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CONSEQUENCES OF THE WAR: IMPACT ON CROATIAN POPULATION

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Summary

One would think that war and full employment walk hand in hand. So was the conviction of many scholars, based on the evidence of numerous countries engaged in more than few wars, especially in Europe. Sometimes it even started to look like a "good " war and war industry was a way out of persistent high employment for some countries. But not for Croatia. Despite the cruel and lasting war and long term low population birth rate, unemployment has steadily increased. In 1996, there are less than 1mill people employed in Croatia against 1,6 mill employed in 1990, which means the drop of 40% in total working force.

INTRODUCTION

The paper was initiated by the Keynesian approach to the agenda of post-war reconstruction and recovery after World War I or the "Great War to end all Wars".

The paper was not looking for similarities. Respective works of J.M.Keynes just gave an incentive to try to isolate crucial long lasting development problems of Croatia in an environment of huge human loss and devastation of productive capital.

This attempt has led to population changes as a long range problem with a decisive influence on velocity and direction of economic recovery and development.

1. MARKET EFFICIENCY AND EMPLOYMENT CONSTRAINTS

In conditions of outdated large industrial facilities that were typical for planned and autarchic economies (rather than market ones) and of the declining economic activity, the human factor ought to be the key factor of development and the main comparative advantage. This should especially hold true for Croatia as its labour force is relatively highly qualified and relatively cheap.

However, in the current Croatian economic situation this development factor seems to be vibrating in the very centre of the dilemma between the national and geostrategic interests, development needs, and economic efficiency. In other words, Croatia's geoeconomic position calls for a sensible balance between the population policy and the strategy of human capital.

However, the adopted economic doctrine of a 'shortcut' towards market democracy, which in some characteristics resembles an attempt to 'reincarnate' liberal capitalism of free entrepreneurship of the end of the 19th century in the developed Western economies, follows a totally different rationale. That doctrine, in the manner of the classic economists Ricardo and Malthus, treats investment in human resources (health, education, etc.) as public expenditure. As the investment in human capital is treated as a cost, this like any other cost should be minimised.

Nevertheless, every economic policy is entitled to choose between alternatives proceeding from different doctrines. In addition, only a consistent strategy, i.e. the one that follows the same rationale from hypothesis to implementation, can prove to be efficient. Any attempt to blend different doctrines or to combine 'the best of both worlds' is likely to bring an end to the situation in the form of a stagflation gap. A consistent approach of Croatia's economic policy can be evaluated as methodologically correct. However, before opting for this relatively conservative and somewhat old-fashioned market model it would be advisable to analyse more precisely at least the three leading economic doctrines relevant to economic evaluation of the human factor.

The first doctrine originates from the Keynesian school's extension to the spectrum of social issues directed towards eliminating poverty, redistribution of income via tax policy to the benefit of the poorest section of the population etc. The second one considers the unemployment issues in modern market economies to be primarily structural problems resulting from the very economic structure, i.e. from the renewing sectoral disequilibrium, inequality of income distribution etc. which is inherent in market operation. The third school of human capital as the descendent of the neo-classical economic theory is stressing microeconomic approach towards human capital stating that discrimination, poverty, inequality and unemployment are the consequences of individual economic decisions (Wachtel, 1984:5). Such a definition of the human capital is only one of

the controversial points in the long-lasting discussion between Keynesians and the classical economy, which was reiterated in the discussions between the Neo-Keynesian school and the Monetarists, between the genuine Keynesians and the school of Rational Expectations, etc.

In the 1960-ties the global discussion of human capital theories saw what could almost be considered a 'diversion' in the then 'perfect' world of the Keynesian economy. Favouring strict individualism and the right to choose the human factor is treated as production capital. The entire problem boils down to investment. The level of qualification and education depends on the parents' readiness to invest in the child, or the person's willingness to invest in him/herself. Every investment in the future occupation means withholding from spending (human capital) at present, and the extent of investment determines the extent of the future benefits. The conclusion is that this area too should be free of government intervention, and that education should be left to the individual choice or the consumer's preference. However, regardless of the vehemence in the confrontations economic science has not been able so far to determine whether, for example, education as a essential component of the human capital should be considered a public good provided for through the government budget, or whether it is a part of the private initiative and individual entrepreneurship (Atkinson/Stiglitz 1980: 482).

