

## THE WARTIME ECONOMY OF OSIJEK (1991-1993) GOSPODARSTVO U OSIJEKU ZA VRIJEME RATA (1991. – 1993.)

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### ABSTRACT

*In the beginning of the Homeland War, the fiercest battles took place in Osijek area. There was an intense war dynamics of Croatian armed forces against part of the rebel Serbs and the Yugoslav People's Army, resulting in the highest number of the military and civilian casualties. Due to the location of Osijek in Eastern Croatia, where Serbia borders the Republic of Croatia directly, the rebel Serbs and the Yugoslav People's Army had an unlimited logistic support. Furthermore, the national structure of the population in Eastern Croatia, where there were Serb enclaves (Tenja, Bobota, Vera, Pačetin, Trpinja, Bijelo Brdo and other villages), facilitated Greater Serbia aggression and hindered the defensive activities of the Croatian authorities. The city of Osijek was a headquarters city having contributed to the defense of Eastern Croatia. The city economy was functioning continuously during the Homeland War, strongly supporting its defense, despite the numerous war damages and demographic losses.*

**Key words:** city of Osijek, Eastern Croatia, economy, economic activity, economic consequences, displaced persons, refugees, demographic losses

**Ključne riječi:** grad Osijek, istočna Hrvatska, gospodarstvo, gospodarska aktivnost, ekonomske posljedice, prognanici, izbjeglice, demografski gubici

### INTRODUCTION

Osijek is a city in Eastern Croatia, located in the plain, on the right bank of the Drava River, between the 16th and the 24th km from the Drava-Danube confluence. This city is the seat of Osijek-Baranja County. Before the World War II it was the second largest city in terms of economic and demographic indicators. However, due to the bad policy of the former SFRY conducted after 1948, the city began to lag in its development. It is currently the fourth largest city in the Republic of Croatia.<sup>1</sup>

The City of Osijek consists of seven city districts, namely: the District of Gornji grad, the District of Donji grad, the District of Retfala, the Industrial District, the District of Jug II, the District of Tvrđa and the District of Novi grad. The Osijek area, in addition to the above mentioned city districts, includes also ten suburban settlements, namely: Brijest, Brijesće, Josipovac, Klisa, Nemetin, Podravlje, Sarvaš, Tenja, Tvrđavica and Višnjovac. Sarvaš, Tenja and Klisa are the only suburbs of the city of Osijek that

<sup>1</sup> NODILO, Branko, Nastanak i razvoj osječke Tvrđe, Građevinar 57, 2005., p. 533.

were occupied.<sup>2</sup> They were returned to the constitutional and legal system of the Republic of Croatia on January 15, 1998.<sup>3</sup>

Osijek is the economic, communication, administrative, judicial, scientific and cultural center of Eastern Croatia, and it is attracting a large number of Croats from North-Eastern Bosnia. A significant number of students arriving from the region of Bosnian Posavina, the central Bosnia and Herzegovina, study at the Josip Juraj Strossmayer University and they have made a significant contribution to the economic, cultural, sports and every other development of Osijek. The role of Bosnian-Herzegovinian Croats in the defense of Osijek, as well as in the defense of the entire Republic of Croatia during the Homeland War, was especially appreciated.

The 1991 Census in the Republic of Croatia was conducted on the basis of the provisions of the Act on the Procedure of the Census of Population, Households, Dwellings and Agricultural Holdings, and the 1991<sup>4</sup> Act on Amendments to the Act on the Procedure of the 1 Census of Population, Households, Dwellings and Agricultural Holdings of 1991.<sup>5</sup> According to the 1991 Census, the city of Osijek counted 104,761 inhabitants,<sup>6</sup> which represented 2.189% of the total population of the Republic of Croatia, then amounting to 4,784,265 inhabitants.<sup>7</sup>

During its twenty-century long history, Osijek was destroyed on several occasions, and it experienced an especially great destruction during the Ottoman Empire. During the World War II, it was systematically bombed. However, the city of Osijek suffered the greatest destruction in the course of the Homeland War, and it was a target of a particularly intense artillery attacks until the date of the international recognition of the Republic of Croatia. During the Homeland War, Osijek stood under a horseshoe-shaped siege, having only free exit from the city, the one pointing to the West. This situation went on the 15th January 1998, ie until the peaceful reintegration of the Croatian Danube region into the constitutional and legal system of the Republic of Croatia.

During the Homeland War, Osijek suffered numerous damage losses, as follows:

- the demographic losses
- the destruction and damage of a large number of cultural and sacral buildings
- the destruction, damage and bankruptcy of a large number of economic entities
- the disruption of economic and agricultural production
- the influx of a large number of displaced persons and refugees.

## THE WAR DAMAGE AND LOSSES

From the legal point of view, the war damages in the Republic of Croatia were prescribed by: the Decree on the Establishment and the Function of Commissions for the Inventory and the Assessment of War Damage, issued by the Government of the Republic of Croatia on the 28th August 1991;<sup>8</sup> the War Damage Act of the 8th November 1991;<sup>9</sup> The Correction of the War Damage Act of the<sup>10</sup> 11th December 1991; and the Instructions for the Application of the War Damage Act of<sup>11</sup> the 20th May 1993, prepared by the Ministry of Finance.

<sup>2</sup> Andraković, Verica, Jukić, Marijan: Dinamika stanovništva grada Osijeka od 1857. do 2001. godine, Anali Zavoda za znanstveni i umjetnički rad u Osijeku, sv. 25., Zagreb-Osijek, 2009., 23, 30-33.

<sup>3</sup> Nacionalni program povratka prognanika i izbjeglica, Vlada Republike Hrvatske, Zagreb, 1994., 12-30.

