

Lordstown in Yugoslavia

Oleg Mandić

Yugoslavia's history has been shaped by a paradox. Twenty million people share a land area of approximately 96,000 square miles, which includes the mountainous south, with a largely nomadic population, and the flat river plains of the north, the agricultural heartland. Through its long history the people have been divided by unending confrontations between Eastern and Western Europe, between the Byzantine Empire and the Empire of the Franks, between the Moslem and the Christian worlds. Yugoslavia has been everyone's battleground. The imperial ambitions of Russia, Austria-Hungary, Germany and Italy have all ravaged Yugoslavia.

All this has created a people possessing many important differences and many equally important similarities. Yugoslavs use two alphabets—the Latin in the west and the Cyrillic in the east—but the majority speak the same language (called, however, either Serbian or Croatian). Slovenia and Macedonia speak their own local languages. Four of the world's major religions are professed in Yugoslavia: Orthodox Christianity, Roman Catholicism, Islam and Judaism. The Yugoslav federation is furthermore made up of five distinct peoples occupying six republics: Croatia, Macedonia, Montenegro, Serbia, Slovenia and Bosnia-Herzegovina. Each of the first five republics corresponds to a distinct ethnic group, but in the sixth, Serbians and Croatians became so intermingled during the migrations of the sixteenth and seventeenth centuries that it is impossible to draw an ethnic frontier.

Yugoslavia's important strategic position in the Balkans, on the fulcrum between East and West, has given its people a fierce sense of spiritual and political independence, a spirit made more tenacious by the long history of alien domination. The desire

OLEG MANDIĆ is professor in the faculty of law, University of Zagreb.

for independence was finally realized after World War I, with the establishment of the Kingdom of Serbs, Croats and Slovenes, later called the Kingdom of Yugoslavia. But the ambition of the Serbian bourgeoisie to be the dominant class in the federation met stubborn resistance from other national élites, particularly in Croatia, and there followed a troubled period of nationalistic rivalries and class tension.

World War II had a catalytic effect, sparking a liberation movement under the leadership of the Communist Party and resulting in a peoples' revolution and the socialization of the country at the end of the war. The Constitution of 1946 established a republican form of government and proclaimed the complete equality of every nation within the federation. Mere proclamation, however, could not eliminate the economic inequality of the republics, for some of them were severely underdeveloped and needing aid both from the central government and from their more developed neighbors.



The immediate postwar period was one of "administrative socialism." The nationalization of a disrupted economy and the repair of war damages required a strong, centrally organized administration to deal with the most pressing social needs. The

administration tended to copy the Soviet patterns of socialism: state ownership of the means of production, the creation of economic enterprises that were in effect government agencies, a dependent and quiescent labor force and a centralization of the nation's economy by means of compulsory plans. These plans were, as a rule, pretentious and nominal, ignoring the real potentialities of industry and the real needs they were designed to fulfill. Following the principles borrowed from the Soviets, industrial enterprises were forced to execute plans which they had no voice in making.

Soon this imitation of foreign patterns came to be resented as an imposition. The clash with the Cominform in 1948 only made official a critique of the Soviet experience that was well advanced. Yugoslavia chose its own path. There were no examples to follow in creating a socialism free of bureaucratic compulsion. The task was made even more difficult by the differences of mentality, customs and traditions in the various republics, and by the very real primitivism prevailing in the underdeveloped parts of the country.

In response to this dilemma "self-management" was announced as a national goal in the "Basic Law on the Management of State Economic Enterprise," issued in 1950. The enforcement of this law marked the beginning of self-managed socialism in Yugoslavia.

Major changes ordained by the new law were: a transformation of state ownership into a more genuine form of "social ownership"—that is, industrial resources were placed at the disposal of enterprises without any interference from the government concerning their use; clerical and blue-collar workers now participated in the decisions affecting their areas of the economy; wages were based on incentive; and centralized state planning was replaced by consultations and agreements between the enterprises themselves, thus establishing a kind of "polycentric" planning within each branch of industry.

Politically, decentralization was accompanied by the declining importance of government bureaus and legislatures. State agencies and their employees gradually ceded their prerogatives in self-managing institutions; likewise, legislative bodies transferred their lawmaking responsibilities. The state was there to coordinate self-management, but it renounced the use of administrative coercion.

The Basic Law of 1950 abolished the state economic agencies and began a period of transition during which the Yugoslav economy commenced reorganizing along new lines. By 1953 self-management was on firm ground and had begun to affect other areas of social life outside the economy. Automation and rapid industrialization, started immediately after the war, were in full swing. This combination of forces changed nearly all the basic

relations in industry and created new organizational structures corresponding to the new shape of the economy. The next period, initiated by the Economic Reform of 1965, consolidated these new structures.

