LIFE IN THE SECOND YUGOSLAVIA THROUGH THE PRISM OF SELECTED INDICATORS (The Slovenian Experience)∗

Aleksander LORENČIČ∗∗

The discussion sheds light on the main milestones and developments in the economic life of Slovenia and Slovenians in the time of the Second Yugoslavia. On the basis of selected indicators the author underlines the differences between Slovenia and Yugoslavia at various stages of development after World War II.

Key words: economic history, Slovenia, Yugoslavia

The outlooks on the historical experience vary, and they change with the passage of time. It is a fact that Slovenians have always formed an almost mythical attitude to every state they have lived in. The same is true of the Second Yugoslavia. For decades Slovenia has been affected by a phenomenon that economists know as “the Gulliver Effect”. This is a phenomenon when a smaller weaker state and its economy adapt to the standards of a larger and stronger state, which can be either a neighbouring state or an economic community. In the opinion of the economist Neven Borak, Slovenia has known two such “Gullivers”: the Austro-Hungarian Monarchy and the subsequent Yugoslavia.1 Since

∗ The scientific symposium entitled Slovenia in Yugoslavia took place in Ljubljana on 28 and 29 November. Here the author presented his paper “Kako smo živeli v drugi Jugoslaviji: oris dogajanja v luči izbranih kazalnikov” [“How We Lived in the Second Yugoslavia: Description of Events in Light of Selected Indicators”]. The following discussion is an updated and revised version of the author’s work published in Slovenian: “Kako smo živeli v drugi Jugoslaviji: oris dogajanja v luči izbranih kazalnikov”, in: Zdenko Čepič (ed.), Slovenija v Jugoslaviji, (Ljubljana, 2015), pp. 131-144.

∗∗ Aleksander Lorenčič, Ph.D., Institute for Contemporary History, Ljubljana, Slovenia

the attainment of its independence, Slovenia’s priority was the accession to the European Union. In the 1980s and during its emancipation, Yugoslavia became an “obstacle” for the Slovenian development, self-management socialism as the best system became a totalitarianism, comrade Tito became a dictator, and brotherhood and unity came to an end. European Union became the new goal, as we have already mentioned. Once again this integration was seen in an idolised manner, but recently – in the time of the economic and financial crisis – this image has been decaying. People are often dissatisfied. They find that they have imagined Slovenia and life in it after its emancipation differently, and so on. We frequently hear how life during socialism and in the Second Yugoslavia was better, how everyone had jobs, etc.

In May 1945, as the new authorities rose to power, new goals and plans emerged. The economy was taken over by the communists, who, among other things, undertook a high-priority industrialisation and introduced the centrally-planned economy with the nationalisation of property. Slovenia entered the second Yugoslav state as the economically most developed region, and it also managed to retain this role. Until 1974 its possibilities for the realisation of its national economic interests were quite limited, but this changed with the 1974 Constitution. Slovenia excelled in many areas, especially exports, productivity, and effectiveness of investments. Its ratio of domestic product in the context of Yugoslavia was between 15 and 17 percent, while its share of industry and exports was approximately 25 percent. In comparison with Slovenia, Yugoslavia fell behind more and more notably with each passing decade. According to the available information, in 1958 Yugoslavia’s lag behind Slovenia, as seen through the prism of economic development, was already 17 years and a half. With less than one tenth of the population, Slovenia accounted for one fifth of the Yugoslav gross domestic product and a quarter of the total exports.

Average annual levels of domestic labour productivity growth in the society by sectors in the period between 1953 and 1973 (in %)

<table>
<thead>
<tr>
<th>Economy</th>
<th>Primary sector</th>
<th>Secondary sector</th>
<th>Tertiary sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.8</td>
<td>3.9</td>
<td>5</td>
<td>4.3</td>
</tr>
</tbody>
</table>


---

3 Jože Prinčič: *Slovensko gospodarstvo v drugi Jugoslaviji* [Slovenian Economy in the Second Yugoslavia], (Ljubljana: Modrijan, 1997), p. 5.
The percentage of active population, employed in the secondary sector, climbed from 28 percent in 1953 to 49 percent in 1981. The tertiary sector saw similar development, but with reverse dynamics: until 1971 the percentage increased moderately (from 18 to 26 percent), but then, in 1981, it climbed to 36 percent. The services sector, which included trade, tourism and hospitality industry, financial, business and state services, had as much as a 54 percent share in 1990 (still 45 percent in 1987).