Nevertheless, when in the 1950'ties the USA as the most developed country in the world entered the phase of highly industrialised economy it was observed that 4/5 of the national income came from compensation to the employees and that only 1/5 came from ownership. That knowledge shook the earlier preoccupation of economic science with capital theory and analysis, and directed it towards the human factor. The reformulating of this theory had to start from the very beginnings - from A. Smith circumventing Ricardo and Malthus. Having stated that there is nothing in Smith's analytical device that would prevent giving prominence to human capital as the primordial component of a nation's wealth, the contemporary scholars could question basic conclusions of the 'pillars' of classical economics of Ricardo and Malthus. The transparent statistical indicators overthrew Malthus' arguments on the geometrical progression of the population growth rate and Ricardo's predictions on arable land constraints. In both cases the very human factor is considered to have deserved the credit since in the course of economic growth parents substituted the number by quality of children. Furthermore, scientific research as the special case of human capital investments has managed to find improved substitutes for the primary land qualities. Pointing to statistical data the makers of the human capital theory dispute the pessimistic forecasts that periodically reoccur especially in view of food production, demographic growth, energy and unrenovable resources. One of the most recent and most extensive research projects made in the mid-70ties anticipated an unfavourable scenario for global economy. The basic messages of that great and ambitious project forecast the transformation of the food crisis and the

foreseeable population doubling in the world by the end of the 20th century into global hunger, lack of drinking water, serious energy restrictions etc. (Tinbergen 1977:35,37). The answer to such alarming or catastrophic scenario of the future of mankind is founded on the very definition of the human capital as the number of acquired people's abilities, education, experience, skills and health (Schultz, 1985:117).

The market efficiency principles in terms of human capital, or the labour force, generated an attitude that the Croatian economy entered the transition process with significant underemployment, i.e. a 30% excess employment with regard to the GDP level. This attitude is not a novelty as the stabilisation programme of the former Yugoslavia at the beginning of the 1980'ties started from the same positions. Since GDP practically stagnated in the 1990'ties this starting point was taken over as one of the valid foundations for successful and speedy market transformation of Croatia. However, while the primary stabilisation programme, considering underemployment a complex structural problem, planned for a 20-year period as the framework for reconciling the supply and demand structure on the labour market the current transitional project in Croatia resolved that problem over a period of 5-6 years. Namely, Croatia had 1.000.000 employed at the beginning of 1996, which is an almost 40% drop compared to the 1.600.000 employed at the beginning of 1990.

That, of course, has to be combined with the fall of real income although that issue is rather non-transparent. The estimate that real income fell by some 50% of the pre-war income requires extensive scrutiny. First of all, calculating the Croatian wages in German D-mark according to the current exchange rate for the kuna is the key government proof that the real wages have been growing. Simultaneously, it is stated that the purchasing power of the German D-mark (taking into consideration the basket of goods that make over 50% of the value of the monthly consumption of the average Croatian household) in Croatia is half of that in the neighbouring countries. Furthermore, the wage increase is accounted for by the flourishing of the grey economy whose impact on unregistered personal income is significant. Those statements are founded on the hypothesis that between 30 and 50% of GDP circulates by illegal trade and financial channels, hence outside the official statistical data and financial control. Even if that were so the final effect in the working or life cycle of the Croatian worker is such that the income earned 'under the table' cannot just simply be added to the legal or registered income. Illegal forms of payment directly destroy the system of education, health, pension funds and social welfare, which are fed from the contributions from legal income. Thus, whatever employers 'save' temporarily by paying a part or the entire income 'under the table' i.e. by avoiding to pay contributions and taxes, employees later have to pay additionally through increased price of health services, lower pensions, higher tuition fees, etc.

On the whole we can state with a relatively high degree of certainty that Croatia has managed to radically transform its national labour market

according to the criteria of the free market economy partly by reducing the number of the employed and partly by lowering the value labour. The allegations that unemployment was caused by the war and by the loss of market in the former Yugoslavia and the East European countries can be sustained by real evidence only to a smaller extent. To the contrary, the works of contemporary economists from Keynes on shows that war economy is a classic example of full employment. The defensive war that Croatia waged against Serbian aggression required full use of all resources towards an unique effort. Even those industries that probably would never survive competition on the global market, such as the iron and steel industry and partly non-ferrous metallurgy, and machine and shipbuilding industries, should have achieved full employment with the shift to war activity. As for the reason why Croatia is probably the first example of an economy that was simultaneously in the state war and the state of high unemployment still requires through examination.

