

The Yugoslavs are encountering difficulties along their independent road to socialism. Will they find a way through?

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YUGOSLAVIA: an Experiment in Crisis

SINCE TITO DIED in May 1980 there have been clear signs of serious crisis inside Yugoslavia. National tensions have resurfaced, most dramatically in the predominantly Albanian area of Kosovo where martial law was declared for a time in the spring of 1981. Economic problems have multiplied, setting into reverse years of growth. Harsh austerity measures are eating into people's living standards causing growing public disillusionment. The ruling League of Communists is itself increasingly paralysed by internal divisions and a loss of confidence in the leadership.

Tito, it is claimed, led Yugoslavia towards the creation of a new 'model' of socialism which was based on non-alignment, respect for internal national differences and the development of self-management. There is no question that a great deal was achieved. The Yugoslav state held together despite its national diversity. It won respect around the world as an independent diplomatic force and its claim to be countering the bureaucratisation of society has attracted a great deal of interest.

Nevertheless, there were always underlying tensions and disappointments. Interviews with partisans who had fought the Nazis in the war and took the first steps in building the new Yugoslavia showed that even in 1971 they were dissatisfied with what was being achieved.¹ They had believed they were fighting for a society based on social equality, full national equality, the right to work and full democracy at all levels. Instead, they have a society with very clear social divisions, continuing national conflicts, about one million unemployed and a political system that leaves the majority of the population feeling alienated and manipulated.

The great success that they could be proud of was economic construction. After the war Yugoslavia was backward and devastated. By the 1970s it was an

industrialised country. Its national income per head is estimated to have risen from 64% of the world average in 1950 to 131% in 1975. The crucial point now is that, with the halting of economic growth, one of the regime's major claims to legitimacy is threatened.

This must mean heightened tension, but the dangers should not be exaggerated. As we shall see, the three elements of the Yugoslav model—non-alignment, national policies and self-management — can all provide important sources of stability.

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Reconciliation: Khrushchev and Tito in Yugoslavia

Nonalignment

The first, and most fundamental element, is Yugoslavia's international orientation. In May 1948 the 'Cominform' condemned the Communist Party of Yugoslavia. This was a shattering surprise to the world as Yugoslavia had previously been seen as the Soviet Union's closest and most reliable ally. So strong was Communist influence in the resistance that Tito's partisans had

established effectively a one-party state when they took power from the defeated Nazi forces. In fact, so loyal were the Yugoslav Communists to the Soviet model that they were even beginning the collectivisation of agriculture.

The crucial issue was probably Stalin's determination to consolidate a bloc under firm Soviet hegemony. Tito — enjoying enormous prestige because of Yugoslavia's heroic struggle during the war — could actually have been an obstacle to this and was even thinking in terms of a federation with Bulgaria which could have created a fairly powerful socialist state. In response to criticism, however, Yugoslavia did not repent. Instead it defied Soviet attempts to starve its economy and developed an independent stand that had not really existed at the time of the initial break.

Aid from the USA was essential to both military and economic survival in the face of Soviet hostility in the 1950s, but there is no evidence at all that it had any further influence on Yugoslavia's foreign policy. It was always understood as cynical self interest. There was never any likelihood of Yugoslavia joining NATO. In fact, a major reconciliation was achieved with the USSR when Khrushchev visited Belgrade in 1955 and publicly accepted what had become the crucial Yugoslav demand — that different countries had the right to find their own roads to socialism. That was an important change in the international communist movement and Yugoslavia has continued to occupy a prominent position as a firm defender of every party's right to determine its own policies.