I do not suggest that self-management was achieved overnight. Indeed, as we shall see, it is not fully achieved even now. During the period in question self-management did become a goal within reach of the workers in industry, commerce and communications. Firm foundations were laid for an economy in which all enterprises are directed by associations of workers who make all decisions about how work is to be done and how profits and income are to be distributed—all without interference of any kind from the central government.



Everyone in the working community is included in the decision-making—both blue and white-collar, gathered in Assemblies of Working Men. The Workers Council, its Executive Committee, the general manager of the enterprise and the managers of special service departments (personnel, bookkeeping, etc.) are all responsible to the Assembly. The intervention of federal and local authorities is limited to coordinating the activities of single enterprises, which must conform to certain general laws. But production itself is governed by plans prepared at the plant level by its worker associations; the federal and local authorities retain only the right to review such plans.

There are, of course, many difficulties. An opposing trend attempts to preserve the essence of "administrative socialism" by hiding it within the forms of self-management. The social forces obstructing the growth of self-management revolve around the government bureaucracy, which tries to maintain and even enlarge its sphere of influence through direct or indirect administrative coercion. In order to protect the interests of its members the federal and local bureaucracies cultivate their ties with clerical workers in various enterprises, turning



them, in effect, into pressure groups and centers of power. Such cliques bypass or even violate the law when they believe their interests are seriously menaced. The proliferation of cliques is, of course, a

characteristic of every revolutionary endeavor, and Yugoslavia is no exception. Thus the government's attempt to reorganize economic relations within a framework of self-management, to foster trade with foreign countries and to liberalize fiscal policy have all been obstructed. Thanks to the opposition of the bureaucracy, the Economic Reform of 1965 has yet to be realized in practice.

The complexity of the situation is aggravated by the pluralist nature of the country. Unequal development means, in fact, that some people are called upon to make greater sacrifices than others. The more developed nations within the federation must slow their economic growth, surrendering part of their



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income to the federal government for the benefit of their less-developed partners. At the same time the federal bureaucracy manipulates development funds in a way that defends its own interests. Since the officials of the bureaucracy generally come from the most economically developed parts of the federation, they are in a position to further strengthen their own areas. Bureaucrats from other nations feel, in turn, that they are threatened by the interference of the federal government in their local affairs, and blame the nation whose members staff the federal agencies. Thus chauvinistic propaganda campaigns feed nationalist movements that threaten the unity of the state itself. Naturally, each nationalist thrust provokes a corresponding reaction from the other side.

Fortunately, such movements find few followers among blue-collar workers, being confined for the most part to intellectuals, wealthy craftsmen and dissatisfied bureaucrats. Federal and local bureaucracies encourage such disputes, for the bureaucrats gain additional influence in national affairs through the process of settling the conflicts. Ironic but true. The nationalist movements are directed, in the end, against the working class; this is the class that must bear the heaviest burden in the effort to restructure Yugoslavia's economy. Thus, in 1971 and 1972 strong measures were taken to eliminate from key positions people who were unwilling or unable to cope with the problems of self-management and worker control.

Beginning with the Basic Law of 1950 blue-collar workers were no longer passive executors of their superiors' commands, but began to take a more independent role. Quite predictably, this created a conflict between blue-collar and white-collar workers, for the latter were reluctant to surrender their former positions of command.

In the first phase of the self-management campaign, when government agencies were eliminated as direct participants in economic planning, industrial and commercial enterprises assumed a dual structure. New organizational forms were grafted onto the already existing hierarchical structure. The new situation differed from the way things were set up following the war in that the general manager of an enterprise was no longer an autocrat with practically unlimited power, but was now responsible to the Workers Council and its Executive Committee. But in practice, and with the backing of the white-collar workers, the general manager continued to dominate the enterprise. He fought to have white-collar workers elected to the Workers Council and thus to assure a majority obedient to himself. In many cases the Workers Council and the Executive Committee became managerial preserves. In extreme cases of direct conflict between a general manager and a workers council the local government would step in and settle the dispute in favor of the general manager, due to his connections and traditional position of authority. Management remained the dominant power in the enterprise.

Gradually the Workers Councils, collaborating with the labor unions and the League of Communists, began to impose their will on management, until management was forced to take the councils into consideration. But taking into consideration is a far way from transferring control. The white-collar workers on the councils continued to side with management and more cleverly covered their power by "democratic" forms of decision-making. Thus bureaucracy ruled undisturbed, directing economic affairs in the interests of its own members.

