of countries on the semi-peripheral or peripheral zone of the system of the world capitalist economy, in which a lack of financial capital represents a long-term trend. According to the historical rhythm of market tendencies, capital formation, which was for these zones always an essential social problem, was carried out on the basis of two models: state ownership; and private ownership. Limitation of the sources of capital formation defined the repressiveness of its forms. Thus, private ownership capital formation, in the conditions of the extreme limitation of financial resources, has always been made under the auspices of a corrupt state structure in the form of the illegal economy and has resulted in the complete pauperisation of the urban working class, on the one hand; and rural depopulation on the other. The underdevelopment of the class identity of the working class and of proletarian solidarity in the peripheral zones of the world capitalist economy has facilitated the emergence of various forms of mafia states within these zones.

The structural-historical limitations of the organisation of the working class through various trade union and political forms that would enable the development of mechanisms of social control and social balance in society, and thus the rule of law, has led to the atomisation of its members and the disintegration of the social structure.

Due to the long-lasting presence of elements of feudal relationships, traditional forms of collective identity, both religious and patriarchal, prevailed in eastern Europe almost until the Second World War. The development of national identity among east European nations, which started in the first half of the 19th century, occurred at the time of the operation of national liberation and the winning of state sovereignty, so it absorbed within itself different forms of traditional identity, particularly the religious. In the countries of the central zone of capital formation of the world capitalist economy (western Europe), national identity was developed on the premises of liberalism as geo-culture, which should have delivered cohesion in a society divided into two classes of people, the rich and the poor (capitalists and workers); whereas in east-

ern Europe national identity was established as a cohesive factor of a national community in relation to the hegemony of the Austro-Hungarian or Ottoman empires. Class identities have, therefore, been masked or suppressed by the very internal logic of the national liberation struggle.

The political integration of eastern Europe, as the European periphery, into the world capitalist system was carried out after the First World War on the basis of a Wilsonian liberal programme of the self-determination of peoples, equivalent to universal suffrage at the international level. Newly-founded east European states saw as their primary task the development of integrated national societies according to the liberal model, via a strengthening of national awareness (identity) not only through secular and modern social institutions – school and military – as did west European countries through the development of civil society, but with the assistance of the traditional institutions of church and monarchy. Now, the goal of national integration, as in the central states, was the pacification of the ‘dangerous classes’ (workers and poor peasants). However, due to the inherently polarising nature of capitalist accumulation, the countries of the east European periphery were not able to develop elements of the ‘welfare state’ as a relevant instrument of liberal ideology and practice, through which the considerable redistribution of surplus value had already been accomplished in west European countries by the time of the First World War. Objectively not having that instrument available, the east European bourgeoisie tried to substitute it with the instrumentalisation of traditional institutions in order to ensure social cohesion.

On the other hand, developed and strong (trade union and party) workers’ movements, as well as the shaping of social ideology after 1848 in western Europe, formed the social basis for the emergence of the ‘welfare state’ within the framework of liberalism and the implementation of this concept in social practice. The absence of that movement in eastern Europe was caused by the determinist assembly of a manifold historical process mediated by its peripheral position in the world economy. Via the working out of uneven development laws, which is an inherent principle of capitalism as an international system, eastern Europe before the First World War was in a state of belated industrialisation and, hence, had an undeveloped workers’ movement. Thus, for example, in 1913 Serbia had 500 enterprises and 20 000 industrial workers, of whom only 4 227 were organised in trade unions.***

A belated industrialisation and undeveloped workers’ movements contributed, in turn, to the preservation of the pattern of authoritarian political culture and traditional political communications, characteristic of undeveloped societies of ‘mechanical solidarity’. The chauvinist potential of traditional political culture was used by national bourgeoisies to stabilise their power, since the establishment of independent nation states in eastern Europe after the First World War did not solve the issue of its development (industrialisation). The ‘power elite’ (national bourgeoisie, bureaucracy and military) in east European countries tried in each case to acquire legitimacy for its power according to the models of traditional political culture and through a charismatic (irrational) character of political communications. The communications influence of the atomised interests of the working class in eastern Europe was segmented in character and thus it did not significantly influence the shaping of a collective moral awareness nor of the political culture in these societies, which were dominated by nationalist-populist ideologies. However, the segmented influence of a proletarian

class awareness was sufficient to introduce fascist dictatorships in all east European countries, except Czechoslovakia, in the period between the two world wars.