<sup>4</sup> Narodne novine, No. 16/1990.

<sup>5</sup> Narodne novine, No. 47/1991.

<sup>6</sup> HRŽENJAK, Juraj; Lokalna samouprava i uprava u Republici Hrvatskoj, Informator., Zagreb, 1993., p. 218.

<sup>7</sup> Popis stanovništva 1991. godine u Republici Hrvatskoj, Republički zavod za statistiku, Zagreb, 1992., p. 9.

<sup>8</sup> Narodne novine, No. 44/1991.

<sup>9</sup> Narodne novine, No. 61/1991

<sup>10</sup> The Decree on the Establishment and Work of Commissions for the Inventory and Assessment of War Damage was abolished when the Act on War Damage entered into force, Narodne novine, No. 44/1991

<sup>11</sup> Narodne novine, No. 44/1991

In terms of the provisions of the War Damage Act, war damages are considered property and non-property damages, direct and indirect damages that occurred in the Republic of Croatia, ie referring to its legal and natural persons. A War damage refers to:

- the harm done to the bodily integrity, to the life and health of people, to their freedom and honor
- the destruction of the property (movable and immovable)
- war expenses
- the loss of national income
- the loss of national wealth
- the damage done to the environment
- all other types of damage.<sup>12</sup>

War damage is considered to be any damage done by the enemy, the illegal groups, the legal bodies of the Republic of Croatia, as well as the allies of the mentioned groups and bodies, if it occurred indirectly or directly in the period from the 15th August 1990 to the 15th January 1998 or until the end of the UNTAES mandate in the Croatian Danube Region.<sup>13</sup>

The War Damage was determined by the type and size in natural and value indicators, by the territorial principle - for settlements, municipalities, cities, districts, counties, as well as for the whole country, for the means and goods, for the economic and social activities, for the physical and legal persons.<sup>14</sup>

The War Damage is stated in the value required to restore the property back into the state and condition before the damages, destructions and other consequences had occurred; or to compensate for the value of the indirect damage at the time of occurrence and in the near future. Non-pecuniary damage was stated in an estimate of the compensation that would be given to a person inflicted physical or mental pain, or fear. The war costs and expenses, ie expenses caused by war, are an integral part of the war damage.<sup>15</sup>

The war damage also includes the losses incurred as a result of: the war (military) actions or their consequences; the activities of the enemy military and paramilitary formations including the terrorist and other units controlled or supported by the enemy; the losses due to the capture and hostage-taking; the losses due to the expulsion of the population and other illegal activities.<sup>16</sup>

During the wartime events and the post-war period, the following types of damage were determined and assessed: direct damage, indirect damage, the costs caused by the war and non-material damage done to natural persons.<sup>17</sup>

A direct damage is the damage which is directly inflicted on an asset or good and is expressed in the amount of money necessary to restore it to its original condition. If the asset is either seriously destroyed or confiscated, one starts from the new purchase (replacement) value of the destroyed or confiscated asset, or good, decreasing it in value by the amortization (except for cultural monuments) and increasing it by the value of the remaining usable material or equipment. The direct damage to assets and goods was assessed referring to: fixed assets (land, facilities, equipment, long-term plantations, basic herd and forests); to working capital (raw materials, reproductive material, semi-finished products, current agricultural production, final products, trade goods); to immovable cultural monuments; to movable cultural

<sup>12</sup> Article 2. Of the Law on Determining War.

<sup>13</sup> BREKALO, Miljenko: Slatinska kronika Domovinskoga rata, Svjetla grada d.o.o., Osijek 2017., p. 454.

<sup>14</sup> Točka A Upute za primjenu Zakona o utvrđivanju ratne štete. Item A of the Instructions for the Application of the War Damage Act.

<sup>15</sup> Instructions for the application of the Law on Determining War Damage, Narodne novine No. 54/1993. ponint No. 1.

<sup>16</sup> Ibidem, ponint No. 2.

<sup>17</sup> Ibidem, ponint No. 3.

monuments; to natural monuments; to household goods (personal means of transport, furniture, etc.); to the natural environment.<sup>18</sup>

An indirect damage was assessed for the profits lost due to the reduced scope of economic activities due to the war, but also due to the lost growth of individual economic assets in a longer future period. The indirect damage is also estimated for the unrealized profits for the period after the end of the war, for a maximum of five years after the end of the war. In the case of cultural and natural monuments, indirect damage is determined if their use is profitable.<sup>19</sup>

The costs or expenses caused by the war were assessed for all activities related to war damage and related to: defense costs, costs of providing for the population, displaced persons and refugees; the debts and financial obligations related to the war, as well as other specified costs. The costs of technical protection and marking of cultural monuments, the costs of evacuation, accommodation, storage and preventive rehabilitation of evacuated cultural monuments and the costs of return and reassembly of evacuated objects are also assessed. The costs also include the estimated costs for a period of five years after the date set as the date of the end of the war.<sup>20</sup>

The damage due to the loss of human life and health was determined for all citizens of the Republic of Croatia, as well as for the foreign citizens with permanent or temporary residence in the Republic of Croatia. This damage can be material or non-material. In the case of material damage, the following was determined: the loss in the share of the national income, the costs of future benefits of the company for lost alimony of persons who were supported by the deceased or an injured citizen; and the future benefits of the company for pension compensation. The damage was being also determined for persons who died from a wound, an injury, an injury or a disease caused by the war circumstances within one year from the date of cessation of hostilities.<sup>21</sup>