Globally Slovenia was at the very top as far as the percentage of the employed of the whole or active population of Slovenia was concerned, as well as with regard to the percentage of people working in industry and mining. On the other hand, it was far from the top in terms of labour productivity, educational structure and living standard.

Industrialisation level in Slovenia

<table>
<thead>
<tr>
<th>Year (of the census)</th>
<th>Number of active workers</th>
<th>Number of active industry workers</th>
<th>Percentage of active industry workers (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>768,424</td>
<td>192,423</td>
<td>25.04</td>
</tr>
<tr>
<td>1971</td>
<td>719,339</td>
<td>270,410</td>
<td>37.59</td>
</tr>
<tr>
<td>1981</td>
<td>753,167</td>
<td>328,522</td>
<td>43.62</td>
</tr>
<tr>
<td>1991</td>
<td>878,789</td>
<td>314,034</td>
<td>35.73</td>
</tr>
<tr>
<td>2002</td>
<td>818,304</td>
<td>257,157</td>
<td>31.43</td>
</tr>
</tbody>
</table>


From reform to reform

At the beginning of the 1960s it became obvious that the economic system and the related decisive role of the state in the formation and realised of the economic policy were the main obstacles for the swifter development and better integration into the international division of labour. At that time the

---


realisation was reached that the economic system would have to be altered in such a manner as to allow for a more liberal functioning of the market laws, the internal price relations should promote exports as far as possible, the state interventions in the economy should be limited, and the companies should be more independent in the distribution of their profits. The so-called small reform or new economic regime represented an introduction into the economic transformation. It began in January 1960, when the Federal Executive Council and the Federal Assembly adopted the legislation for the transformation of the foreign currency, foreign trade, credit and banking system in order to introduce new price relations and change the distribution of income. Unfortunately it turned out, already in the very first year, that the reform would not come to fruition. After the unsuccessful reform the episode with the seven-year economic plan was another indicator that Yugoslavia could by no means come to a single decision about the developmental orientation. After the unsuccessful reform in the beginning of the 1960s the central economic problems like the instability of the internal market, low productivity and deficient production links between the basic and other industry remained unsolved.

Share of industry and private sector in the domestic product in 1973

<table>
<thead>
<tr>
<th>Republic</th>
<th>Industry</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socialist Federal Republic of Yugoslavia</td>
<td>36</td>
<td>18.5</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>37.9</td>
<td>19.9</td>
</tr>
<tr>
<td>Montenegro</td>
<td>29.7</td>
<td>16.9</td>
</tr>
<tr>
<td>Croatia</td>
<td>34</td>
<td>16.5</td>
</tr>
<tr>
<td>Macedonia</td>
<td>34.7</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Slovenia</strong></td>
<td><strong>45.5</strong></td>
<td><strong>10.7</strong></td>
</tr>
<tr>
<td>Serbia Proper</td>
<td>34.1</td>
<td>22.1</td>
</tr>
<tr>
<td>Vojvodina</td>
<td>30.9</td>
<td>23.1</td>
</tr>
<tr>
<td>Kosovo</td>
<td>33.7</td>
<td>27.6</td>
</tr>
</tbody>
</table>


A new reform started on 24 July 1965, when Boris Kraigher presented its foundations and goals in the Federal Assembly. In the introduction he presented three processes on which it was supposedly based. The first process would allegedly facilitate exports, the second one would change the income relations, while the third one would consolidate the efforts for the restoration of the realistic levels of all forms of consumption. The main measures envisioned by the 1965 reform included the change of the price ratios, strengthening of the tertiary economic sector, modernisation of the system of international economic relations, restrictive credit policy, changes of the tax system and tax policy, balancing consumption with income, convertibility of the national currency, and different attitude to the undeveloped republics and regions.11 In the first two years the economic reform had a considerable amount of positive effects: prices, living expenses and inflation stabilised, investments and the role of state in the management of company income reduced, productivity and personal income increased, and the restructuring of economy and introduction of new technologies began. However, already in the second half of 1967 the enthusiasm for the realisation of the economic reform programme diminished. In December 1966, about a month before his death, Boris Kraigher told Stane Kavčič that the reform would fall through as it did not have enough actual ideological-political support. And this is what eventually happened. After Kraigher’s death the reform efforts slowed at first, and then came to a complete halt. The 1965 economic reform is frequently seen as an especially important development. It has been pronounced as the best-prepared programme of economic transformation attempted in the time of the second Yugoslav state. The supporters of this reform were convinced that in case of its realisation the fate of Yugoslavia would have been completely different. The aggrandisement of this reform makes it harder to discover its actual role. Namely, it is an indisputable fact that this reform was completely unsuccessful and that its main goal – to transform the economy into a modern self-management market economy – was not realised. In the middle of the 1980s the economist Aleksander Bajt wrote that the planners of the reform were not yet capable of comprehending the decisive importance of market for the economic life. They saw the market narrow-mindedly, which is why the prices of the products they paid most attention to never achieved their economic levels.12