The reason for this should certainly be sought in the unpredictable relations between the 'patrimonial subject' and the political leadership, given the authoritarian traditional model of political culture. Namely, the inter-objective relationship between a charismatic leader and 'patrimonial subject' in societies of 'mechanical solidarity' has a specific unstable character. The charismatic structure of political power in such societies relies on irrational influence and a diffuse control of subjects who, in turn, attempt to find an irregular, isolated and individual, rather than an institutionalised and collective, manner of resistance to the power (the 'manage by yourself' slogan; the use of social and family connections; 'cheating' the administration bodies; mafia and criminal activity; the informal economy; tax evasion; a convertite mentality; corruption; etc.).¹⁵

A lack of social differentiation and the institutional disorganisation of the working class in eastern Europe, whose specific socio-economic interests have not been mediated by an autonomous class awareness and socialist ideology but which have been incorporated into the amorphous, confusing and often irrational content of national-populist ideologies, have contributed to an instability of the network of political control and of the communications network, despite the monopoly of the authorities over information and the media. Therefore, the 'power elite' has always relied most on physical oppression (military, police, secret intelligence service), which is a rather expensive way of exercising political power and which has absorbed a significant portion of the rather small national income of east European countries. The high costs of the state oppression apparatus have been compensated by low wages and the brutal exploitation of a non-unionised working class.

Balkans political culture is set apart as a special type within the authoritarian chauvinist political culture of eastern Europe, based on national liberation and the warrior tradition which is particularly characteristic of Serbia.

The authorities have retained traditional Balkan characteristics, manifested in citizens' attitude that it is 'morally acceptable' to cheat a government agency 'above everything' and, conversely, government and political officials 'rejoice when they manage to manipulate the public will for a 'general cause' which is in fact contrary to citizens' interests.

... 'Collective awareness' of the Serbian people is traditional in character, regardless of its certain contemporary changes. ...

... Since the collective awareness of the Serbian people is made up of the belief in war and warrior (heroic) myths and military victories, which burden Serbian culture, such awareness is both liberating and in the function of human aggression, and hence it is in conflict with the opposite monopolizations of other peoples...

... Political communication in Serbia, not only just before World War One, but also between two world wars, is unimaginable without passionate hatred directed toward other peoples. For such processes D. Vasić himself testifies that a separate occupation – 'professional promoter

15 See: Todor Kuljić *op. cit.* p. 33.

of hatred' – was created, to disseminate this passion in the press, in administration, school, military and in family. They even nursed and intoxicated children with it.¹⁶

Conclusions

The peripheral place of eastern Europe in the world capitalist system has resulted in late industrialisation and in the absence of an authentic, mass, organised labour movement across this geo-political area throughout the 20th century. An under-developed proletarian class consciousness and the lack of ideological articulation have contributed to the long-term maintenance of a traditional authoritarian model of political culture in these societies and the nationalist-populist ideologies which are based on it (conservative populism, national communism and nationalist liberalism). This situation has resulted in the rising of 'elites of power' as the subjective (voluntary) driving forces ('subjective factors') behind social development and change. These elites have substituted and completely controlled the guided movements of their supporters. The segmental character of the labour movement and labour organisations has made impossible the foundation of a state based upon the rule of law, which emerges as a result of class struggle.

The chronic lack of financial capital and foreign debt have been the main characteristics of the economic systems of east European countries during the whole 20th century. The structural economic backwardness of this peripheral region, due to uneven development being the crucial inherent principle of the world system of capitalism, has permanently generated problems of social dissolution (ethnic conflicts and violence), as well as long-term political crises of variable intensity. In the inter-war period, the social and political crises in eastern Europe led to the establishment of military-fascist dictatorships; after the Second World War, national communism was founded as a model of development; and, in the post-1989 eastern Europe, transition regimes of nomenclature capitalism promised unprecedented prosperity – although they brought unprecedented poverty.

Each of these three forms of social system originated in societies of 'mechanical solidarity' and were legitimated by traditionalist-nationalist patterns.

Privatisation, as the dominant process of the transition from national communism to nomenclature capitalism in eastern European countries, has led to the disintegration of social structures and to the considerable aggravation of the social situation of the working class compared with its position during the period of national communism.

The dissolution of Yugoslavia was caused by several structurally, but not chronologically, inter-related historical processes. Some of these had the function of cause and others of motif.