Non-pecuniary damage suffered by citizens was determined in the following cases: the death or disappearance of a spouse, a child or a parent; when a person had witnessed the intentional infliction of injury, torture or rape on his or her spouse, child or parent; when serious physical injuries had been inflicted on a person, causing him or her to become lame, permanently or temporarily severely disabled; to have a permanent or temporary inability to use or a limited ability to use a bodily organ, limb, function or system; when a person was raped, attacked or tortured; when a person had been taken hostage or unlawfully detained for more than three days or had been detained for a short time under circumstances in which his or her life was immediately endangered; when, on the basis of a well-founded fear for one's own life, the person had to hide or flee from armed attacks for more than three days; when a person had been deprived of all economic goods, seriously endangering the existence of that person and his or her spouse, children or parents; in cases where the assistance of his or her government or other institutions had not been available to him or her; when a person was forced to work for the needs of the enemy under difficult living and psychological conditions (forced labor), and in other cases related to non-pecuniary damage.<sup>22</sup>

The inventory and the assessment of war damage were performed by the Republic Commission for Inventory and Assessment of War Damage appointed by the Government of the Republic of Croatia, consisting of expert representatives of the following public authorities: Ministry of Defense, Ministry of Interior, Ministry of Justice and Administration, Ministry of Energy and Industry, Ministry of Maritime Affairs, Transport and Communications; the Ministry of Tourism, the Ministry of Environmental Protection, Physical Planning and Construction; the Ministry of Trade, the Republic Statistical Office, the Croatian Public Attorney's Office, the Croatian Chamber of Commerce, the Croatian Property and Personal Insurance Association, the Social Accounting Service (SDK) and the Republic Bureau for Planning, Analysis and Prognostics. The President of the Commission was the Assistant Minister of

<sup>18</sup> Ibidem, ponint No. 4.

<sup>19</sup> Ibidem, ponint No. 5.

<sup>20</sup> Ibidem, ponint No. 6.

<sup>21</sup> Ibidem, ponint No. 7.

<sup>22</sup> Ibidem, ponint No. 8.

Finance, and the Ministry of Finance performed the professional and administrative tasks for the Republic Commission for the Inventory and Assessment of War Damage.<sup>23</sup>

The damages were listed and assessed in territorial units, ie in the settlements, municipalities, cities and counties, regardless of the seat, residence or domicile of the property owner. The damages were listed and assessed for legal and natural persons.

There was a separate inventory, assessment and report of the damages done to assets and goods located outside the territory of the Republic of Croatia (seized property), and their owners had their registered office, residence or domicile in the Republic of Croatia. In such cases, the damage was determined by the county commission for all legal and natural persons from the corresponding area.

The damage to large economic and other systems was assessed by special commissions appointed on the proposal of these systems, by the Republic Commission. The large systems include: Oil Industry (INA), Croatian Electric Power Industry (HEP), Croatian Post and Telecommunications (Hrvatska pošta i telekomunikacije), Croatian Water Management (Hrvatska vodoprivreda), Croatian Roads (Hrvatske ceste), Croatian Radio and Television (Hrvatska radiotelevizija), Croatian Forests (Hrvatske šume), Croatian Railways (Hrvatske željeznice), Jadrolinija, Croatian Army (Hrvatska vojska) and Croatian Police (Hrvatska policija).

In order to effectively determine the war damage, the prefect established a county commission for the inventory and assessment of war damage. The prefect would then submit The decision on the appointment of the county commission to the Republic Commission for the Inventory and Assessment of War Damage. The county commission was in charge of organizing the assessment and inventory of war damage in the county. If necessary, the prefect established one or more expert commissions for individual areas of the county, ie. settlements, municipalities, cities, districts and individual professional areas (economic areas, social activities).

The expert commissions were responsible to the county commission for conscientious, professional and timely execution of the inventory and assessment of war damage. For this purpose, the county commission determined the scope of work - territory, deadlines for the preparation of the assessment, the material and technical conditions for the preparation of the assessment, and the work as a whole for the the expert commissions. The expert commissions consisted of of appropriately qualified experts who would, if necessary, undergo training (instructional seminar) in order to ensure a uniform way of working. Given the great diversity of war damage, expert commissions covered the following areas: construction damage; damage to equipment (fixed assets); damage to agriculture, land, long-term plantations, forests and livestock; damage to working capital; damage to mineral resources; health and social care costs; all other types of costs; damage caused by loss of life and health. When it was necessary, one expert commission could cover several related areas.<sup>24</sup>

Republic Commission prepared a summary report on the assessment and inventory of war damage for the Republic of Croatia, it unified and coordinated the work of county and special commissions for damage assessment; determined and adopted uniform prices for the calculation of damages through the Special Commission of Experts on Prices and published those prices in a special bulletin of the Republic Commission. The Republic Commission adopted a detailed method of calculating indirect damage; introduced the uniform damage assessment forms and appropriate auxiliary forms; determined the prices and the list of household items included in the budget of the global assessment of damage to household items; controlled and verified the damage assessments of the county and special commissions and made the final decision on its amount; submitted reports on its work to the Parliament and the Government of the Republic of Croatia.<sup>25</sup>

<sup>23</sup> Ibidem, ponint No. 9.

<sup>24</sup> Ibidem, ponint No. 10.

<sup>25</sup> Ibidem.