Domestic product per capita and unemployment levels in the SFRY in the period between 1960 and 1990

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic product per capita (in thousands of dinars, 1972 prices)</th>
<th>Unemployment level in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SFRY</td>
<td>SLO</td>
</tr>
<tr>
<td>1960</td>
<td>6.43</td>
<td>11.61</td>
</tr>
<tr>
<td>1965</td>
<td>8.50</td>
<td>15.60</td>
</tr>
<tr>
<td>1970</td>
<td>10.92</td>
<td>21.15</td>
</tr>
<tr>
<td>1975</td>
<td>14.10</td>
<td>28.71</td>
</tr>
<tr>
<td>1980</td>
<td>17.76</td>
<td>35.23</td>
</tr>
<tr>
<td>1985</td>
<td>17.72</td>
<td>35.56</td>
</tr>
<tr>
<td>1990</td>
<td>15.31</td>
<td>30.82</td>
</tr>
</tbody>
</table>

Source: Statistički godišnjak Jugoslavije [Statistical Yearbook of Yugoslavia] (various years).

*According to the records, Slovenia had the lowest level of unemployment and highest value of domestic product per capita of all the former republics of the SFRY.

When the 1965 reform fell through, several federal as well as republican stabilisation programmes were drawn up. In the first half of the 1970s the economic development in Yugoslavia was unequal, while economic movements were cyclical and uneven. Periods of stable and unstable economic movements followed each other. The efforts to control the situation reached their peak with the constitution of 1974\(^{13}\), which had a double character, since on one hand it moved towards decentralising the state and the economic system, while on the other hand it tended to strengthen the communist “Party” as the leading state political force. The 1974 constitution was an important turning point in the development of Yugoslavia and “many saw it as one of the most important reasons for the dissolution of the state as well as for its economic problems”\(^ {14}\). The new constitution adopted the concept of self-management based on associated labour. According to the constitution the socialist social order was based on the “authority of the working class and all the working people as well as on the relations between the people as free and equal manufacturers and producers whose work is intended exclusively to satisfy their personal and common needs”\(^ {15}\). Thus the constitution had a twofold character: on one hand it addressed the organisation of the federation and its functioning by strengthening the role of the republics and provinces as well as by

---


reducing the role of “centralism”, while on the other hand it emphasised the class-oriented, so-called labour-defined character of the Yugoslav society and state with precise normative regulation of socio-economic relations, based on self-management and associated labour.” The new constitution has no pretensions of creating an ideal democratic system,” Edvard Kardelj said at the session of the Commission for Constitutional Questions in May 1973, and added that its main purpose was to provide the “working class with a strong and efficient weapon in order to facilitate its better organisation”. In reality this was not so. The constitution of 1974 may have set out that the state could only get involved in companies when the socially-owned property had to be protected (from losses or bankruptcy), but in reality the organisations of the League of Communists and the Trade Union existed in the companies and exerted political influence on the business decisions of the managers. Thus the economic relations between the companies became completely political relations between the state and the companies, while the lack of the market system repeatedly called for constant state interventionism. The actual division of power in the companies was far less democratic as the self-management normative system portrayed it: the political authorities had a leading role, the managers had an important influence due to their business information, while the workers as the formal protagonists of self-management were in fact powerless and in a subordinate position.

In the middle of the 1970s a new manner of social planning came into existence, based on the idea that the functioning of market laws could be more efficiently replaced by the self-management agreements between companies. The foundation for this idea was the Associated Labour Act, adopted by the Federal Assembly in November 1976, which soon started to be referred to as the “lesser constitution”. The economic system, according to which the newly transformed socialist companies (the TOZD, OZD and SOZD organisations of associated labour) were supposed to bring their mutual interests in line and set out their mutual rights and responsibilities, did not come to life. Mockingly, economists referred to this system as the “agreed economy”. Naturally, the aspiration to have companies reach agreements with each other instead of competing is contradictory to the logic of the market economy. Thus the


companies kept becoming less and less competitive abroad as well as at home, while the prices kept increasing gradually but constantly.\(^\text{19}\)