2. MARKET EFFICIENCY AND POPULATION PROBLEM

Together with the said principle of market efficiency Croatia is facing quite a serious population problem that directly affects the national sovereignty and the geostrategic position of the country. A long-term low growth rates and the stagnation of the population in this century has been followed by a gradual fall in the 1990s. The disturbing trends have forced the most responsible government bodies to examine this issue and bring various measures and programmes in order to lead Croatia towards the road of demographic growth. A number of measures to increase birth rate were introduced, such as an increased child allowance for families with a higher number of children, lower taxes, education and health benefits, maternity equipment allowance, pension fund policy favouring mothers with more children, etc. Of course, such undisputedly necessary pro-birth policy means increased (budget) expenses, hence additional strain for the corporate and individual tax payers. In the current Croatian tax policy this, among other things, means linear increase of tax commitments, or almost identical tax strain regardless of the level of the tax payer's income.

It is just here where the gap between the population policy and the economic efficiency principle becomes prominent. The principle of economic efficiency in Croatia has been promoted in the stabilisation policy of 'hard budget constrains' that directly reduce those very expenses whose increase is the base of the Croatian population policy. The result is an increasingly proclamatory character of the birth-rate policy due to the lack of funds. The point is that sufficient funds can not be raised within the frame of current policy model. The contradictions between the proclaimed aims and the policy model implemented to achieve these aims are visible in the

data. The data reveals that unfavourable demographic trends have not yet been reversed.

This complex and alarmingly dramatic demographic picture of Croatia requires avoiding all improvisation and stating careful and founded judgements, as well as carefully scrutinised and professional argumentation, and discussion and attitude devoid of doctrinary prejudices and apodictic conclusions. Historical experience of a number of countries and nations, either those engaged now or in the past in pro birth-rate policies (France, Hungary and the Czech Republic), or those engaged now or in the past in counter birth-rate policies (China and India) shows that every intervention into the demographic processes is in itself extremely expensive and has enforeseeable and sometimes dubious results.

The multilayered character and almost parallel dimensions of the projections of demographic renewal on the one hand and the comprehensiveness of the transition changes on the other have caused a twofold elaboration of the issue in this text.

The first layer presents the problems of the population that standardly just barely participate in the anylises of the human capital. However, the natural and historic events of the Croatian population are in contradiction with the national interests of the independent Croatian state to such an extent that it is not possible to make a good case for the policy of investment into human resources without examining cautiously the natural and mechanic migration issues of population changes.

The second layer concerns doctrinary and practical issues of human capital. The current economic theory in the developed Western market economies elaborated the concept of investment in human resources thirty years ago. Even the rigid guardians of free entrepreneurship, like the members of the 'Chicago school' accepted a more updated concept of human capital. It seems that it is still necessary (in present Croatian economic debates) to make a case for investments in human capital and advocate that they are neither an obstacle nor a hindrance, but that they can accelerate the market transition of the Croatian economy towards the world market standards.

3. STRUCTURAL DEMOGRAPHIC CHANGES

Prudent analysis of the extent, structure and dynamics of the human factor is of crucial significance in drawing up the development strategy of Croatia's economy. Since labour market, on the other hand, is limited by demographic factors, i.e. the extent, structure and dynamics of the changes in total population it seems appropriate to begin with the evaluation of human factor in terms of demography.

3.1. Long Term Population Trends

Long term population changes as the determining factor of Croatia's labour market discloses the complex structural and dynamic shifts resulting in significant labour market constraints. The evident are stable and having very short oscillations. In the period of almost 150 years the population of Croatia has just about doubled, which points to multiple unfavourable processes from the point of view of the state or national interest. Not only is the issue here a rather low population growth, but there is an obvious tendency of continuous drop towards zero and even negative growth rate in the 1990-ties (see Table 1).