**Table 1:** Structure of direct war damages in the city of Osijek in 1993<sup>26</sup>

Structure of direct war damages in the city of Osijek in 1993		
Types of damage	USD \$	%
Material damage	461.437.000,00	35,17
War costs and non-maintenance of goods	349.435.000,00	26,63
Life and health of people	501.279.000,00	38,20
In total	1.312.151.000,00	100

**Table 2:** The structure of direct war damage in the economic activities of the city Osijek 1993<sup>27</sup>

Structure of direct war damages in economic activities of the city of Osijek in 1993		
Types of damage	USD \$	%
Industry	198.991.000,00	28
Agriculture	29.780,00	12
Construction	14.479.000,00	26
Trade	22.339.000,00	26
Other economic activities	65.655,00	46
In total	331.478.000,00	129

**Table 3:** Structure of direct war damages in social activities of the city of Osijek 1993<sup>28</sup>

Structure of direct war damages in social activities of the city of Osijek 1993		
Types of damage	USD \$	Number of companies
Education	20.386.000,00	61
Health and social care	215.620.000,00	13
Local government	16.822.000,00	17
In total	252.828.000,00	91

## THE WAR DAMAGE TO THE JOSIP JURAJ STROSSMAYER UNIVERSITY IN OSIJEK

During the Homeland War, the buildings of the Josip Juraj Strossmayer University in Osijek sustained a significant damage. According to the Government of the Republic of Croatia, on the 14th July 1994 the structure of damages expressed in HRK was as follows:

- City and University Library Osijek 890,424.00
- Faculty of Agriculture and Faculty of Food Technology 185,505,000.00
- Faculty of Agriculture in Vinkovci 5,565,150.00
- Faculty of Civil Engineering 2,337,363.00
- Faculty of Economics 1,632,444.00
- Faculty of Electrical Engineering 5,565,150.00
- Faculty of Law 556,515.00
- Faculty of Mechanical Engineering - Slavonski Brod 4,266,615.0019

<sup>26</sup> PAVIČIĆ, Marta: Ratne štete kao posljedica Domovinskog rata i njihov utjecaj na razvoj Osijeka, Anali Zavoda za znanstveni i umjetnički rad u Osijeku, No. 25, Hrvatska akademija znanosti i umjetnosti, Osijek, 2009., p. 154.

<sup>27</sup> Ibidem, p. 155.

<sup>28</sup> Ibidem, p. 155.

- Faculty of Pedagogy 593,616.00
- Rectorate 556,515.00
- Student Center Osijek 2,485,767.00
- Student Dormitory Osijek 4,081,110.00
- University premises in Tvrđa 148,404,000.00.<sup>29</sup>

On the 14th July 1994, the the total damage to the facilities of higher education and science in the Republic of Croatia amounted to HRK 586,566,810.00 or DEM 157,831,991.00,<sup>30</sup> and the facilities of the university components of the Josip Juraj Strossmayer University amounted to HRK 357,468,135,00 HRK or 96,186.668.60 DEM, which represents 60.94% of the total damage of this sort of damage in the Republic of Croatia.<sup>31</sup> Some of the university buildings have never been renovated, such as the buildings of the Faculty of Agriculture and the Faculty of Food Technology, which have both been dislocated at new addresses. In the building of the Rectorate in Tvrđa, at the Holy Trinity Square, there are still even today some visible signs of artillery attacks on Osijek. The buildings nearby in Tvrđa were all also seriously damaged. All this has a special meaning when one considers the fact that Tvrđa, as a whole, the old town of Osijek, has been a serious candidate for the list of UNESCO-certified World Heritage Sites.

## THE BUSINESS BANKRUPTCIES

At the beginning of the Homeland War, there were some respectable business entities in the city of Osijek as follows: Analit (PVC production), Autoreparatura (car service and transportation), Auto-Slavonija (car service and transportation), Drava (match factory) Elos (electrical engineering), Gradnja (construction), I. Maj Osijek (fashion industry), Ivo Marinković (furniture industry), Kandit Osijek (chocolate production) Kovinar Osijek (metal engineering), Elektroosijek (electrical engineering), LIO (textile industry), Litokarton (paper production), Mara (textile industry), Mobilija (furniture production), Obuća (footwear factory), OLT (metal industry), Opeka (brick production), Osječka mljekara (factory of milk products), Osječka pivovara (brewery), Panonija (transportation), Poljotehnika (agricultural products and machinery), Saponia (industrial and institutional consumption), Slavonija (fashion industry), Slavonijatextil (textile production), Sloboda (bread and biscuit factory), Standard (metal industry), Svilana Osijek (silk factory), Tehnika-beton (construction), Tekos (textile factory), Štampa (graphic industry) and others. Due to the wartime itself, as well as to the postwar period, a significant number of these entities ended up in bankruptcy. Their locations were quite attractive so that numerous shopping centers have been built up on their sites.<sup>32</sup>

On the 31st December 1992, a total of 3207 business subjects were registered in the city of Osijek. The overview of their activities shows the following structure: 158 business subjects were registered in industry, 70 in agriculture, 2 in forestry, 2 in water management, 67 in construction, 91 in transport and connections, 1,280 in trade, 217 in catering and tourism, 76 crafts, 36 in housing and communal services, 230 in finance, 465 in education and culture, 85 in health and social care and 428 referred to socio-political communities, funds and socio-political organizations.<sup>33</sup> In the first quarter of 1993, a

<sup>29</sup> Podaci državne uprave Osječko-baranjske županije, Osječko-baranjska županija, Osijek, 1998.

<sup>30</sup> The German Mark (*Deutsche Mark*), abbreviated DM or DEM, was the currency of the Federal Republic of Germany from the 23rd May, 1949 to the 31st December, 2001. After that, it was withdrawn from circulation because the Federal Republic of Germany introduced the Euro (€), ie it entered the European Monetary Union (EMU). The Croatian Kuna (HRK) was officially put into circulation on the 30th May, 1994, and its then exchange rate in relation to the DEM was 1 DEM = 3.7164 HRK. Cfr. BREKALO, Miljenko: Suverenitet Republike Hrvatske 1990.-1998., Svjetla grada d.o.o., Osijek, 2009., p. 286.-288.

<sup>31</sup> Supra notae No. 3, p. 14.