The crisis in the 1980s ultimately revealed the powerlessness of the socialist economy. However, it took almost a decade to reach the realisation that it could not be reformed.\(^\text{20}\) The disintegration resulted from the establishment of the normal state of conflicting interests and the realisation that “there was no Tito after Tito.”\(^\text{21}\) The attempts to solve the crisis resembled the efforts to put out a fire rather than the search for the true reasons for the crisis. On one hand the governments decided to implement restrictive measures with regard to supply, while on the other hand they attempted to reach compromises regarding the economic system changes. Even though discussions about market economy and the so-called market mechanisms became increasingly frequent, agreed economy remained in force.\(^\text{22}\) Dr. Janez Drnovšek, President of the Presidency of SFRY and long-time President of the Government and President of the Republic of Slovenia, agreed that the 1980s were the time when a conceptual change took place and when the people started believing in and pursuing the values characteristic of the Western world. He said: “It was an awakening, not only in Slovenia, but in the whole of Central and Eastern Europe. In Slovenia the aspirations for changes were largely brought about by the backwardness and lack of prospects that the previous regime and the former state exhibited, especially in the last decade of their existence. It became obvious that there was no way out.”\(^\text{23}\)

**How we lived in the Second Yugoslavia**

Until 1952 the salaries were regulated by the state. Salaries in the individual industries were the same all around the country. After 1952 the salaries increased (the system of calculation according to the tariff rules and participation of workers in the profits was introduced).\(^\text{24}\) The ratio between

---


\(^{22}\) Čepič, *Gospodarska kriza [Economic Crisis]*, pp. 1151–1153.


the personal income of unqualified workers and highly qualified workers was 1:2.76 in 1963 and 1:2.38 in 1973.\(^{25}\)

In the period between 1955 and 1964 the living expenses increased by an average annual growth level of 7.9 percent. The average annual level of living expenses increase in the period between 1965 and 1974 was 16.4 percent. The economic reform of 1965 resulted in a significant increase of living expenses. In comparison with the earlier year, in 1965 the increase in expenses amounted to 31.5 percent, in 1966 it was 23 percent, in 1967 7.8 percent, and after that the expenses stabilised. Food expenses in the period between 1955 and 1964 increased by an average growth level of 9.3 percent, while between 1965 and 1975 this increase amounted to 17.2 percent. Food had the majority share in the joint living expenses index.\(^{26}\)

Retail prices kept increasing, especially after 1962 and during the 1965 economic reform (28 percent increase). The living standard kept improving from decade to decade. Healthcare strengthened and the number of healthcare professionals increased as well, which resulted in a better quality of life, also in diminished mortality and morbidity of the population. In the years from 1964 to 1972 the number of persons with health insurance increased, amounting to 1040 insured persons per thousand people in 1972 (the numbers include those who worked abroad or workers who had their permanent residence elsewhere and were thus not included in the population census).\(^{27}\)

Monetary resources of working families of four (monthly average)

<table>
<thead>
<tr>
<th>Available resources</th>
<th>1966</th>
<th>1970</th>
<th>1974</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living expenses (in dinars)</td>
<td>1501</td>
<td>3194</td>
<td>5853</td>
</tr>
<tr>
<td>Living expenses (in dinars)</td>
<td>1213</td>
<td>2364</td>
<td>4374</td>
</tr>
</tbody>
</table>


Since the 1960s it was possible to acquire passports. Thus it was possible to “head into the world” to travel or find a better life. Slovenians used to shop abroad in large numbers, and processions of vehicles waited to cross the Austrian and Italian borders on both sides. In the 1980s restrictions were implemented. The authorities introduced vouchers for the basic necessities. The use of automobiles was first restricted with regard to their registration number according to the so-called “even – odd” system, and then gasoline vouchers were introduced as well. Restrictions were also put in place with regard

\(^{25}\) Ibid., p. 164.

\(^{26}\) Ibid., pp. 172-173.

\(^{27}\) Ibid., pp. 173-174.
to imports, especially of the so-called “luxury goods” (exotic fruits, coffee, imported alcoholic drinks, foreign magazines and newspapers, and cosmetics).²⁸

Citizens would cross the border to buy certain articles for foreign currencies and “smuggle” them home. Deposits were introduced (charges for crossing the border), but it often happened that people wired these sums to their own instead of the state accounts (customs officers did not check the account numbers on the money order forms).²⁹ Instead of the state importing coffee, washing powder, jeans and so on it allowed the money to go abroad and fill the foreign budgets. Towards the end of Yugoslavia the capitalist system was seen “with envy”. Citizens wished for the freedoms that the Germans and Austrians enjoyed. People dreamed about the United States, Germany, and Austria (idolised perception: migrant workers in these countries would come home driving Mercedess and BMWs).