The nature of the development of the Yugoslav area as a European periphery determined the process of its own disintegration. An area with a low level of capital accumulation, Yugoslavia was doomed to a late industrialisation and a slow and partial differentiation and integration of its social structure. That was valid both for Yugoslavia as a whole and for its constituent parts (the national communities). This process led to the long-term survival of traditionalist social structures and the authoritarian

16 Dr. Radiša Jovanović (1992) *Politička moć i tradicionalno komuniciranje u Srbiji* [Political Power and Traditional Communication in Serbia] Institut za političke studije [Institute of Political Studies]: Belgrade, pp. 49, 32, 33, 34.

model of political culture which was based upon them. That traditional model of political culture was used by the 'power elites' for the legitimatisation and preservation of power via both the charismatic character of political communication and the propaganda formation of the collective consciousness as regards the principles of the 'national tradition'.

However, the state of 'national cohesion' both at the Yugoslav level and at the level of the national communities was always illusory due to it being based on a society of 'mechanical solidarity', as opposed to one of 'organic solidarity', which implies civil harmony and balance. The deep division between classes in these societies, on the one side, and the groundlessness of the position of these classes within the societies, on the other, determined the state apparatus as the main instrument of class domination. Therefore, the instability of political systems, the fragile state structure and fluid national boundaries were the long-term historical characteristics both of Yugoslavia and its constituent national states. Societies of 'mechanical solidarity' are unable to articulate a basic social consensus about the organisation of the state and, due to that, they cannot provide stability for the forms of the state and the social ground of the positions of the classes.

Privatisation was the historical reason for the dissolution of Yugoslavia in 1991. The communist period in Yugoslavia, like the systems of national communism in other peripheral societies, did not lead to the cohesion of society and the stability of its social, political, economic and state structures. Objectively, that was impossible, particularly as regards the social and historical circumstances described above. The myth of 'national development' ('the building of socialism') was not founded on real structural-historical conditions and practices but on an aspiration for 'subjective forces' concerning the equal integration of under-developed societies in the world system of capitalism. However, the inherent logic of global capitalism (the law of the uneven development of the centre and the periphery) made 'jump theory' an unrealistic and unaccomplished conception.

Atomised, disorganised, unco-ordinated with international labour organisations, nationally and socially segmented – the Yugoslav working class could not be authentic, relevant, organised factor in the processes of political decision-making in the historical condition of the fall of eastern European communist systems. Consequently, the working class became a nationally homogenised, confused follower of the 'national nomenclatures', the organisational strength and political power of which, in the situation of the disintegration of society, was instrumental in enabling them to seize economic power (ownership over state assets and resources).

Endnotes

* Ideological 'national homogenisation' in Yugoslavia towards the end of the 1980s was based on the propaganda that the nation was the subject of economic exploitation by other national communities, or that it was deprived by certain provisions of the 1974 SFRY Constitution. The backbone of this propaganda model was dissemination of 'truth', by way of the mass media and also through quasi-academic literature that present relationships in the Federation prevented national economic development and that its change (towards a confederation or a strong federation) would bring prosperity to the nation concerned.

During 1988, Slobodan Milošević emphasised that Serbia was the only republic in Yugoslavia which had achieved growth in industrial output:

In the past ten months, industrial output has a positive rate only in Serbia. Growth of 1 per cent compared with the previous year has been achieved, while in Yugoslavia the industrial output rate is negative and equals minus 1.2 per cent. Compared with other regions in the country, export to convertible currency markets is growing faster in Serbia than export to clearing markets. In addition, the growth of investment in our republic is higher than the average for the country and a positive fact is that investments are going into facilities which start the very much-needed process of structural changes toward a modern and highly profitable economy. Compared with other republics, allocations to public services are growing by 12 index points more slowly, which is the consequence of a resolute tendency to unburden income in productive activities. At the same time, in Serbia we have a cost of living index which is lower than the average in the country, while the retail price index is also somewhat slower, which indicates that we are contributing to curbing inflation.

Slobodan Milošević (1989) 'Sadržaj reforme' ['Content of Reform'] Godine raspleta [The Years of Denouement]: Beogradski izdavačko-grafički zavod, Belgrade, p. 290.

Therefore, he stressed that 'relations in the Federation' and 'bureaucracy in Serbia' represent obstacles to the more prosperous development of Serbia.