Having said all this, however, the early period of self-management did represent a step forward from administrative socialism. The creation of production plans and schedules was no longer the sole prerogative of the federal government, but devolved to the enterprises and their workers associations, who were



most familiar with local resources. Plans became more realistic because more realizable, and this was a major advance for the Yugoslav economy.

Nineteen fifty-three saw a double evolution in the economy. Industrial enterprises were becoming increasingly independent and making real efforts to succeed in the competition of the marketplace. Con-

currently, the government withdrew its support as each enterprise began assuming more and more of the risks of commerce. Blue-collar workers were becoming increasingly vocal in their demands for greater participation in the running of industry—including general policy decisions, the procurement of raw materials and credit, distribution of products on the market and the disposal of gross income. Of course this trend threatened the traditional authority of management, creating constant friction and resulting in a grave social problem for Yugoslavia.

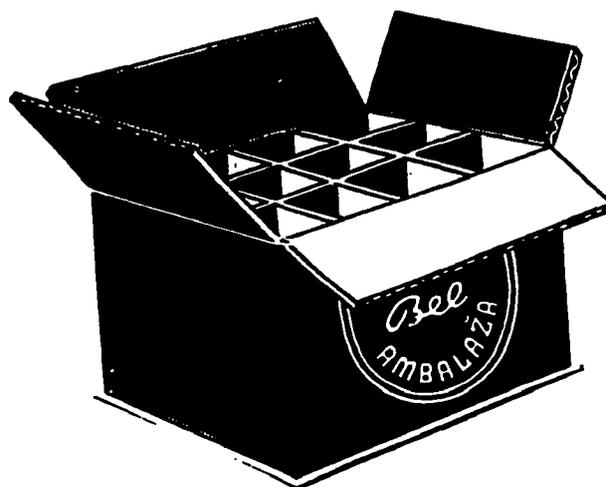
At this time autonomous working units were established within each branch of an enterprise. It was hoped that these units would form centers of gravity within the plant and limit the influence of the general manager. White-collar workers were also divided into separate autonomous units corresponding to their work specialty. This practice became the source of additional conflicts as the separate work units tended to compete with one another. At the same time, the white-collar units divided their attention among the various blue-collar units with which their work was connected, thus subjecting the blue-collar workers to a new source of influence outside the general manager's office.

In response to these conflicts the federal government in 1965 initiated a broad economic reform which had repercussions throughout the society. Both blue-collar and white-collar workers became members of autonomous, democratic work units, each with its own workers council. All aspects of work were to be decided by the workers and these new councils. Each industrial or commercial enterprise was to be managed by the working community within the enterprise by means of the elected councils.

This reform, which made official policy what workers had been striving for in their quarrels with management, had three major consequences. The first was that the individual worker, clerical or blue-collar, was established officially as the focus of self-management, and his work units, taken together, constituted the ownership of the productive resources within the plant. The second consequence was the increase in political conflicts within the plant. And third was a new view of the plant itself. The plant was no longer seen as an isolated, autarchic organization, but as part of a larger context of production in the interest of a wider view of social welfare, a view that included the welfare of the workers on the job.

The participation of blue-collar workers in the various self-management organs is at all levels 30 per cent of the total number of people involved. Workers councils are composed of 70.5 per cent blue-collar workers, and executive committees of 55.3 per cent. Nonetheless, there are still numerous

complaints that the actual relations within many plants do not conform to the basic principles of self-management. The standard complaint is still that the influence of managers is too great and that of workers too small. Many workers still feel themselves confined to a passive role, which was an unexpected result of the increased conflicts between autonomous work units. In the end, these conflicts strengthened the influence of management. The general manager's power is enhanced by his becoming a kind of referee, mediating disputes and resolving conflicts. Amendments to the Constitutional Reform of 1971 tried to overcome these difficulties. Especially important are the amendments that make work units even more independent and place the enterprise itself under a kind of federation of work units.



The premises of the 1971 reform are: the independence of the work unit; a functional principle of organization, in which decision-making units are composed of people performing common tasks; the cooperation of units within an enterprise toward a goal all units have helped to formulate. The coordination of work is a function of the higher levels of organization, and decisions about the actual performance of tasks are reserved for the lower levels—that is, the workers on the job. Thus the enterprise becomes a true community of working units. All this manifests the principle that (to quote Mr. M. Pećujlić) “new forms of production and new human needs bring about a new kind of law: the law of autonomous subsystems, of noncompulsory integration of independent parts into a whole.”

The full realization of this new principle of organization is still in the future. Bureaucratic obstruction is still apparent both economically and politically (nationalism, for example). While complete self-management in economy and society remains a goal, any honest comparison of Yugoslavia in 1950 with Yugoslavia today offers strong reason for encouragement.