Table 1. POPULATION ACCORDING TO 1857-1991 CENSUSES

	Population	Indices		Average annual growth rate between censuses (%)	Population density per km ²	Settlements	
		1857=100	Chain indices			Number	Average population
1857	2 181 499	100	-	-	38.6	5 444	401
1868	2 398 292	109.9	109.9	0.87	42.4	5 214	460
1880	2 506 228	114.9	104.5	0.37	44.3	5 974	420
1890	2 854 558	130.9	113.9	1.31	50.5	6 311	452
1900	3 161 456	144.9	110.8	1.03	55.9	6 402	494
1910	3 460 584	158.7	109.5	0.91	61.2	6 397	541
1921	3 443 375	157.8	99.5	-0.05	60.9	5 757	598
1931	3 785 455	173.5	109.9	0.95	67	5 900	642
1948	3 779 858	173.2	99.9	-0.01	66.9	6 639	569
1953	3 936 022	180.4	104.1	0.81	69.6	6 672	590
1961	4 159 696	190.7	105.7	0.69	73.6	6 677	623
1971	4 426 221	203	106.4	0.62	78.3	6 666	664
1981	4 601 469	210.9	104	0.39	81.4	6 567	701
1991	4 784 265	219.3	104	0.39	84.6	6 694	715

Source: *Statistical Yearbook of Croatia 1994*.

In addition to that, the number of settlements with almost doubled average number of inhabitants per settlement is also increasing, which points to the concentration of the population in cities and the depopulation of significant strategic areas. One of the conclusions to be derived here could be that radical changes in the population policy are not possible without fundamental re-orientation of the development policy.

3.2. Decomposition of Demographic Factors

The extent of the problem becomes even more transparent if we decompose the total population changes to its components: fertility/mortality changes and migrations. Namely, frequent wars, particularly the cruel Serbian aggression in Croatia and the mass Serbian crimes in the 1990-ties, might lead us to conclude that the migrations, or better said ethnical cleansing, had a decisive impact on the total change in population. However, a more detailed insight into the rate of natural change in population points to the real dimensions of the problem. It is common knowledge that the natural change in population is the difference between fertility and mortality rate. In the recent 50 or so years Croatia's mortality rate fell from 1.3 to 1.1 % while the absolute number of the deceased has practically remained the same - fluctuating around 50 000 annually.

Thus the birth rate can be isolated as the key problem in Croatia's population changes. The birth-rate has continuously been falling from over 2.2% in the 1950-ties to 1.0 in the 1990-ties. In absolute amounts the data is just as concerning. In the 1950-ties the number of newborns was around 90.000 annually to be halved in the 1990-ties causing, thus, negative rate of natural changes in population (see Table 2).

Table 2. POPULATION OF CROATIA

Year	Total population mid-year estimate (000)	Live births (‰)	Deaths (‰)	Natural increase (‰)	Population according to censuses			
1946		73 816	19.1	50 548	13.1	23 268	6	
7		85 207	22.3	51 560	13.5	33 647	8.8	
8	3 764	88 713	23.5	52 540	13.9	36 173	9.6	3 779 858
9	3 791	96 382	25.3	48 782	12.8	47 600	12.5	
50	3 851	95 560	24.8	47 292	12.3	48 268	12.5	
1	3 882	87 564	22.6	49 804	12.8	37 790	9.8	
2	3 913	91 612	23.4	43 512	11.1	48 100	12.3	
3	3 946	89 784	22.8	46 440	11.8	43 344	11	3 936 022
4	3 978	89 309	22.4	41 071	10.3	48 238	12.1	
5	4 013	88 657	22.1	42 035	10.5	46 622	11.6	
6	4 040	86 171	21.3	43 772	10.8	42 399	10.5	
7	4 067	81 414	20	40 261	9.9	41 153	10.1	
8	4 089	77 771	19	37 980	9.3	39 791	9.7	
9	4 115	78 233	19	40 688	9.9	37 545	9.1	
60	4 140	76 156	18.4	41 361	10	34 795	8.4	
1	4 169	74 190	17.8	37 796	9.1	36 394	8.7	4 159 696
2	4 200	72 267	17.2	42 134	10	30 133	7.2	
3	4 232	69 878	16.5	39 597	9.1	31 281	7.4	
4	4 246	68 873	16.2	43 013	10.1	25 860	6.1	
5	4 273	71 186	16.7	39 936	9.4	31 250	7.3	
6	4 300	71 325	16.6	37 941	8.8	33 384	7.8	
7	4 326	67 103	15.5	41 381	9.6	25 722	5.9	
8	4 353	65 429	15	43 720	10	21 709	5	
9	4 379	63 635	14.5	46 844	10.7	16 791	3.8	
70	4 406	61 103	13.9	44 147	10	16 956	3.9	