<sup>32</sup> NJEGAČ, Dražen i dr.: Promjene u morfološkoj strukturi Osijeka nakon 1991. godine, Acta Geographica Croatica, Vol. 38, No. 1., Geografski odsjek Prirodoslovno-matematičkog fakulteta Sveučilišta u Zagrebu, Zagreb, 2012., p. 38, 59-74

<sup>33</sup> Županija Osječko-baranjska u brojkama, Zavod za društveno planiranje i statistiku Osijek, Osijek, 1993., p. 8.

total of 13,205 employees were employed in industrial production in Osijek, and their structure will be presented in table number 4.<sup>34</sup>

**Table 4:** Structure of industrial production in Osijek 01.04.1993<sup>35</sup>

Structure of direct war damages in the city of Osijek in 1993		
Types of damage	Number of companies	Number of employees
Electric power industry	1	1092
Metal industry	1	381
Mechanical engineering	1	260
Electrical machinery and equipment industry	1	1826
Chemical industry	2	346
Construction material industry	2	129
Sawn timber and board industry	1	548
Finished wood industry	1	294
Paper production and processing	1	936
Yarns and fabrics	2	1652
Finished textile products	4	293
Leather and fur	1	395
Leather footwear and haberdashery	7	2823
Food haberdashery	1	418
Beverage industry	1	92
Animal feed industry	2	281
Graphic activity	2	78
Waste processing industry	2	616
Various products	2	616
<b>In total</b>	<b>36</b>	<b>13205</b>

Before the Homeland War, the city of Osijek was a respectable industrial center dominated by twenty types of industrial production. Due to the wartime events and their consequences, the following production branches were shut down: electricity industry, metal engineering, mechanical engineering, the production of: electrical machinery, construction materials, sawn timber, wood products; paper production and processing, yarn production and fabric, production of final textile products, the production of leather and fur, the production of leather goods: the industrial processing of waste. The respectable number of these economic can be best seen from the structure of bankruptcies in the period from 1991 to 1998.

According to the records of the locally and really competent Commercial Court in Osijek, 50 companies had gone bankrupt in Osijek during the Homeland War, till 1995. In the period from 1996 to 1998, ie during the peaceful reintegration of the Croatian Danube region into the constitutional and legal system of the Republic of Croatia, 45 economic entities went bankrupt.<sup>36</sup>

<sup>34</sup> Ibidem, p. 9.

<sup>35</sup> Ibidem, p. 9.

<sup>36</sup> Dopis Trgovačkoga suda u Osijeku, No. 26-Su-1/18-2 od 11.01.2018., p. 1-4.



In 1991, the following fifteen business entities went bankrupt: GP Štampa, GP Prvi maj, DP Obuća, DP Slavonka tvornica koža, PP Ivor, PP Task, DP Radnik, DP Keramičar, DP Koperje, DP Izolacija, DP Izotehna, PP Pax, PP Marketing center spo, IPK Construction, PP BIS commerce.<sup>37</sup>

In 1992, the following eleven business entities went bankrupt: Hodex export-import spo, Kinopoduzeće Prosvjeta, LIO-holding Tkaonica doo, LIO-holding Prateće usluge doo, Zadruga Prijevoz Osijek, PP Goldex, DP Aerodrom, Vranica doo, Tehnika-beton doo, DP Mursa export, DP Mercos.<sup>38</sup>

In 1993, the only company that went bankrupt was DP Gramat.<sup>39</sup>

In 1994, the following ten business entities went bankrupt: Smart, Proximus s. p. o., Domitex s.p.o., Rem d.o.o., Metkon d.o.o., Eloprom d.o.o., Remont-servis d.d., Modna kuća d.d., Tragos d.d., Trgocoop s.p.o., Čalić d.o.o.<sup>40</sup>

In 1995, the following twelve business entities went bankrupt: Mobilia dd, Vila s po, Polimer d.o.o., Slavonija modna konfekcija d.d., Stan d.d., Onix d.o.o, Tref d.o.o, Inžinjering IPK d.o.o., Svilana d.d, Litokarton d.d, Osijek-šped d.o.o, and Transportholding.<sup>41</sup>

In 1996, the following eleven business entities went bankrupt: Gravex doo, Poljoopskrba d.d., Elektrosijek d.o.o., Imbianchino d.o.o., Emona-supermarket d.o.o., Beбето d.o.o., Bijela lađa d.o.o., Kontić i sinovi d.o.o., Obiteljska tjestenina d.o.o., Obitelj d.o.o., and Teina d.o.o.<sup>42</sup>

In 1997, the following fourteen business entities went bankrupt: Hab-ales d.o.o., Iskraelektronika d.o.o., Privatum d.o.o., Tesma d.o.o., Linea natura d.o.o., Funtana-trade d.o.o., Agromed d.o.o., Jadran commerce d.o.o., Zanatsko-uslužni centar Gornji grad d.o.o., Topas commerce d.o.o., Leather export d.o.o., Lovinac d.o.o., Vezak d.o.o. and Makreto d.o.o.<sup>43</sup>

In 1998, the following nineteen business entities went bankrupt: Resurs d.o.o., Medosan doo, Vemal-eks s.p.o., Termotehnika Višnjevac d.o.o., Hećimović d.o.o., Agroslavonija d.o.o., MAB trade d.o.o., TR Ornela d.o.o., Zarkos d.d., Soldić trade d.o.o., Drava trade network d.o.o., Keramika dizajn Dalić d.o.o., Pragma d.o.o., Ratarstvo-stočarstvo d.o.o., Tvrđa d.d., Baldra d.o.o., LIO d.o.o., Lio likom d.o.o., Lio proizvodnja tkanina d.o.o., Nova zemlja d.d.<sup>44</sup> The 1998 bankruptcy of these companies was directly caused by the impact of the wartime events, ie by the disturbance on the labor and capital markets caused by the war.