After the collapse of Yugoslavia, between 1989 and 1992 Slovenia saw a significant decline in activity and faced an urgent reorientation from the Yugoslav to the Western markets.³⁰ As far as the level of GDP was concerned, it took more than eight years to restore the level from 1989. In the statistical sense the 1992 GDP level amounted to less than 80 percent of the level from 1989, but in the temporal sense it fell to the level of around 1976, i.e. by some 16 years. In all of the transition countries, the transformation to the capitalist and market economy resulted in profound shocks and diminished production. Already in the period between 1989 and 1992, the cumulative decrease of the gross domestic product in Slovenia, Czech Republic, Hungary and Poland amounted to approximately 20 percent, and the decline of industrial production was even greater. In view of the relative differences and temporal distances from the compared countries of the European Community before the transition period, the relative position of Slovenia in terms of gross domestic product per capita worsened significantly: in 1991 Slovenia lagged behind Italy by 30 years, Spain by 19 years, Ireland by 13 years, Portugal by around 6 years, only in comparison with Greece it had a year’s advantage according to this indicator.³¹

²⁹ Ibid., pp. 10-12.
³⁰ For more details about the transition of the Slovenian economy see: Lorenčič, Prelom s starim in začetek novega.
Differences between Slovenia and Yugoslavia according to the selected indicators and years of the Second Yugoslavia

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP per capita</th>
<th>Employed people per working age person</th>
<th>Domestic product per employed person</th>
<th>Fixed assets per employed person</th>
<th>Cars per person</th>
<th>Phones per person</th>
<th>TV sets per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>172</td>
<td>175</td>
<td>109</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>1961</td>
<td>187</td>
<td>160</td>
<td>127</td>
<td>128</td>
<td>366</td>
<td>182</td>
<td>191</td>
</tr>
<tr>
<td>1964</td>
<td>185</td>
<td>167</td>
<td>122</td>
<td>119</td>
<td>357</td>
<td>179</td>
<td>219</td>
</tr>
<tr>
<td>1979</td>
<td>206</td>
<td>171</td>
<td>130</td>
<td>120</td>
<td>209</td>
<td>187</td>
<td>148</td>
</tr>
<tr>
<td>1988</td>
<td>202</td>
<td>150</td>
<td>140</td>
<td>136</td>
<td>211</td>
<td>165</td>
<td>136</td>
</tr>
<tr>
<td>1989</td>
<td>200</td>
<td>149</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>203</td>
<td>168</td>
</tr>
</tbody>
</table>

Relative differences between Slovenia and Yugoslavia (YUG=100)

<table>
<thead>
<tr>
<th>Time lag of the former Yugoslavia behind Slovenia (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
</tr>
<tr>
<td>1964</td>
</tr>
<tr>
<td>1966</td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>1987</td>
</tr>
<tr>
<td>1988</td>
</tr>
<tr>
<td>1989</td>
</tr>
</tbody>
</table>

Source: Pavle Sicherl: “Kje je Slovenija?” [“Where is Slovenia?”] in: Jože Mencinger (ed.): Aleksander Bajt 1921-2000: Zbornik razprav s simpozija SAZU ob 10-letnici smrti, Razprave 25, (Ljubljana: SAZU, 2011), p. 136. The employment indicators (employed people per working age person), productivity (domestic product per employed person) and equipment (fixed assets per employed person), as shown by Sicherl, are only related to the social sector and do not include the private sector.

European Union = Yugoslav syndrome?

