

Book review*

Author: Vladimir Stipetić
Academic title: Academician
Institution: Croatian Academy of Sciences and Arts
Title: *Dva stoljeća razvoja hrvatskoga gospodarstva (1820.-2005.)*/
Two Centuries of Croatian Economy Development (1820-2005)
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The book *Two centuries of Croatian economy development (1820-2005)* by Academician Vladimir Stipetić, is a comprehensive overview of Croatian economic development, not just for the last two centuries. If we add the fourth part of the manuscript which refers to the period of 1500 to 1820 this is a review of the Croatian economic development in the past five centuries. The book consists of nine sections: Part I, *We will explore the macroeconomic history of Croatia* (p. 53); Part II, *Croatian economy in period between the year 1820 and 1913* (p. 123); Part III, *Croatian economy in period between the year 1913 and 2005* (p. 145); Part IV, *The legacy and the Croatian economy, 1500-1820* (p. 53); Part V, *Synthesis of Croatian macroeconomic history, 1820-2005* (p. 30). The attachment (statistical data) presents the world economy between the year 1820 and 2005 (p. 33). Some sections are divided into subsections and some only into chapters. The list of references (selection, p. 9), the index of authors cited (p. 7), and the summary (p. 4) are attached at the end. In total, the book has 516 pages. Since there are numerous remarks (751), which are written by a fiddling record and narrow spacing in fine harmony, we can assess that the volume of the author's books rounds about 50 sheets. There are 231 statistical tables and 4 charts in the text. The book is printed in the edition of HAZU (Croatian Academy of Sciences and Arts) *Grada za gospodarsku povijest Hrvatske*, Volume 22.

In the first, introductory section, the author describes the evolution of complex investigations and notions of economic history in general. He emphasises that

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the economic history consists not only of determining historical phenomena, but also of the general historical context and their interdependence, as well as of the development of theoretical concepts and methods of analysis essential for the construction of economic theory. Referring to Schumpeter that the economic history is the most important area of economic analysis, the author provides a detailed overview of the development of economic history as a field of scientific research, from the German historical school in the 19th century to the recent economic-historical research in the United States, Britain and France, whose results and methodological improvements have been accepted as scientific values at present.

The research of the economic history of Croatia was based on two methodological approaches: a traditional descriptive historical science, and quantitative analysis of historical economic phenomena on the basis of economic theory. The author stresses the difficulty in research of Croatian economic history, appealing for the utilisation of quantitative macroeconomic research using statistical time series. By this notion the author announces the subject of research in the second part of the book: defining the methodology of Croatian macroeconomic history. This primarily refers to the formation of long-term macroeconomic series for certain historical periods. As a reference methodological framework he takes a comparative study of macroeconomic history by Magnus Maddison, a recognized authority in that kind of research. Thus, the author deliberately narrowed his own field of research in economic history and by Maddison's results provided a benchmark for comparison of Croatian indicators with indicators for other countries, primarily on economic growth. Other aspects of economic development (technological, macroeconomic, institutional, and ideological-political) are either not covered, or are lightly mentioned. One of the questions that remains open is the selection of periods and suitability of size comparisons, in case the stage of the economic development of a certain country does not match in time. This is the case with Croatia where development phases lag behind Western countries for about fifty years. Thus, comparing the speed of development and structure in synchronous periods of history from the standpoint of development theories does not have much sense. Therefore, the author in his analysis does not strictly hold only to the dynamics of macroeconomic variables, implicitly indicating the need for different approaches. This is particularly evident in review of the Croatian economy between the year 1820 and 1913 in the second part of the book. In addition to macroeconomic indicators of the growth dynamics, the author provides other global and partial indicators, such as population, production by industry data for a particular region, etc. The period is divided into two parts: 1820-1870 and 1870-1913, which are very different in the economic and socio-political perspective. The second part of this period features a characteristic rapid modernization of economic and socio-cultural structures. Although there are no overall macro-economic series, the economic conditions are well outlined with a lot of quantitative data from contemporary sources of systematic statistical sources. Political fragmentation of Croatia hindered

the formation of statistical series as a whole, so the view partially remained at the level of regions. Nevertheless this complements a somewhat mixed picture of the former conditions in the Croatian lands.

The presentation of Croatian economy between the year 1913 and 2005 was marked by a significant social and political fractures of Croatian history. This is the period of significant growth, but also of deep downturns of economic growth and prosperity, and, thus, the whole can not be considered successful in economic terms. The author divides this period into three sub-periods: 1913-1950, 1950-1973 and 1973-2005. These subperiods follow the logic of differences in dominant dynamics of economic growth, but conceal substantial war and post-war downturns, which were difficult to follow in terms of development dynamics. The first sub-period covers two major wars and two depressions, the second sub-period covers the prolonged upswing of general modernization and industrialization, and the last sub-period makes a unique combination of stagnation, decline and recovery. The author's attempt to illustrate and evaluate them according to a certain normal growth dynamics is not complete. He was not able to abstract the specifics of numerous unfavourable historical conditions in Croatia. The author addresses many elements of image of the structure and the dynamics of economic processes and tries to make a synthesis. However, this necessarily led to the dreary conclusion that Croatia has been developing more slowly than other European countries and has "lost its former position in the developed countries of the world" (the ratio of GDP of Croatia and developed countries declines from 1973). Such a conclusion of the analysis of the modern Croatian history confronts the economic historian with numerous economic-analytical and socio-political challenges of Croatian lagging. It seems that the author's journey through the display of Croatian heritage of pre-modern economy, which the author has done in Part IV, confirms such assessment.

However, if we carefully consider the entire material which presented the Croatian economic history by diverse methodological approaches, the picture becomes more complex and analytically demanding. In the more distant history and especially in the modern era Croatia has repeatedly recorded significant economic booms and decreased its gap with the developed countries. We should mention the third quarter of the 18th century, the end of the 19th and early 20th century, third quarter of the 20th century as a period marked by the exceptional rise, but also the economic depression in the times of relatively peaceful and prosperous periods in the world. Mediterranean and Central-European position of Croatia has always offered favourable development prospects, and the gradual unification and improvement of geo-political position in the last 130 years has directly given rise to rapid economic development and integration into the international processes.

Croatia, however, hasn't used many of these real chances. We can describe Croatian economic development trajectory as a succession of ups and downs, in which staggering largely wiped out the results of previous ascents. But the real

growth potential has never been lost. The last thirty years present a particularly characteristic period, when Croatia, despite such potential, lost the pace of growth and efficiency of its economic structure. The identification of causes and the strategy of their elimination can be checked and confirmed only by systematic and critical analysis of economic history. Without a clear insight into the moving forces, constraints and specific limitations of historical development processes, it is difficult to determine credible diagnosis and find a successful path for future development.

The book by academician Vladimir Stipetic, is by far the most ambitious and inspirational venture of a complete overview of the Croatian economic history. He offers a general theoretical framework and methodology of research, as well as many valuable results and insights, and presents a powerful stimulus and possible program for further research. The author's approach differs significantly from the traditional historical analysis. Within the framework of the analysis of the Croatian economic history he introduces quantitative methods and concepts of economic theory. By this manner he integrates economic history more tightly into the structure of economic science, leaving the space for approaches related to other social sciences (general history, sociology, political science) without which it is not possible to give an objective scientific evaluation of the Croatian economic history.

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