## THE CROP CULTIVATION AND LIVESTOCK PRODUCTION UNDER WARTIME CONDITIONS

Before the Homeland War, the Osijek area was best known for crop cultivation and livestock production in the Republic of Croatia. The Homeland War and the postwar psychosis had a direct impact on the production of field crops and the livestock production. The highest decline in farming and livestock production was recorded in 1991, which can be best seen from tables no. 5 and 6.

<sup>37</sup> Ibidem, p. 1.

<sup>38</sup> Ibidem, p. 2.

<sup>39</sup> Ibidem, p. 2.

<sup>40</sup> Ibidem, p. 2.

<sup>41</sup> Ibidem, p. 2-3.

<sup>42</sup> Ibidem, p. 3.

<sup>43</sup> Ibidem, p. 3.

<sup>44</sup> Ibidem, p. 3-4.

**Table 5:** Structure of production of basic field crops 1990/91<sup>45</sup>

Production of basic field crops on Osijek area in 1990 and 1991 expressed in tons		
Field crops year	Businesses and agricultural cooperatives	Private sector
1990		
Wheat	9003	4024
Corn	1662	206
Barley	8180	9231
Sugar Beet	3044	453
Sunflower	1639	409
1991		
Wheat	1150	215
Corn	360	105
Barley	4246	2486
Sugar Beet	394	50
Sunflower	816	84

**Table 6:** Structure of livestock breeding in Osijek 1990/91<sup>46</sup>

Production of basic field crops on Osijek area in 1990 and 1991 expressed in tons		
Field crops year	Businesses and agricultural cooperatives	Private sector
1990		
Cattle	11 092	5800
Dairy cows	4 195	2330
Pigs	39617	24650
Horses	257	170
Sheep	2360	2110
Piglets	236680	236680
Milki n lire	16701	5241
Number of hen eggs	14072	14072
1991		
Cattle	5353	1713
Dairy cows	3671	2040
Pigs	19622	11666
Horses	185	166
Sheep	3284	2064
Piglets	52798	52798
Milki n lire	13936	4009
Number of hen eggs	4890	4890

<sup>45</sup> Supra notae No. 34, p. 3.<sup>46</sup> Ibidem, p. 3-4.

## TOURISM LOSS

The tourist offer during the Homeland War experienced a significant decline, and it is very difficult to express financial indicators because at that time there was hyperinflation in the Republic of Croatia due to the war events. However, The losses in tourism can be best seen in terms of the number of domestic and foreign tourists, ie the number of their overnight stays. Table 7 very clearly shows the situation if we compare the pre-war 1990s and the first three quarters of 1992.

**Table 7:** Tourist offer in the area of the city of Osijek in 1990 and 1 - 9, 1992<sup>47</sup>

Tourist offer in the area of the city of Osijek in 1990 and 1992		
	1990	1991
Number of tourists	48109	5549
Domestic tourists	40922	4985
Foreign tourists	7187	564
The No. of overnight stays	87088	15231
Domestic tourists	72868	14038
Foreign tourists	14220	1193

## THE HOUSING STOCK LOSS

According to the data of May 1993, there was a significant destruction of the residential buildings in the city of Osijek and its suburbs. The assessment was made by the Institute for Social Planning and Statistics Osijek, it included the city and suburbs that were not occupied, whereas the occupied settlements of Sarvaš, Tenja and Klisa were not included in the assessment. The assessment of the total war damage to residential buildings in the area of the former Municipality of Osijek amounted to DEM 441,535,000.00.<sup>48</sup> The structure of the total war damage to the housing stock can best be seen in Table 8.

**Table 8:** Structure of damaged residential buildings in the Osijek area in 1993<sup>49</sup>

Structure of damaged housing stock of the city of Osijek and unoccupied suburbs in May 1993				
Settlement	No. of damaged apartments	Unusable	Usable with major repairs	Usable with minor repairs
Osijek	16655	596	5506	10553
Briješće	23	3	12	8
Brijest	33	2	13	18
Tvrđavica	260	31	155	74
Višnjevac	346	7	83	256
Podravlje	138	28	81	29

The population also suffered substantial damage to the equipment of apartments and houses, personal belongings, agricultural production, vehicles, machinery, vessels, tools, ie to their movable property, as well as, mainly in suburban settlements, to the livestock and poultry. This damage was assessed for each family having sustained damage, and according to the report or the damage listed to the housing unit.

<sup>47</sup> Ibidem, p. 3.

<sup>48</sup> Ibidem, p. 8.

<sup>49</sup> Ibidem, p. 12.

The value of the total destroyed property is HRK 387,816,020, or US \$ 54,621,970.<sup>50</sup> More than 65% of the value are the destroyed household appliances and furniture, 15% refers to the destroyed motor vehicles and boats, and 20% to the destroyed personal belongings, valuables, tombs and the like.

The destruction and the damage to cultural and sacral buildings, ie cultural monuments, should be especially emphasized. The cultural monuments and sacral buildings in Osijek seemed to have been the direct targets of the attack. The Fortress, the Church of St. Peter and Paul, the building of the Croatian National Theater, the County, the Chamber of Commerce and many other buildings of the monument category were significantly damaged. The estimated amount of the damage to these buildings is HRK 175,479,550, or US \$ 24,715,429.<sup>51</sup> The war damage to the housing stock of the city of Osijek can best be seen from Table 9.