The future of our society cannot depend on the goodwill of the current leadership in the Republic or Yugoslavia but on the degree of the present economic development, as well as of the available realistic possibilities to accelerate it towards the technological and cultural development of the modern world.

That is the recipe for overcoming the crisis, but also for becoming a society that should meet the up until now incompatible requirements of material wealth and social equity. At this point, we have the potentials for achieving such commitment. ... Unblocking such huge human potential is the unblocking of the greatest wealth we have at our disposal. That is the process which has started and which is unfolding with greater or lesser obstacles, but which cannot be stopped. Enabling people to work, creating and changing the conditions of their life and society as a whole is a democracy that we have yet to establish.

Slobodan Milošević (1989) 'O tome kako će se urediti Srbija odlučuju oni koji u njoj žive' ['How Serbia will be organised shall be decided by those living in it'] *ibid.*, pp. 196-197.

At the Twentieth Session of the LCY Central Committee, held in January-February 1989 in Belgrade, Milošević accused the republic leaderships of causing a crisis:

The consequences of which are borne by the people, because they [the leaderships] have not demonstrated the readiness to introduce society into a new developmental phase.

ibid., pp. 326, 328.

On the occasion of being awarded the '2nd February' Charter with Plaque at the Red Star Works in Kragujevac in February 1989, Milošević stressed:

Our Republic, and our society as a whole, now needs working and social mobilisation in order to come out of this critical phase and into the phase of economic and social stability and prosperity.

The greatest obstacle to overcoming the crisis in the development of Yugoslavia are conservative forces, primarily in bureaucratised leaderships... which have proclaimed their personal bureaucratic interest for the social one; for republican, provincial, national...

ibid., pp. 336-337.

Proceeding from the position that 'conflict with the bureaucracy has the character of class conflict' at this Twentieth Session of the LCY Central Committee, Milošević stressed that, in Serbia for the purpose of a 'showdown' with the bureaucracy (nomenclature) as the obstacle to social development, there had occurred a 'homogenisation' that was not ethnically-based but which:

Is quite a significant mobilisation of all the citizens of Serbia...

ibid., p. 334.

This kind of propaganda was unquestionably effective in the conditions of economic crisis which had generated feeling of insecurity amongst the majority of the population, by 'opening a perspective' for them. The segmentation of the working class within republic borders, and the undeveloped awareness about class interests, resulted in the working class becoming the social core of the process of 'national homogenisation' and the main social support for nationalist political forces in the republics, in the mistaken belief that the 'national state' will ensure its social security and material well-being.

** Social growth is taken as a major, and the most easily measurable, indicator of general social development. The main indicators of social growth are: economic growth (increase in the volume of output); technological growth (the increase in and institutionalisation of various innovations in the field of material production); increased investment in scientific discoveries; higher investment in expansion and in technical and technological reconstruction; greater power (military and political) in society; demographic growth; and higher investment in health institutions, education and housing construction. Dr. Mihailo Popović and Dr. Miodrag Ranković (1981) *Teorije i problemi društvenog razvoja [Theories and Problems of Social Development]* BIGZ: Belgrade, p. 269.

Social growth is accompanied by social differentiation (institutional, organisational, professional and class), due both to the greater complexity of the division of labour (the role of specialisation) and also to the hierarchical inequality of distribution on which the global capitalist economy is based. Class struggle as the basis of the dynamics of social development, due to the very complexity of the structure of the social system and the historical processes lying behind its development, is often masked by certain forms of social differentiation (professional, educational, religious, national, ethnic, racial, age and sex), on the basis of which unfolds social mobility both 'vertical' (status) and 'horizontal' (migrations: village-city; south-north). That concealment

is increased by the process of the separation of oligarchic groups as the result of the increasing complexity of social structures and institutions and the general system of social organisation and management, as well as of the very dynamics of technological changes. These oligarchic groups (bureaucracy, technocracy, managers, political and military officials, nomenclature) participate in the distribution of surplus value on the basis of their functions in the system, rather than on the basis of ownership, but the main cause of social conflicts (changes) is sometimes not transparent due to its elitist context. More precisely, class relations become mediated by the level and degree of communication (action, organisational, personal, ideological, etc.) between the elite and the mass (managers and operators) but, basically, it is defined by class identity and organisation. A 'psychological dimension' of the specific identity (value orientation, characteristics, motives, positions, feelings, behaviours) influences the crystallisation of an individual's class position. Rationalisation of class identity, by way of the adaptive mechanisms of the dominant liberal geo-culture based on the monopoly of ownership, relies on social-psychological categories such as, for example, 'the spirit of thriftiness', 'the success motive', 'the feature of self-confidence', 'the feeling of frustration', etc.

