

YUGOSLAVIA



HAMILTON

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*PATTERNS OF ECONOMIC ACTIVITY*

F. E. IAN HAMILTON



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BOOKS THAT MATTER

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## Preface

The writing of this book has been encouraged by the scanty knowledge in the Western world of the processes, results—and factors influencing the results—of decision-taking relating to economic development strategy and to the location of economic activities in a socialist state. The initial seeds of the idea of studying Yugoslavia were sown in 1957 during a summer expedition, curiously enough, across the Norwegian mountains with Krsto Cvijić of Zagreb, then a fellow undergraduate at the London School of Economics. Practical realisation of the idea began one year later when, as a Gerstenberg postgraduate scholar at the School, I was encouraged by Professor M. J. Wise to pursue my interest in the area and to undertake research on the problems of industrial location in postwar Yugoslavia. Naturally this initial research inspired many of the themes that are set out here, but the scope of this book is much wider, being concerned with all the major economic activities and with economic development generally. Although work on the book began in 1963, it was interrupted by lengthy and extensive travels in the other countries of East-Central Europe. The passage of time, and the wider experience gained have, however, permitted the constant reappraisal of the original themes, especially in the light of more recent changes in Yugoslavia itself.

The research embodied in this book could not have been accomplished without adequate periods of residence in Yugoslavia, nor without assistance in many forms from many quarters. I acknowledge, with thanks, therefore, the assistance of first, the British Council, under whose auspices I was a Yugoslav government scholar during the academic year 1959–60, and second, the Yugoslav authorities who organised my sojourn in Zagreb then and who facilitated extensive travel throughout the federation on field research in the spring and summer of 1960. I gratefully acknowledge also the financial

assistance granted by the University of London from its Central Research Fund to enable me to revisit the federal republic in 1962, as well as by the Joint School of Geography, King's College, London/London School of Economics for a return there in 1966 to supervise a student expedition on the island of Hvar.

I am indebted to very many Yugoslavs who have arranged access to source material, who have given their guidance and who have given me an insight into the Yugoslav system as well as the 'Slav soul': to Branko Horvat, Kosta Mihailović, Jakov Sirotković, Borisav Srebrić and many others in Belgrade; to Franjo Gašparović, Dragomir Gorupić, Branka Habek, Ivan Krešić, Branko Kubović, Josip Roglić, Nikola Sekulić, Dragomir Vojnić and Stanko Žuljić in Zagreb; to Svetozar Ilešić, Vladimir Klemenčić and Vladimir Kokole in Ljubljana; to Dušan Brkić and Divna Jagodić in Sarajevo; to Nikola Ključev in Skopje; and to city and commune officials, factory and farm managers, and simple working folk up and down the country. In particular I wish to remember the invaluable assistance and advice of Professor Rudolf Bičanić, University of Zagreb, as well as the fine teaching of Serbo-Croatian that I received from Slavko Stojčević, also in Zagreb.

Words cannot express adequately the debt that I owe, from my student days, to colleagues at the London School of Economics, and particularly to Professor R. O. Buchanan and Professor M. J. Wise, for their inspiring teaching of economic geography. To them, in addition, I wish to convey my deepest gratitude for their part in the preparation of this book, for their constant encouragement and for sacrificing their precious time to read and comment upon the manuscript. A very special word of thanks is due to Professor R. O. Buchanan for his masterly and painstaking editorship of the final draft. I wish to record my appreciation also of the advice that Professor Doreen Warriner gave to me during the earlier stages of preparation. Any shortcomings in the book, however, are entirely my own responsibility.

Credit is due to Miss Elizabeth Crux and Miss Stephanie Hall for drawing the maps and to Mrs. E. Wilson for her advice on cartographic presentation. Miss Judith Tagg, Miss Diane Dubury and Miss Angela McLennan skilfully typed the

manuscript, despite the frequent occurrence of unfamiliar terms and place-names.

Finally, I express special gratitude to Justyna, my wife, who constantly spurred me on during the preparation for and the writing of this book, and to my parents for their help and encouragement in earlier years.

London, 1967

F. E. Ian Hamilton

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*PART I*

*THE BACKGROUND TO MODERN  
DEVELOPMENT*



## CHAPTER 1

### Introduction

*'Most koji je prelaz od Zapada na Istok, i obrnuto . . . Ali tu . . . dozrevali su plodovi novih vremena.'*\* These words, written by Ivo Andrić, sum up certain features relevant to the area that we call 'Yugoslavia' today. The bridge was built by the Turks in the sixteenth century over the swift and dangerous river Drina at Višegrad to replace the old ferry and to provide better transit facilities along the caravan route from Constantinople, Sofia, and Salonika, to Sarajevo and Travnik in Bosnia. Locally the bridge functioned as the meeting place for people from Višegrad and villages on both banks of the river. Yet this was no ordinary meeting place. Christians living on the west bank met Muslims from the other side, people different in clothing, in customs, even in mentality and the very words they spoke, although all were the same South Slavs. When Austrian armies advanced and annexed Bosnia in 1878, the bridge became a strategic gateway for Hapsburg power against the independent state of Serbia and the Ottoman outpost in the Sandjak of Novi Pazar.