Yugoslavia's greatest international achievement is the founding and development of the nonaligned movement which was intended to give a powerful voice to the emerging 'third world' countries. It has recently been split by a number of conflicts

¹ Published in the Belgrade weekly *NIN* 28 November 1971.

and Yugoslavia has come into sharp disagreement with Cuba over the issue of whether the movement could regard the USSR as its 'natural ally'. In the Yugoslav view, it could not. This partly reflected disagreement with Soviet policy in Eastern Europe and Afghanistan, and partly a belief that the movement's size and credibility depended on its maintaining firm independence from both power blocs. In no sense did it indicate a desire to ally with USA, but it did place Yugoslavia, on this one issue, in the same camp as the more reactionary 'non-aligned' countries. There is no likelihood of an abandonment of the policy of nonalignment. It has given Yugoslavia immense standing in the world. Rather than being a minor member of a bloc it can present itself as a forcefully independent state with a prominent role in a world movement. Moreover, Tito's whole approach to foreign policy has greatly strengthened the regime's domestic standing. There is no danger that, as in Poland, it could be condemned by a significant section of the population simply as a foreign imposition. Moreover, it is an orientation that brings economic benefits. The US is deeply concerned at the prospect of Warsaw Pact bases on the Adriatic. Despite Yugoslavia's clear opposition to US policy around the world, the *Wall Street Journal* of 6 July 1982 reported that bankers had given new loans to Yugoslavia following State Department reminders that it 'was a friendly nation outside the Warsaw Pact'.

Nationalism

The second element of 'Titoism' is the recognition of Yugoslavia's national heterogeneity. It in fact contains six nations and a number of national minorities. The Serbs, making up 40% of the population, had almost total dominance in pre-war Yugoslavia and this was a major factor facilitating its downfall. The Nazis could even rely on the fascist Ustasha movement to lead an 'independent' Croatian state and to take a grisly share in massacring Jews, Serbs and anti-fascists. In developing a resistance movement it was quite impossible simply to advocate the restoration of a Yugoslav state. In fact, in some parts of the country Yugoslavia could hardly be mentioned at all. It was therefore crucial that the Yugoslav Communists emphasised that their aim was a federal republic without the pre-war ruling groups. National and social revolution were to be linked.

Even after liberation, the national question has remained very much a live issue. Part of the trouble is the enormous variations in levels of economic develop-

ment. Figures for national product per head show Slovenia almost twice the Yugoslav average and, Croatia slightly above the average. But for Kosovo — the small autonomous province within Serbia inhabited largely by Albanians — the figure is less than 30% having dropped from over 50% in 1953. Unemployment is similarly a regional phenomenon affecting over 20% of the workforce in Kosovo while Slovenia

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suffers from a labour shortage. Government attempts to aid the more backward regions have typically created a few new industries with well-paid workers while leaving the area as a whole undeveloped. That can cause resentment on all sides: the backward area wants more help while the advanced areas feel they are making sacrifices which are only helping a privileged minority.

Economic difficulties create the ideal environment for national tensions to flourish. It is very easy to blame whole nations for one's troubles especially when there is a history of conflict. A major plank of Croatian nationalism today is that economic policy in Yugoslavia is consistently unfavourable to them. That view gained widespread acceptance in the freer atmosphere of the late 1960s and contributed to massive protests in Zagreb in 1971. The federal leadership responded very firmly, purging an estimated 3000 people from responsible positions, as it seemed that even many Communist officials shared the protesters' feelings.

The most serious troubles in terms of duration and extent of violence erupted in Kosovo in March 1981. Strikes and demonstrations by young people of Albanian nationality were suppressed by the police and army leaving officially nine dead. Many more were arrested and imprisoned over the following weeks. There were some reported demands for 'Union with Albania', but a more persistent and credible demand was for Kosovo to be given the status of a republic within the Yugoslav federation which would actually give it the formal right to secede. The Yugoslav authorities responded by accusing the Albanian government of stirring up trouble: they even confiscate the works of Enver Hoxha at the border.