Social development takes place within the dialectical unity of the long-term trends of social integration and social disintegration. The increasing complexity of the patterns of social integration is caused both by technological changes and by the process of the formation of solidaristic groups. The distribution of material wealth, as well as of the social and political power, is at the root of the process of the integration and disintegration of social structures and institutions, as well as of the social system as a whole.

*** During the First World War all warring countries, in order to win over the working class for participation in the war effort and for bearing great sacrifices during the war, promised social reform and the elimination of 'major social injustices'. On the other hand, the radicalisation of the working class in Europe, as reflected in the increasing number of members of socialist parties and trade union organisations, as well as in a manifold increase in the number of strikes, was also encouraged by the Russian October Revolution.

In such a historical situation, European social democracy initiated international labour legislation which should have ensured the protection of workers' health, the maintenance of family life and the possibility of education for the working class. Great stress was placed on insurance against unemployment. These initiatives became reality at the Paris Peace Conference through the adoption of 'labour provisions' in the Peace Treaty and through the founding of the International Labour Organisation.

However, by the time of the Second World War Yugoslavia had not ratified the ILO Convention on the eight-hour working day, while unemployment was the main characteristic of the economic system of Serbia and Yugoslavia throughout the inter-war period. The unemployment rate in Yugoslavia rose continuously from the mid-1920s, culminating in the early 1930s at the time of the great economic crisis. Between 1928 and 1938, the number of the unemployed increased 6.17-fold.

After the end of the First World War, the Kingdom of SCS had been faced with masses of unemployed, demobilised soldiers – workers. During 1919, in order to mitigate the consequences of the war in Serbia, the Ministry of Social Policy of SCS,

which had been founded in December 1918, gave trade unions small amounts of money to distribute between organised but jobless workers.

The issuance of *Obznana* (Proclamation) by the Government of the Kingdom of SCS in 1920 was a blow not only for the Communist Party of Yugoslavia but for the labour and trade union movement as a whole:

Obznana by its essence and consequences was an anti-labour and not only an anti-communist measure.

Dr Milica Milenković and Dr. Toma Milenković (2002) *Zapošljavanje u Srbiji. Od začetka do oslobodjenja zemlje 1944 [Employment in Serbia. From the Beginnings until the Country's Liberation in 1944]* Vol. 1, Republički zavod za tržište rada [Republic Labour Market Office]: Belgrade, p. 71.

Within a few days of the issue of *Obznana*, employers cancelled previously concluded collective agreements, or simply started to disregard their provisions. Almost all legal regulations about protection and labour inspectors ceased to be observed. Workers were fired without notice periods and wages were lowered.

The Vidovdan Constitution and Article 2 of the Law on Workers' Insurance provided for statutory workers' insurance in the case of unemployment, but this was actually introduced in 1937 by the Decree on Relief for Unemployed Workers. This Decree required the payment of unemployment contributions as a condition for the regular receipt of unemployment benefits. The amount of regular benefit was determined on the basis of the wage category according to which contributions had been paid. In addition to the introduction of the mandatory insurance of workers during unemployment, this Decree provided the necessary regulations concerning the construction of workers' flats and houses for the relief of the unemployed. A decree on minimum wages, collective agreements and arbitration was passed the same year.

The financing of aid to the unemployed via a state-run (public) labour exchange had been carried out since 1923 through a contribution paid by both workers and employers. In the first nine years, the contribution amounted to 1.8% of the guaranteed daily wage; it was then doubled in 1932 and, in 1937, was determined as 20% of the contribution for insurance during illness as introduced by the Law on Workers' Insurance. This is how the regular aid to unemployed workers was then financed. Benefit was paid for a maximum of 12 weeks.