**Table 9:** Structure of damaged residential buildings according to categories in Osijek area<sup>52</sup>

Structure of war damages on residential buildings by categories			
Category	Number of buildings	Number of apartments	Number of persons
I.	6028	10801	31014
II.	2860	3755	11301
III.	1919	1976	6117
IV.	878	896	2809
V.	527	528	1696
VI.	398	404	1165
In total	12610	18360	54102

## THE DISPLACED PERSONS AND REFUGEES IN THE OSIJEK AREA

The war operations during the Homeland War took place on 54% of the state territory., There were 14,760 km<sup>2</sup> or 26% of the state territory occupied, and 36% of the citizens of the Republic of Croatia lived in the occupied territory. In the period from 1991 to 1995, there were 13,583 dead and missing persons in the Republic of Croatia, and 37,180 people were injured. In December 1991, there were about 550,000 displaced persons and refugees in Croatia; furthermore, 150,000 people were in exile abroad.<sup>53</sup>

According to the Government of the Republic of Croatia, 247,278<sup>54</sup> displaced persons had been registered in the Republic of Croatia since the 22nd April 1992, and on the 2nd March 1994 there were 247,688 displaced persons, located in nineteen regional offices for displaced persons and refugees.<sup>55</sup> According to the estimates at that time, another 59,949 citizens fled outside the borders of the Republic of Croatia, so that the number of displaced persons was 307,637.<sup>56</sup> In 1992, there were 31,158 displaced persons and refugees in Osijek, of which 26,253 were displaced persons and 4 905 were refugees.<sup>57</sup>

<sup>50</sup> Supra notae No. 27, p. 156.

<sup>51</sup> Ibidem, p. 157.

<sup>52</sup> Supra notae No. 27, p. 155.

<sup>53</sup> PERKOVIĆ, Marijan; PULJIZ, Vlado: »*Ratne štete, izdaci za branitelje, žrtve i stradalnike rata u Republici Hrvatskoj*«, Revija za socijalnu politiku, Vol. 8 No. 2., Pravni fakultet Sveučilišta u Zagrebu, Studijski centar socijalnog rada, Zagreb, 2001., p. 235-238.

<sup>54</sup> Supra notae No. 3, side dish No. 1.

<sup>55</sup> The regional offices existed in the following cities: Bjelovar, Čakovec, Dubrovnik, Gospić, Karlovac, Makarska, Slavonski Brod, Opatija / Buzet, Osijek, Pula, Rijeka, Sisak, Split, Šibenik, Varaždin, Virovitica, Zabok, Zadar and Zagreb.

<sup>56</sup> Supra notae No. 3, side dish No. 2.

<sup>57</sup> Supra notae No. 3, p. 16

On the 21st April 1992 there were 146,714 refugees coming from other republics of the former SFRY, in the Republic of Croatia, while in March 1994 the number was 283,629. The official data at the time show that 53% of refugees or 150,323 were Muslims and 47% of them or 133,306 were Croats. The displaced persons and refugees made up 12.5% of the population in the free territory of the Republic of Croatia. About one hundred thousand displaced persons and refugees were accommodated in one of the 507 accommodation capacities throughout the Republic of Croatia. Other persons were in private accommodation, houses, flats, cottages, etc. Among the displaced there were mostly Croats (94%), followed by Serbs (3%), and there were only 3%<sup>58</sup> of other national minorities. In 1992, a total of 31,158 displaced persons and refugees resided in Osijek, of which 26,253 were displaced persons and 4,905 were refugees.<sup>59</sup>

According to the Office for Displaced Persons and Refugees of the Government of the Republic of Croatia, there were 22,740 displaced persons in Osijek on the 2nd March 1994, of which 20,507 were Croats, 103 Muslims, 858 Serbs, and 1,272 others.<sup>60</sup> In the area of the Osijek Regional Office, including the city of Osijek and the surrounding places, the number was even higher, amounting to 45,818. As previously stated, on the 2nd March 1994, there were 247,688 displaced persons registered in the nineteen above-mentioned regional offices in the Republic of Croatia, and 7,214 persons of the stated status were not registered.<sup>61</sup>

**Table 10:** Displaced persons and refugees in the Republic of Croatia in the period 1991-1998, years<sup>62</sup>

Registered displaced persons and refugees in the Republic of Croatia 1991 - 1998			
Registration time	Displaced persons from the Republic of Croatia	Refugees from BiH and FRY	Total in Croatia
01.12.1991	550 000	0	550 000
01.12.1992	260705	402768	663493
01.06.1993	254791	272869	527660
01.08.1994	196870	212056	408926
01.05.1995	210592	188672	399264
31.05.1996	167609	184545	352154
01.03.1997	117721	106750	224471
04.04.1998	94796	37400	126181

## THE NUMBER OF THE DEAD AND THE WOUNDED IN OSIJEK

According to the data of the Medical Staff of the Ministry of Health, stated by professor Andrija Hebrang, PhD, the Minister of War, in his book titled Crimes against Civilians in the Serbo-Montenegrin Aggression against the Republic of Croatia, the number of the dead and the killed was 14,154; including 6,891 Croatian defenders and 7,263 civilian casualties.<sup>63</sup>

During the Homeland War, there were 5,694 wounded admitted to the Osijek General Hospital, of which 1,906 were the members of the National Guard Corps (ZNG), 652 were members of the Ministry of the Interior (MUP), 1,914 were civilians and 169 were others. There were also outpatients taken care

<sup>58</sup> Supra notae No. 3, p. 9.

<sup>59</sup> Supra notae No. 34, p. 16.

<sup>60</sup> Supra notae No. 3, side dish No. 4.

<sup>61</sup> Supra notae No. 3, side dish No. 1.

<sup>62</sup> Izvješće Vlade Republike Hrvatske o dosadašnjem tijeku povratka i zbrinjavanju prognanika, izbjeglica i raseljenih osoba, Vlada Republike Hrvatske, Narodne novine No. 92/1998.