Nationalist protest in Kosovo is very disturbing, but it does not represent an immediate threat to the federation. Albanians are widely regarded with contempt and socially ostracised so that a

repressive policy can even be welcomed by some Yugoslavs. Croatia, with its strong Catholic church and history of 'clerico-fascism', is still potentially the most dangerous area of nationalist opposition, but even that should not be exaggerated. Despite its international terrorist acts, the Ustasha movement has no real domestic base. The achievements of post-war Yugoslavia have reduced it to insignificance. Nationalist feelings up to now typically relate to calls for a better deal *within* a Yugoslav state, not for its dissolution — widely seen as an invitation for a foreign invasion.

Among the constitutional changes to outmanoeuvre nationalist feelings was the decision in 1971 to replace the President with a collective head of state. The model was Switzerland where the post is held by a member of a different national group every year. Whether it could work so well in Yugoslavia, a country that may need an established figure-head if it is to play a world role, is another matter.

Self-management

In domestic policy the core of the Yugoslav model is said to be 'self-management'. The stated aims are very ambitious. It is to 'transcend alienation through the transformation of working men into managers'. In terms of Marxist theory it is to make possible the withering away of the state and its replacement by an 'association of free producers'. The first steps were taken only after the split with the USSR. Tito argued that Stalin's dictatorial methods in foreign policy reflected the centralisation of power *within* the Soviet Union. Self-management was presented as Yugoslavia's alternative to this bureaucratic system.

It is now understood to mean the decentralisation of power in all fields of Yugoslav society, but its core remains workers' councils which were first established in a number of big enterprises in 1949. They do not manage directly, but they have considerable formal powers including the right to appoint the director who becomes *ex-officio* a member of the council. It is, however, quite clear that self-management has not dramatically altered the workers' position in society and neither has it overcome their alienation at work. This applies both to workplace representation and to local administration which seems to give even less of a voice to ordinary people.²

Managers, although nominally under the control of a workers' council, typically still run the enterprise as 'an autocrat, a despot'.³ For them the only use for

self-management is as a transmission belt to communicate their views to the workforce. That is a conception fully accepted in practice by most of the leading activists who staff party, trade union and self-management bodies and they are quite prepared to maintain their authority over the workers' councils by harrasing and publicly ridiculing individual workers who might challenge a business decision.

This is possible partly because, as surveys have repeatedly shown, manual workers typically do not believe that they have the right or the ability to make a contribution to major management decisions. That attitude is actually reinforced by a spell on a workers' council. Up to 20% of employees participate at some level in self-management bodies, where they can be confronted with a discussion on issues of business policy on which they lack the expertise or background information to contribute anything positive. They are left feeling incompetent and even more powerless than before.

Nevertheless, manual workers do have faith in a very different conception of self-management. They believe it should express their proclaimed power in society in two ways. First, they want, but do not have, a control over managerial power in the detailed organisation of work and over the arbitrary authoritarianism of some foremen: in short they want self-management to mean a strong shop-floor organisation.

Their second desire is for a system that can improve their material position; but this shows up the crucial limitation of a structure based on representation within the individual workplace. Even wages depend very largely on centrally decided guidelines and on the possibility of government financial assistance to the enterprise. The issue of concern most frequently cited is housing and there the workers' council has very little power.

Under these circumstances it is hardly surprising that the majority of working people are apathetic towards self-management. It is theoretically possible to raise any issue, but the practical problems for an inexperienced worker in forcing a point across at one of the infrequent general meetings of up to 500 people are obviously immense. Nevertheless, it would be wrong to dismiss self-management as irrelevant. It has helped to give the regime greater legitimacy. There is a lot of pride in what is seen as a *Yugoslav* achievement: it is, at the very least, 'something more than what the Soviet Union has'.⁴ There must, however, be practical obstacles to developing a self-management system that could genuinely

represent manual workers. Those obstacles stem from the limited nature of pluralism in Yugoslav political life.

Pluralism

In some respects Yugoslavia is a highly pluralistic society. There may not be freely competing political parties, but there are multiplicity of decision-making centres (enterprises, banks, parliamentary chambers) and delegate structures, all developed as part of the highly decentralised system of self-management.