The transition to market and national economy after 1990 gave rise to profound structural changes, marking the transformation from the socially-owned to private ownership, from industrial to service economy, from large to small companies, the reorientation from the former Yugoslav market to the markets of the states more demanding in terms of prices and quality, as well as the final transition from the economy of supply to the economy of demand (especially in the labour market).32 For such a small national economy as the Slovenian

---

32 Institute of Macroeconomic Analysis and Development (ZMAR), Workbook, No. 6, year III, 1994, p. 2.
one, which, to make matters worse, also separated itself from the large Yugoslav market, the reorientation towards foreign markets represented a path towards stable economic growth and development. This primarily depended on international recognition. Until the end of 1991 Slovenia was recognised only by ten countries, but after 15 January 1992, when the European Union member states recognised it, the number of recognitions increased drastically.33

Today Slovenia is a full European Union Member State, which, however, faces many problems. What we already know from historical experience turned out to be true also in the case of the European Union. The global economic and financial crisis revealed certain inconsistencies and weaknesses of this community. We have witnessed numerous discussions and proposals with regard to what kind of measures to adopt, how to solve the problems, and what Europe should be like in the future. Let us remember the discussions of the so-called Kraigher Commission in Yugoslavia and the like. We can see more than a few similarities between the problems faced by the European Union and the Second Yugoslavia. Whether these comparisons are relevant or not is a matter of discussion, but they exist nevertheless. In case of European Union certain experts even talk about the so-called Yugoslav Syndrome. “Yugoslav Syndrome will appear in the European Union: who lives on account of someone else, or who is taking advantage of whom,” the economist Jože Mencinger stated in 2010, and this has been completely obvious in the example of Greece.34

As we have already mentioned, there are several similarities between the European Union and Second Yugoslavia. Marković’s35 outlook on Yugoslavia is very meaningful: he envisioned it as a “convoy” in which the speed has to be adapted to the slowest ship. Jürgen Habermas said the same thing of the European Union a few years ago: in his opinion it is a very unusual convoy, and its speed is always determined by the slowest vehicle. We can often hear discussions about Europe of two or more speeds. In any case, it is a fact that the European Union is facing difficulties due to the differences between developed and less developed regions, just as the socialist Yugoslavia once has. Besides the unsuccessful economic system one of the key reasons for the Yugoslav economic problems were also the significant differences in its development, and everyone saw the possible solutions in their own way. Yugoslavia constantly attempted to reduce the differences in the levels of development with the policy according to the system of “the developed for the less developed”. Thus the

34 Janez Tomažič, “Ekonomist Jože Mencinger je prepričan, da se bodo v EU začeli spraševati, kdo živi na čigav račun” [”Economist Jože Mencinger is convinced that the EU states will start asking themselves who lives on whose account”]. Finance.si, 7 May 2010. Accessible at: http://www.finance.si/278974/Mencinger-V-EU-se-bo-pojavil-jugoslovanski-sindrom, (10 March 2014)
35 Ante Marković, last President of the Federal Executive Council.
Loans Fund intended for the swifter development of the economically underdeveloped republics and autonomous provinces (Bosnia and Herzegovina, Montenegro, Macedonia and Kosovo) was established already in the middle of 1965. The funds were collected as a percentage of the domestic product of the social sector. This was another mistake of the economic policy. As it was, the underdeveloped did not take the responsibility for their own economic development: they only invested their own resources in the development of certain areas, while supposing that all other development and investments were in the Yugoslav domain. The underdeveloped did not repay their debt, and they often used the resources they had received for non-economic purposes. The same turned out to be true in the case of the aforementioned Loans Fund. Developmental differences in Yugoslavia amounted to the ratio of 1:7. In practice this meant that Slovenia was seven times as developed as Kosovo. Slovenia as the most developed republic invested most resources, and due to the worsening economic conditions it renounced its participation in the Fund in the middle of the 1980s.\footnote{Lorenčič, \textit{Gospodarske razmere}, pp. 270–271.} As the most developed republic Slovenia’s contribution to the aforementioned Loans Fund was the greatest. It was a kind of investment that never saw any returns. The European Union knows a similar mechanism as well – the fund assisting the indebted states or states that face a crisis, called the permanent European Stability Mechanism. It is very significant that Slovenia contributes 2.8 percent of its GDP to the mechanisms providing assistance to the Eurogroup states, which is the largest percentage of assistance in terms of GDP of all the members of the European Monetary Union. In 2012 Germany contributed 56.09 billion euros for the solving of the euro-related problems, which is the largest actual amount of money intended for solving the problems of the euro zone countries. However, according to the Statistical Office of the European Communities, Eurostat, this share only represents 2.1 percent of the German gross domestic product.\footnote{“Slovenija je najradodarnejša pri reševanju pomoči potrebnih evrskih držav” [Slovenia is the Most Generous in Saving the Eurogroup States that Need Help]. \textit{MMC RTV SLO}. Accessible at: \url{http://www.rtvslo.si/evropska-unija/slovenija-je-najradodarnejsa-pri-resevanju-pomoci-potrebnih-evrskih-drzav/321553}, (21 March 2014).} Debt is a serious problem in the European Union, and the same was true of Yugoslavia. Namely, the Yugoslav federal governments attempted to solve the crises with borrowing as well. The largest increase in borrowing took place between 1977 and 1982, when the federal government was led by Veselin Djuranović. The reasons for such borrowing lied in the significant worsening of the current part of the balance of payments. The trade shortage increased from 1.7 billion dollars in 1973 to as much as 7.9 billion dollars in 1979. Furthermore, the indebtedness was also influenced by the ambitious investment goals of the five-year national plan for the period from 1976 to 1980, which involved extensive construction projects. Between 1982 and 1986 the President of the Government Milka Planinc from Croatia wanted to put things in order by pursuing a very resolute policy, but she was
too weak and had to keep yielding to the extreme social pressures and interests of the individual republics.\textsuperscript{38} One of the most important economic experts at the time Aleksander Bajt said about her that she might have actually succeeded in putting the situation in order eventually, if only they let her work.\textsuperscript{39} One of the consequences of the severe indebtedness was that the pressures of foreign creditors, demanding that the debt be repaid, were increasing, reaching the climax in the years between 1986 and 1988, when Branko Mikulič was the President of the Federal Government. The main problem lied in the fact that the International Monetary Fund dictated the economic policy. It forced the federal government to abandon the supervision of prices, pursue a restrictive policy in relation to wages and loans, and bring down the expenses of the public sector.\textsuperscript{40} Also here we can find similarities with the current state of affairs in Slovenia. We can often hear threats involving the arrival of the so-called “Troika”. It is ironic that besides the individual European Union states the European government itself has significant problems. As it happened, in October 2012 the European Parliament approved an additional 2.7 billion euros to the European Commission: without it the European government would have run out of money in the middle of November.\textsuperscript{41}