1	4 430	64 891	14.6	44 878	10.1	20 013	4.5	4 426 221
2	4 447	66 035	14.9	47 881	10.8	18 154	4.1	
3	4 465	67 389	15.1	45 680	10.2	21 709	4.9	
4	4 482	67 251	15	44 950	10	22 301	5	
5	4 500	67 016	14.9	45 640	10.1	21 376	4.8	
6	4 517	67 054	14.9	45 074	10	21 980	4.9	
7	4 535	68 035	15	45 156	10	22 876	5	
8	4 553	68 704	15.1	48 715	10.7	19 989	4.4	
9	4 570	69 229	15.2	48 426	10.6	20 803	4.6	
80	4 588	68 220	14.9	50 100	10.9	18 120	4	
1	4 606	67 455	14.7	51 420	11.2	16 035	3.5	4 601 469
2	4 621	66 737	14.5	50 770	11	15 967	3.5	
3	4 636	65 598	14.2	55 147	11.9	10 451	2.3	
4	4 646	64 909	14	54 169	11.7	10 740	2.3	
5	4 657	63 665	13.5	52 067	11.2	10 598	2.3	
6	4 667	60 226	12.9	51 740	11.1	8 486	1.8	
7	4 674	59 209	12.7	53 080	11.4	6 129	1.3	
8	4 681	58 525	12.5	52 686	11.3	5 839	1.2	
9	4 685	55 651	11.9	52 569	11.2	3 082	0.7	
90	4 770	55 409	11.6	52 192	10.9	3 217	0.7	
1	4 789	51 829	10.8	54 832	11.4	-3 003	-0.6	4 784 265
2	4 782	46 970	9.8	51 800	10.8	-4 830	-1	
3	4 779	48 595	10.2	50 846	10.6	-2 311	-0.5	

Source: *Statistical Yearbook of Croatia 1995.*

The problem of diminishing birth rate is not only reflected in the reduced average number of children in the Croatian families. The migration rate also has a reversible impact here. Namely, the higher number of people in fertile age among the emigrants the more direct was the effect on the diminishing rate of natural increase of the domestic population. That is the very case in Croatia. An estimated 760.000 Croats emigrated from Croatia since the mid-19th century to the mid-20th century. This number should be enlarged by another 200.000 persons who were "temporarily" employed abroad in the 1960-ties and whose age was between 20 and 40. And finally, the balance of migrations should be completed by the most recent emigration/immigration wave in the 1990-ties that was mostly initiated by the war in Croatia and carried out in two trends.

The first trend is ethnic homogenisation of the Croatian as well as of the other nationalities from former Yugoslavia. A long term migration tendency of the Croatian population from the republics/states of the former Yugoslavia towards the West, i.e. Croatia is perceptible in all periods between censuses after the Second World War. Namely, although Croatia's total migration balance (foreign + migration within former Yugoslavia) was negative in this period, i.e. emigration exceeded immigration, it saw a positive migration balance if we take the total area of former Yugoslavia

into consideration. Thus, 430.000 persons had moved into Croatia until 1981, and 346.000 persons had moved out of Croatia (Baletić 1992: 243, 244). The dominant direction was immigration from Bosnia-Herzegovina and partly from Vojvodina, while emigration was directed towards central Serbia. A clear confirmation of these trends can be found indirectly in the censuses which point to the fact that the Croats' share in the population structure of the individual republics/states (of former Yugoslavia) is declining. The area of Bosnia-Herzegovina is a typical area of the highest concentration of Croats out of Croatia. Due to the low birth-rate and emigration the total share of Croats in the population of former Yugoslavia fell from 24.0% in 1948 to 19.7% in 1981, hence by 4.3%. At the same time the Croats' share in the population of Bosnia-Herzegovina in the same period fell from 23.9% to 18.4%, hence by 5.5 % (see Table 3).