<sup>63</sup> HEBRANG, Andrija: Zločini nad civilima u srpsko-crnogorskoj agresiji na Republiku Hrvatsku, Udruga hrvatskih liječnika dragovoljaca 1990. - 1991./Ogranak Matice hrvatske u Zadru, Zagreb – Zadar, 2013., p. 78.

of as follows: 1,476 members of National Guard Corps; 194 members of the Ministry of the Interior, 699 civilians and 17 unmarked persons. 423 members of the National Guard Corps lost their lives, as well as 438 civilians and 135 others.<sup>64</sup> In the course of the fierces aggression against the Republic of Coratia, ie from May 1991 to November 1992, there were 4,425 wounded taken care of at the Osijek General hospital whereby 60% of them were members of the army and 40 % were civilians.<sup>65</sup> The total death toll due to the Homeland War in Eastern Croatia amounted to 7,957 defenders and civilians.<sup>66</sup>

## CONCLUSION

Due to the occupation of some territory of the Republic of Croatia, the development function of public revenues was absent in the occupied and war-affected areas, the material base in the sphere of production and other forms of social activity was not maintained and expanded, ie the social balance was disturbed. Namely, the absence of fiscal sovereignty in the occupied areas and the reduction of the fiscal base in the unoccupied but devastated areas had significant consequences for the Republic of Croatia on the level of economic development, national income, as well as the fiscal capacity of the state budget and local government budgets. Thus, the lack of public revenues collected by the Krajina authorities and the reduction of the fiscal base in the devastated areas directly affected the quality and quantity of meeting public needs in the Republic of Croatia. Therefore, having liberated the occupied territories, the official Government of the Republic of Croatia, was forced to declare, via the legislative procedure, these areas of special state concern. Three occupied suburbs of Osijek (Tenja, Sarvaš and Klisa) were declared an area of special state concern. Given the intensity of destruction, the city of Osijek should have received an identical status, but for the reasons unknown, it did not happen. Namely, the primary task of the area of special state concern is to eliminate the consequences of war, to facilitate a faster return of displaced persons and refugees, to encourage demographic and economic progress and to achieve the most balanced development of all areas of the Republic of Croatia. Due to the occupation of part of the state territory, the Croatian authorities did not have fully established monetary sovereignty the same as with the fiscal sovereignty. In the first years of its state independence, rather significant inflationary trends were recorded in the Republic of Croatia. Namely, on one hand, due to the occupation, the National Bank of Croatia could not regulate the amount of money in circulationm, using the standard monetary and credit policy instruments. On the other hand, there was no money market in the occupied territories, no cash flows, ie no monitoring of the payment of certain transactions. In other words, due to the occupation, cash flows had neither a solid institutional structure nor a formal organization, as opposed to the case in the free part of the state territory. As a result, the escaped population was largely deprived of money accumulation, thus their investment activity was absent, and therefore the Croatian market showed a lower demand for finished goods and products. Lacking the fiscal and monetary sovereignty in the occupied territory, Croatian fiscal and monetary authorities were left without a share of revenue. This fact should certainly be considered when regulating the post-war revenues that the Republic of Croatia could and must receive from the Republic of Serbia and the Republic of Montenegro in the future. Thirty years after the direct armed aggression, the city of Osijek did not reach the level of the pre-war industrial war, a significant number of respectable economic entities went bankrupt, and the pre-war fiscal base has not yet reached its pre-war level. These are some of the most

<sup>64</sup> GLAVINA, Krešimir: »Značenje Kliničke bolnice Osijek u Domovinskom ratu«, Domovinski rat i njegovi društveno-ekonomski odrazi na razvoj hrvatskoga istoka, Institut društvenih znanosti Ivo Pilar, Zagreb 2016., p. 266.

<sup>65</sup> GALIĆ, Josip: »Rezultati liječenja ranjenika u Općoj bolnici Osijek tijekom Domovinskog rata«, Domovinski rat i njegovi društveno-ekonomski odrazi na razvoj hrvatskog istoka, Institut društvenih znanosti Ivo Pilar, Zagreb 2016., p. 292.

<sup>66</sup> MIŠKULIN, Ivan i dr.: »Gubitci gospodarske produktivnosti zbog ratnog stradanja stanovništva istočne Hrvatske«, Domovinski rat i njegovi društveno-ekonomski odrazi na razvoj hrvatskog istoka, Institut društvenih znanosti Ivo Pilar, Zagreb 2016., p. 328.

important reasons for the the city of Osijek falling back in the industrial development, compared to other Croatian economic centers, where there were no direct combat operations.

## SAŽETAK

Početak Domovinskog rata na području Osijeka vodile su se najžešće borbe. Postojala je intenzivna ratna dinamika hrvatskih oružanih snaga protiv dijela pobunjenih Srba i Jugoslavenske narodne armije, što je rezultiralo najvećim brojem vojnih i civilnih žrtava. Zbog položaja Osijeka u istočnoj Hrvatskoj, gdje Srbija izravno graniči s Republikom Hrvatskom, pobunjeni Srbi i Jugoslavenska narodna armija imali su neograničenu logističku podršku. Nadalje, nacionalna struktura stanovništva u istočnoj Hrvatskoj, gdje su postojale srpske enklave (Tenja, Bobota, Vera, Pačetin, Trpinja, Bijelo Brdo i druga sela), olakšavala je velikosrpsku agresiju i ometala obrambene aktivnosti hrvatskih vlasti. Grad Osijek bio je stožerni grad koji je pridonio obrani istočne Hrvatske. Gradsko gospodarstvo kontinuirano je funkcioniralo tijekom Domovinskog rata, snažno podržavajući njegovu obranu, unatoč brojnim ratnim štetama i demografskim gubicima.