The drama enacted on the bridge epitomises the history of the Yugoslav peoples. It expresses their geographical position in relation to the shifting influence of different alien cultures associated with areas in Central Europe to the west and north, and with Asia Minor to the east. This work begins with history, for while there is much geography behind that history, past events are imprinted boldly on the Yugoslav landscape and its peoples, and find expression in modern regional and national economic problems.

The prime object of this study is to present the aims and

\* 'A bridge that is the crossing place from West to East, and vice-versa . . . Yet here . . . ripened the fruits of modern times.' Ivo Andrić, *Na Drini Čuprija* (The Bridge on the Drina), Zagreb, 1962.

methods of planning in this socialist state, and to assess its achievements in the distribution and location of economic activity. The validity of these aims, and their success in practice, can be judged only against the patterns and problems that the present Yugoslav government inherited from the past. The comparison involves an assessment of the impact of the new socialist system, based on a formulated ideology, on a pattern of activities which had evolved within the framework of feudal and capitalist economies. One cannot start, therefore, with the economic geography of Yugoslavia in 1939 alone. The postwar government inherited not only economic, but also social and political problems and patterns which have their roots deep in a complex history and which in many ways made difficult the fulfilment of socialist aims.

Moreover, the pre-war economy of Yugoslavia cannot be understood in terms of theories of areal specialisation and comparative advantage. The pattern of exploitation of the country's resources bore little relation to local possibilities and needs, or to world markets. Economic factors are allowed reasonably full play only where political unity or stability and unhampered internal and external economic forces prevail. The Yugoslav peoples never enjoyed such stability or freedom, and were not even brought into one Kingdom until fifty years ago. Their history before 1919 was dynamic, full of conflict and power politics, so that political, rather than economic, factors have shaped their economy. The historical drama on the land bridge between west and east, played out over the last five centuries, goes a long way towards explaining three major problems with which postwar planning in Yugoslavia has had to contend.

First, Yugoslavia is an under-developed country which inherited an economy maladjusted to domestic resources and needs—a country where there exist reserves of energy, mineral and vegetable resources awaiting use in production, and which, when brought into use, will contribute towards absorbing the surplus of poverty-stricken peasant labour still living on the land.

Secondly, Yugoslavia is a land of cultural contrasts which are fossilised in the architecture of buildings, and in the ways of the people. There can indeed be few sharper differences



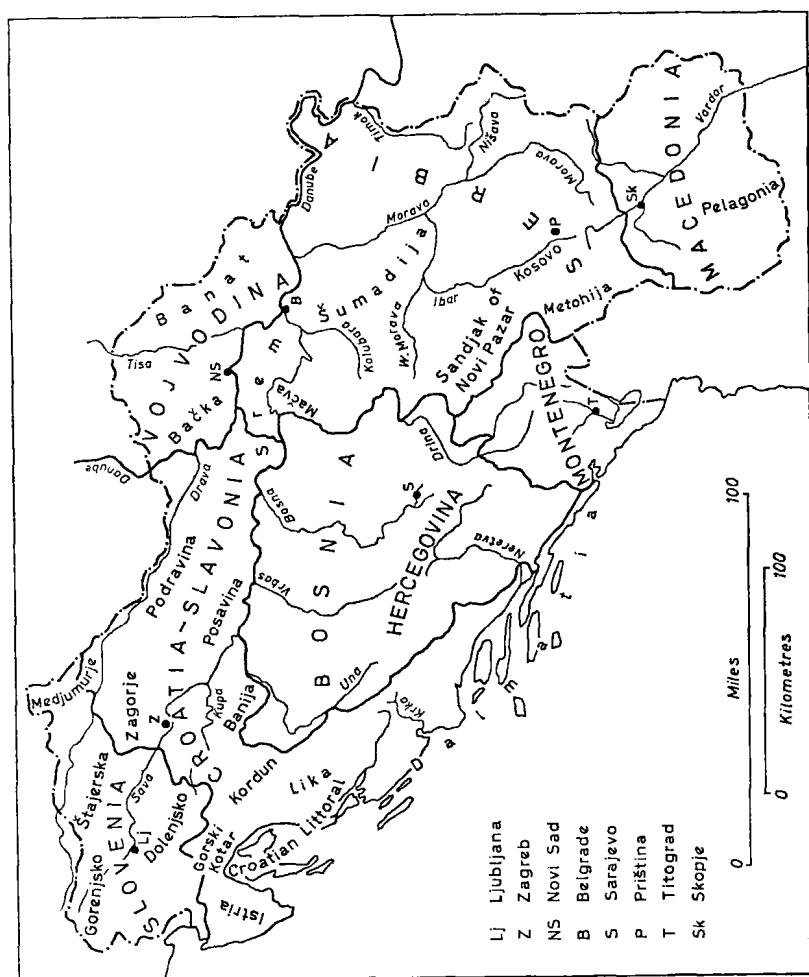


Figure 1. A Location Map of the Six Republics and Capitals, Major Provinces and Major Rivers