A centralised and strongly repressive regime would be very difficult to establish in view of Yugoslavia's post-war history. Non-alignment has meant easy international contacts and a fairly free flow of ideas. National diversity has created decision-making centres in the various republics. Even more significantly, the stand against Soviet domination led the Yugoslav regime to present 'Stalinism' and bureaucracy as its enemies. It has therefore always been defensive about repression and has allowed a freer press than anywhere else in Eastern Europe. Masses of small publishing businesses effectively rule out pre-publication censorship.

Despite all this there is one clearly dominant organised political force — the League of Communists. Although it changed its name in 1952 from the Communist Party it is still colloquially referred to as 'the party', and with considerable justification. Although there are different positions within it — partly reflecting the national and social divisions in Yugoslav society generally — it is a centralised and disciplined organisation. This gives it immense power precisely because of the fragmentation of Yugoslav

political life. It has been described as the 'institutional glue' for the potentially anarchic political and economic system. The glaring contradiction is that the maximum decentralisation is said to be essential for self-management to be meaningful, but that apparently cannot apply for the most important institution of all.

Within the government structure and in places of work, despite the constitutional position, the party is typically more powerful than self-management bodies. There have even been cases of a party organisation simply dissolving an existing workers' council and announcing new elections, although strictly speaking it has no legal power to do so. It frequently proposes the chairperson of a workers' council who is then elected unopposed. Moreover, it is through the smaller, more frequent and better organised party meetings that employees have any real opportunity to air their complaints. It is certainly only through the party that they can hope to influence decisions taken *outside* the enterprise.

Trade unions have a reputation for irrelevance. One survey in 1972 revealed that that 39% of trade union chairpersons actually did not believe that the unions had any independent function at all. In an effort to reform this it was decided in the 1974 constitution that they should be given greater powers. Nevertheless, their role was

² Yugoslav and Western research on this has been very extensive. I have relied especially on Drezga, *Radnicigovore o samoupravljanju* (Zagreb, 1982). The book is a collection of interviews with self-management activists.

³ I Sifter, *Direktor iskusvo i praksa* (Belgrade, 1978), p14.

⁴ Quoted in S Zukin, *Beyond Marx and Tito* (Cambridge, 1975), p96.



still to be very limited centering on proposing candidates for the workers' council, 'mediating' in strikes and paying attention to the work environment.

Officially the LCY is said to be the greatest support for self-management, and it does appear that without it workers' councils would collapse amid the workers' apathy. There is, however, a real sense in which it is the crucial factor constricting organisation at the grass roots level. It is

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... tied to justifying and defending policies decided elsewhere and its basic organisations are either dominated by managers or paralysed by splits. It may in practice be the best representative organ but the real point is that no *alternative* is available. The need for one is clearly demonstrated by the frequent strikes which are typically against arbitrary management decisions or around demands for state assistance to raise wages. A vigorous trade union organisation based on strong shopfloor organisation with a voice in social and economic policies could contribute greatly to satisfying workers' aspirations.

Economic crisis

As long as economic growth continued and living standards rose, this political structure did not suffer any serious threat. Unfortunately, however, it was itself a major cause of economic difficulties. This point is crucial. Yugoslavia was *bound* to be affected by the world recession. As a non-aligned country with a minute share in world exports (0.5%) it could never isolate itself from world problems.

Formally speaking it is a planned economy but that has little meaning. Federal planning effectively ended in 1965 when the republics failed to agree on priorities. Since then each republic has produced its own plan which is inadequately coordinated with the other republics, and is in reality nothing more than a list of targets which enterprises are free to ignore. Neither is the market mechanism an effective control because there is no real punishment for enterprises that fail.