In addition to regular unemployment benefit, unemployed workers also received extraordinary aid through the state-run labour exchange. The number of unemployed workers receiving this benefit was relatively high, although the amounts paid were low; both regular and extraordinary unemployment benefits were far beneath the subsistence minimum. Aid in kind usually implied board and lodging in workers' homes. The most numerous beneficiaries of workers' shelters were young people (between 20 and 30 years), unskilled and skilled unemployed workers. In addition, state-run labour exchanges awarded travel aid and aid in the form of a 50% discount on railway fares for unemployed workers who travelled around the country in search of work.

The world economic crisis started to be felt in Yugoslavia only in the early 1930s, first affecting the wood processing industry. The export of agricultural and livestock products, the main items of Yugoslav exports, then dropped radically. This caused a

sharp fall in the prices of these products on the domestic market and the collapse of the grain trade. Public revenues declined. A huge gap was created between the prices of agricultural and manufactured products. Villages suffered disaster. Peasants took out loans but were unable to repay them. In consequence, they rushed to the cities, where there were already many unemployed workers; most workers had already accepted jobs on any terms and for extremely low wages.

At the time when the economic crisis in Yugoslavia was at its peak (1932-33), protective provisions for labour and social legislation practically ceased to be valid. Employers tended to dismiss higher-paid skilled workers and filled their jobs with unskilled workers, women and children as cheaper labour:

It is estimated that in mining 83.2% of labour, and 68% in the lumber industry, consisted of peasants who had been hired in the place of dismissed skilled and semi-skilled workers.

ibid. p. 200.

The working day was extended and:

Workers did not get by virtue of the statute any daily breaks or weekly to annual holidays. The statute did not provide any guarantees concerning the activities of workers' representatives or the observance of other protective provisions of labour legislation. Employers became omnipotent and workers practically unprotected and weak. Labour inspectors could be of little help. Workers did not even complain of their miserable position because in front of the factory doors waited dozens and hundreds of unemployed workers, ready immediately to fill any vacant job.

ibid. p. 200.

In such an economic situation, employers demanded the reform of social legislation to relieve them of their insurance obligations. They demanded that working hours be extended to 10-12 hours per day and that workers themselves pay for their insurance. Furthermore, they requested that all mediators between labour and capital be eliminated and that the employment of workers should be left to the free bargaining of the interested parties. The employers' motive was to take advantage of the crisis to reduce the rights which the working class had managed to win through labour legislation and to leave these rights in such a reduced form even when the crisis was over.

All workers institutions, and trade unions, mustered all their strength to mobilise the public for the preservation of labour legislation. They demanded that, instead of the system of unemployment aid, the mandatory insurance of workers in cases of unemployment should be introduced.

However, the labour legislation did not deteriorate due to the intervention of the ILO, as Yugoslavia had ratified most ILO Conventions in 1927 and 1929.

Relief to the unemployed in the early 1930s consisted mainly of the distribution of free food, via the organisation 'Indispensable Bread'. The municipality of the City of Belgrade had founded an Action Committee for winter assistance to unemployed workers, which organised soup kitchens. Workers' insurance during unemployment was replaced with charity in one way or another.

Trade union labour exchanges paid to their members much higher amounts of aid than the state-run exchanges, although trade unions were poor. Printing workers and private employees contributed much to this generally high trade union average.

Printing workers were the most educated and constituted the highest percentage of organised workers. In the inter-war period, they demonstrated the greatest mutual solidarity of all the working class in Yugoslavia. After the First World War, unemployment among them was high. However, unemployed printing workers did not exert pressure on existing jobs and did not lower wages. Owing to the great solidarity between printing workers, employees gave 30-50% of their wages for the support of their unemployed comrades, or lent them their jobs for 2-3 days a week. In this way, they managed to preserve a good rate while unemployed printing workers were materially taken care of. In the printing houses encompassed by the rate (and these were all the major printing houses), only organised workers could be hired through their trade union organisation.

Owing to solidarity and the solid organisation of their trade union, class aware printing workers managed to control the labour market in their profession and to preserve good wages, which enabled them continuously to take care of unemployed printers. Unionised and qualified printing workers paid into trade union insurance funds against unemployment and support for the unemployed was therefore rather high, meeting the minimum subsistence needs of the unemployed. See: Dr Milica Milenković and Dr. Toma Milenković (2002) *Zapošljavanje u Srbiji. Od začetka do oslobodjenja zemlje 1944* [Employment in Serbia. From the Beginnings until the Country's Liberation in 1944] Vol. 1, Republički zavod za tržište rada [Republic Labour Market Office]: Belgrade.