The Slovenian economic position in the Second Yugoslavia was not much different from the position in the First Yugoslavia. Nevertheless Slovenia had been and remained the economically most developed and successful part of the Yugoslav state. As Peter Vodopivec wrote, “communism – in Yugoslavia as well as elsewhere – managed to modernise and improve the social and economic conditions, but it could not – as the American economist John Kenneth Galbraith underlined – decrease the economic lag behind the Western neighbouring states”.\textsuperscript{42} The Yugoslav economic crisis certainly had a significant influence on the dissolution of Yugoslavia. It is a fact that the economic position in which Yugoslavia found itself was an important factor of the dissatisfaction of the Yugoslav nations. It is completely understandable that the economic cir-

\textsuperscript{38} Repe, \textit{Slovenci v osemdesetih letih}, pp. 10–12.
cumstances “created a fertile ground for the kindling of economic and political nationalism as well as for the mutual accusations with regard to exploitation”.43

Regarding the difficulties we can currently witness in the context of the European Union, among them quite a few that remind us of the Second Yugoslavia, we can only hope that the European Union will be able to face all the challenges and problems, and that it will not end up like Yugoslavia.

Conclusion

In May 1945 new goals and plans were revealed with the rise of the new authorities. The economic management was taken over by the communists, who, among other things, initiated accelerated industrialisation and introduced a centrally-planned economy together with nationalisation. Slovenia joined the second Yugoslav state as the economically best-developed part of the state and managed to retain this role. It excelled in many fields, especially exports, productivity, and investment efficiency. Its share of the social product in the context of Yugoslavia was between 15 and 17 percent, and its share of industry and exports was approximately 25 percent. In comparison with Slovenia, Yugoslavia fell behind more and more from decade to decade. According to the information the lag of Yugoslavia behind Slovenia, from the viewpoint of economic development, amounted to as much as 17 years and a half in 1985. Until 1974 Slovenia’s possibilities for the realisation of its national economic interests were quite limited, but this changed with the constitution of 1974. With the strengthening of the role of the republics and provinces and reduction of the role of centralism, this constitution addressed the organisation of the federation and its functioning. On the other hand – with precise normative regulation of socio-economic relations, based on self-management and associated labour – it emphasised the class-oriented, so-called labour-defined character of the Yugoslav society and state. However, even this constitution and numerous reforms, taking place one after the other, failed to solve the problems in the economic field. Thus already in the end of the 1980s Yugoslavia no longer existed in the economic sense. Globally Slovenia was at the very top as far as the percentage of the employed of the whole or active population of Slovenia was concerned, as well as with regard to the percentage of people working in industry and mining. This, however, was not accompanied by suitable results in work productivity, educational structure of the employed, and the living standard, where Slovenia was very far from the leading states in the world. After the collapse of Yugoslavia, between 1989 and 1992 Slovenia saw a significant decline in activity and faced an urgent reorientation from the Yugoslav to the Western markets. As far as the level of GDP was concerned, it took more than eight years to restore the level from 1989. In the statistical sense the 1992 GDP level amounted to less than 80 percent of the level from 1989, but in the