This lack of control over enterprises encouraged excessive and wasteful investment — which rose far above the 'planned' level in the late 1970s — and that problem was compounded by a strategy in the 1970s of rapid growth in basic industries such as steel, shipbuilding, petro-chemicals and

coal. The vision was of a modern, self-contained economy, but it was always over-ambitious. These industries required enormous amounts of investment and a lot of imported equipment and components. At the end of the decade Yugoslavia was saddled with a totally unsuitable economic structure for the new world conditions. The new steel and petro-chemicals industries are running at barely 50% of their capacity.

By 1980 exports were paying for only 60% of imports. The gap was made up by earnings from tourism, with money from the million Yugoslavs working abroad, and by borrowing. Debts have grown to \$19bn and 35% of export earnings are now needed to service them. Drastic cutbacks in imports have caused stagnation throughout industry and cuts in living standards which stand 15% below the 1977 level; there is now rationing of a range of consumer goods and fears have grown within the leadership that they could soon face 'Polish-type' troubles.

Political uncertainty

The Yugoslav leaders have gradually been admitting the depth of the country's economic problems. In July the Government, in the face of a great deal of reluctance, pushed through parliament a long-term programme of economic stabilisation.

The economy is to be 'restructured' to improve its international competitiveness. This is to include strengthening market disciplines and encouraging firms to sack 'superfluous' workers. Even if this is successful — there is no sign of any real change yet — the prospect is of very serious problems for the rest of the decade.

The October LCY Central Committee meeting — reported as the most critical and heated ever — showed the depth of the resulting political problems. There were serious doubts about the LCY's ability to unite around and argue for so uninspiring a programme. Public confidence was falling — an opinion poll in *NIN* showed 38% expressing confidence in the LCY compared with 74% in 1974 — and ordinary members were feeling 'ashamed' to come to meetings where they heard of the incompetence and corruption of leading members of their own party. They still did not believe that enough had been said to explain who really was responsible for the country's crisis. The Central Committee was deeply concerned at the prospect of a 'very painful' situation, but also deeply divided on the details of the stabilisation programme itself. At a more fundamental

level the LCY was dividing on the crucial issue of what political changes might be needed to restore its standing in the face of the economic crisis.

The dominant position at the 12th Congress in June 1982 was for continuity with the policies of Tito and Kardelj. The leadership clung to old certainties demanding no relaxation of 'democratic centralism' and emphasising 'destatisation and decentralisation' as the basis for the future. This position must be unconvincing as self-management cannot overcome its weaknesses without wider political changes. The main alternative, which is being mentioned increasingly frequently, is for 'democratisation'. Outside the party public discussion forums have mushroomed. Among their active participants are members of the former group around the journal *Praxis* which was banned in 1975. It had developed a powerful critique of existing forms of self-management and argued the need for the acceptance of a permanent diversity of views within the LCY. A similar view was put by party theoretician Slobodan Inic who demanded the creation of 'new organisational structures'.⁵ He complained that the LCY was still rigidly centralised with 80% of activities 'ordered' from above. Only by means of a substantial reform, he argued, could it be saved from an internal crisis of confidence.

There are major obstacles to such changes. Resistance centres on the spectre of irredentist nationalism, although it is increasingly being argued by the leadership's critics that the real fear is that the workers may 'bang their fists on the table'.⁶ There have also been clear and public demands from army leaders for more money to help counter possible external threats and 'internal processes'. They are openly concerned at the disunity of the LCY and, as the only institution organised entirely at the federal level, they could play a much bigger role in the future.

There has been open speculation about a possible 'Yugoslav Jaruzelski', but there still are other options. Yugoslavia's economic and political troubles are simply not on the same level as Poland's. Nevertheless, in the past Tito and Kardelj had the prestige to initiate reforms while holding them within limits. The current disunited leading group has so far been unable to overcome its fear that fundamental political change might invite disaster. That still leaves it drifting towards an uncertain future.

⁵ *Danas* (a Croatian weekly) 10 August 1982.

⁶ J Zupanov, *Danas* 1 November 1983.