Table 3. Croats in the Republics/Provinces of former Yugoslavia (censuses 1948. 1971.1981.).

	Number of Croats			%		
	1948. g.	1971. g.	1981. g.	1948. g.	1971. g.	1981. g.
B & H	614.123	772.491	758.136	23,9	20,6	18,4
Montenegro	6.808	9.192	6.904	1,8	1,7	1,2
Croatia	2,975.339	3,513.647	3,454.661	79,2	79,4	75,1
Macedonia	2.09	3.882	3.882	0,2	0,2	0,2
Slovenia	16.069	42.657	42.657	1,2	2,5	2,9
Serbia						
- total	169.894	184.913	149.368	2,6	2,2	1,6
Serbia without						
Provinces	30.342	38.088	31.447	0,7	0,7	0,6
- Kosovo	5.29	8.264	8.718	0,7	0,8	0,6
- Vojvodina	134.242	138.561	109.203	8,1	7,1	5,4
Yugoslavia	3784.353	4,526.782	4,428.043	24,0	22,1	19,7

Source: Baletić, cit. pp. 247.

It seems that the war in the 1990-ties only increased the long-term migration tendency of Croats' migrations from other areas towards the west, i.e. Croatia, and of Serbs from Croatia towards the east, i.e. Serbia.

The second trend is an upsurge in permanent departure (in the 1990s) to the traditionally Croatian emigration areas, such as Western Europe, Australia, New Zealand, Canada, etc. There is no reliable indicator for this most recent emigration wave nor have the causes been analytically studied as yet. The sporadic data do not imply war danger but mostly

economic reasons as the causes of this migration. Restructuring and the loss of the Eastern European market and the consequent unemployment struck the dominant industries (ship-building, machine industry, electronic and chemical industries) and especially the highly skilled labour and the qualified technical engineers who were forced to seek employment abroad. According to the unverified and incomplete data Croatia's economic emigration has reached as many as 100.000 persons (in this recent period). With all the necessary precautions concerning the accuracy and the reliability of the sources we could affirm that approximately 1.000.000 persons emigrated from Croatia in the recent 150 years or so, which makes Croatia along with Ireland relatively the most intensive European emigration area.

4.3. Development Impact of Migrations

The creation of a sensible economic strategy and sustained growth must revolve around the development aspect of the migration problem. It is necessary to constantly point to the unavoidability and obstinacy of the fact of migration. In the recent two centuries the Croatian national and state area has experienced numerous changes in constitutional and legal forms of its existence until its recent independence. The extensive changes also affected the economic systems from the remnants of feudalism via modern market economy, to planned economy and back to free market entrepreneurship. In all these changes and radical turns the migrational trends did not change. Furthermore, it is possible to affirm that the very change of migration flows is a reliable indicator of the development performance. Due to its complexity and weight the migration flows in Croatia must be the decisive factor in evaluating the successfulness of the economic development. Only when Croatia achieves, among other things, positive migration balance can it proclaim its development strategy to be efficient.

Superiority of immigration over emigration is a clear proof that an area is developing successfully (more successfully than others) and that it is becoming attractive for immigration. This criteria, however insignificant it may be in the areas where the average migration is balanced, is all the more substantial for Croatia. The migration tradition has been rather neglected by the Croatian demography. Partial insight, however, renders an opportunity to observe reiterated overlapping of emigratory/immigratory flows from and into Croatia. Thus, in the recent 100 years the emigration wave from the coastal Croatia towards Australia and New Zealand, and from continental Croatia towards the Great Lakes area in the USA and Canada occurred at least three times. It is still necessary to study the extent of the influence of tradition or family ties who 'drew in' new generations of emigrants who could rely on the social and other 'infrastructure' created by the previous generations of emigrants facilitating the adjustments for the newly arrived emigrants. The concerning migratory trends in the 1990-ties call for closer analysis of these factors. The

aforesaid points to number of ties between the development and population policies. The latter can no longer be considered only a part of the development policy, but both development and the demographic factor must be considered to be equally important factors of economic strategy.

Within that framework the said re-orientation of the development strategy must find two components in the demographic aspect: general population policy of increasing birth-rate and strong and elaborated regional aspect of the general population policy.

Strategic elaboration seeks an answer to two new questions in view of the demographic factor.