temporal sense it fell to the level of around 1976, i.e. by some 16 years. Statistically the GDP reduction in Slovenia during the so-called transition depression was significantly higher than what we have witnessed during the current financial and economic crisis. In 1988 the crisis of the Yugoslav economic system entered the final stage before the disintegration, which, however, has to be understood in a wider context or also outside of the Yugoslav context. In 1991 the dissolution of the bipolar division of the world, the decline of socialism as well as political and economic disputes in Yugoslavia and conflicts between the Yugoslav nations ultimately resulted in the Slovenian goal: the attainment of Slovenian independence and transformation into a capitalist system. Especially the loss of the 58-percent Yugoslav market pushed the Slovenian economy into a severe crisis. However, Slovenia was among the first countries to overcome the transformation depression, characteristic of the transition economies in the beginning of the 1990s, as the recovery of economic growth started with the restoration of national demand already in the middle of 1993.

Das Leben im zweiten Jugoslawien aus der Perspektive von ausgewählten Angaben (die Erfahrung Sloweniens)

Zusammenfassung


Bibliography:

Borak, Neven, *Ekonomski vidiki delovanja in razpada Jugoslavije [Economic Aspects of the Functioning and Dissolution of Yugoslavia]*, (Ljubljana: Znanstveno in publicistično središče)

Borak, Neven, *Iškanje Gulliverja ali kako preživeti [Searching for Gulliver or How to Survive]*, (Ljubljana: Znanstveno in publicistično središče, 1994)

History: from the United Slovenia Programme to the International Recognition of Slovenia: 1848-1992, (Ljubljana: Mladinska knjiga Založba and Inštitut za novejšo zgodovino, 2005)


Kovač, Bogomir, Rekviem za socializem: Ekonomske reforme v socialističnih državah [Requiem for Socialism: Economic Reforms in the Socialist Countries], (Ljubljana: DZS, 1990)


Meier, Viktor, Zakaj je razpadla Jugoslavija [Why Yugoslavia Fell Apart], (Ljubljana: Znanstveno in publicistično središče, 1996)

Mencinger, Jože, “Slovensko gospodarstvo med centralizmom in neodvisnostjo” [“Slovenian Economy between Centralism and Independence”], Nova Revija, 3 (1995), no. 95

Možina, Jože, „Politika postane manj pomembna: Pogovor z Janezom Drnovškom“ [“Politics Should Be Less Important: A Discussion with Janez Drnovšek”], Revija Ampak, 4 (April 2003), no. 4


Prinčič, Jože, Slovensko gospodarstvo v drugi Jugoslaviji [Slovenian Economy in the Second Yugoslavia], (Ljubljana: Modrijan, 1997)

Prinčič, Jože, Slovensko gospodarstvo v drugi Jugoslaviji [Slovenian Economy in the Second Yugoslavia], (Ljubljana: Modrijan, 1997)

Repe, Božo, Slovenci v osemdesetih letih [Slovniens in the 1980s], Zbirka zgodovinskega časopisa – 23, (Ljubljana: Zveza zgodovinskih društev Slovenije, 2001)


Official Gazette of the Socialist Federal Republic of Yugoslavia, No. 09, 21 February 1974


Vodopivec, Peter, Od Pohlinove slovnice do samostojne države: Slovenska zgodovina od konca 18. stoletja do konca 20. stoletja [From Pohlin's Grammar to the Independent State: Slovenian History from the End of the 18th Century until the End of the 20th Century], (Ljubljana: Modrijan, 2010)

Institute of Macroeconomic Analysis and Development (ZMAR), *Workbook*, 3 (1994), no. 6: 2

Electronic sources


Tomažič, Janez, “Ekonomist Jože Mencinger je prepričan, da se bodo v EU začeli spraševati, kdo živi na čigav račun” [“Economist Jože Mencinger is convinced that the EU states will start asking themselves who lives on whose account”], *Finance.si*, 7 May 2010. Accessible at: http://www.finance.si/278974/Mencinger-V-EU-se-bo-pojavil-jugoslovanski-sindrom, (10 March 2014)