The first is additional depopulation of Croatia's national territory which was started by Serbian eviction of the Croatian population from their homes in the border areas of Lika, Banovina, Kordun and Bukovica and continued by the departure of a greater share of the Serbian population from those regions which have always been poorly populated.

The second issue relates to the demographic changes in the neighbouring countries and nations in south-eastern Europe, which directly or indirectly influences Croatia's geostrategic position as the extrapolated trends will bring about a change in the balance of power, i.e. the size of nations and the number of inhabitants in the particular states.

In the recent 70 years or so all the states surrounding Croatia and originating from the remains of former Yugoslavia recorded a faster population growth. While Croatia's population rose by less than 40% in that entire period, the populations of Bosnia-Herzegovina, Serbia, Macedonia and Kosovo went up by almost 140%, approximately 100%, over 150% and more than 300% respectively. This population dynamics lead to deep structural changes. For example, in the 1920-ties Croatia had about 40% less inhabitants than Serbia, and in 1990 its population was half that of Serbia. Excluding Kosovo and Vojvodina, Serbia's population alone was 20% higher than Croatia's. Following the First World War the population of Bosnia-Herzegovina was almost 80% lower than that of Croatia, while the current difference is only 4% (see Table 4).

Table 4. CHANGE IN POPULATION ACCORDING TO CENSUSES

Year	in thousands (000)																			
	Yugoslavia	Croatia	B and H	Montenegro	Macedonia	Slovenia	Serbia	narrower Serbia	Kosovo	Vojvodina										
1921	12.545	100.0	3.427	100	1.890	100.0	311	100.0	809	100.0	1.288	100.0	4.819	100.0	2.843	100.0	439	100.0	1.537	100.0
1931	14.534	115.9	3.789	110.6	2.324	123.0	360	115.8	950	117.4	1.388	107.6	5.726	118.8	3.550	124.9	552	125.7	1.624	105.7
1948	15.842	126.3	3.780	110.3	2.564	135.7	377	121.2	1.153	142.5	1.440	111.8	6.528	135.5	4.155	146.2	733	167.0	1.641	106.8
1953	16.991	135.4	3.936	114.9	2.847	150.6	420	135.1	1.305	161.3	1.504	116.8	6.979	144.8	4.464	157.0	816	185.9	1.700	110.6
1961	18.549	147.9	4.160	121.4	3.278	173.4	472	151.8	1.406	173.8	1.592	123.6	7.642	158.6	4.823	169.6	964	219.6	1.855	120.7
1971	20.523	163.6	4.426	129.2	3.746	198.2	530	170.4	1.647	203.6	1.727	134.1	8.447	175.3	5.250	184.7	1.244	283.4	1.953	127.1
1981	22.425	178.8	4.601	134.3	4.124	218.2	584	187.8	1.909	236	1.892	146.9	9.314	193.3	5.694	200.3	1.584	360.8	2.035	132.4
1989	23.69	188.8	4.683	136.7	4.479	237.0	639	205.5	2.111	261.0	1.948	151.2	9.830	204.0	5.840	205.4	1.939	441.7	2.051	133.4

Source: Jakov Stoković: 'Hrvatsko gospodarstvo 1945-1992', Hrvatska akademija znanosti i umjetnosti, Zagreb, 1993.

The causes for such trends can be identified by examining the average annual population growth in the between-census periods following the Second World War paying special attention to growth rates and their mutual dynamics. The complexity of Croatia's demographic position lies not only in unfavourable tendencies, i.e. slow growth and falling population growth rates but in reverse demographic migrations with regard to the neighbouring countries that originated from former Yugoslavia. Thus, for example, Slovenia, whose long term population growth is not high, has an almost equal population growth as Croatia in absolute figures between 1971 and 1981 although its population is a third of that of Croatia (See Table 5).

Table 5. AVERAGE ANNUAL GROWTH OF POPULATION BETWEEN CENSUSES

Average annual growth of population				
	1948-1953	1953-1961	1961-1971	1971-1981
Yugoslavia	229.974	194.730	197.368	190.174
Bosna and Hercegovina	56.718	53.811	46.816	37.815
Montenegro	8.536	6.502	5.771	5.471
Croatia	31.232	27.959	26.653	17.525
Macedonia	30.305	12.688	24.131	26.163
Slovenia	12.925	10.877	13.561	16.473
Serbia	90.237	82.884	80.436	86.709
narrower Srbija	60.862	44.946	42.709	44.410
Kosovo	17.617	18.010	27.971	34.075
Vojvodina	11.757	19.427	9.757	8.224
Average annual growth rate on 100 citizens				
	1948-1953	1953-1961	1961-1971	1971-1981
Yugoslavija	1.40	1.10	1.01	0.89
Bosna and Hercegovina	2.11	1.76	1.33	0.96
Montenegro	2.14	1.46	1.15	0.98
Croatia	0.81	0.69	0.62	0.39
Macedonija	2.47	0.94	1.58	1.47
Slovenia	0.88	0.70	0.82	0.91
Serbia	1.33	1.13	1.0	0.98
narrower Serbia	1.41	0.97	0.85	0.81
Kosovo	2.28	2.08	2.53	2.41
Vojvodina	0.70	10.9	5.10	4.1

Source: Jakov Sirotković: "Hrvatsko gospodarstvo", Hrvatska akademija znanosti i umjetnosti, Zagreb, 1993

If the economic development horizon is defined according to the life cycle theory, i.e. thirty years, then the demographic factor bears significant importance for mutual relationships and the position of the states in the European Southeast, Croatia in particular.

Namely, considering growth rates from the last decade before the war (1990) to be the base for future population growth will give rise to a

number of issues of crucial significance for Croatia's economic strategy and the country position in general. Relying on the past period is only of temporary use. Growth rates follow different curves in different countries, and their absolute and relative relationships are just as different. Subsequently, the low population growth rates are expected to stabilise and recover completely on the one hand, and the high population growth rates are expected to fall gradually in the respective countries on the other. Therefore, this greatly simplified projection should be taken only as a possible landmark for future developments. On the basis of projections of the existing population growth rates in given countries we can obtain a general picture of the future population figures for each country, i.e. nation. Although simplified projections require meticulous study they indicate the probability of intensive changes. Thus, for example, the number of Croats in Croatia and Bosnia/Herzegovina can be expected to increase by 500.000, while the number of Muslims in the same area is expected to grow by 1.000.000. It is especially visible that the number of Albanians in the region of south-eastern Europe (former Yugoslavia + Albania) will expand from five to 10 million, thus reaching the same number as Serbs in this area by the year 2020. At the same time the number of Serbs is expected to be double that of Croats.

These or similar structural demographic shifts will have a crucial impact on the position of each nation as well as on the economic and general balance in this region. Namely, the 'old' mostly Slavic nations in the Balkans (Croats, Serbs, Slovenians, Montenegrins and Macedonians) have a decreasing share in the population structure, while the 'young' nations (Albanians and Muslims), owing to the high birth rate, have high population growth rates - thus changing the population structure in the region to their advantage. In the foreseeable future Albanians and Muslims will make 50% of the population of South-eastern Europe, while all other nations will make the other 50%. The relationships in the population structure should be compared to the territory each country/state has or will have at its disposal. The present situation shows that Muslims would have approx. 35% of the territory of Bosnia/Herzegovina and that Albanians could have 80% of Kosovo. Those 50% Muslims and Albanians would have approximately 20% of the territory of former Yugoslavia and Albania, and the other 50% (mostly Slavs) would control 80% of respective territory. In this, let us emphasise again, hypothetical situation of the current population changes projected for the beginning of the next millennium, the population density would be approx. 250 inhabitants per km² in the areas predominantly settled by Albanians and Muslims, and approx. 134 inhabitants per km² in other areas.

The position of Croats and Croatia is very delicate. Concentration of the Croatian population on the territory of the Croatian state with the projected hypothetical number of inhabitants would produce a population density of 88 inhabitants per km². An additional factor in studying the population and generally development strategy is the geographic

extensiveness of the state territory. Croatia has a 2.000 km long jagged borderline, 50% of which it shares with Bosnia/Herzegovina.

Such territorial and demographic relationships will have a permanent impact on the relationships between the states and the general stability in the region. All this calls for urgent creating of Croatia's economic strategy with in-built demographic projection variations in order to secure permanent regional presence of Croatia in the region.

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