

An analysis of the Yugoslav socialist system

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Abstract

The Socialist Yugoslav Federation established from 1951 to 1990 introduced the so-called system of “social ownership”. While in the system of planned economy, private property was negated from “means of production”, in the economic system of self-management of workers (Yugoslav Federation) an object (thing) that was in social property had no owner. In Yugoslavia, from 1974-1990, the “Basic organization of associated labor” was the institution which met the needs of the economic system of self-management and social property. The “Basic organization of associated labor” was defined in Article 14 of the Yugoslav Constitution from 1974 as “a workers union, in which workers fulfill directly or equally their social-, economic- and self-administering rights, and decide on issues dealing with the socio-economic situation of the organization”. Based on Article 463 of the law “On associated labor” from 1976, this organization consisted of the Council of Workers, which was also the central- and the decision-making body responsible for all economic-, financial-, and administrative issues. The Executive Council was the executive body of this organization and the Council of Directors was the Supervisory Board talking in the definitions of commercial legislation (Höcker-Weyand, 1980, 81). In this sense, main objective of this article is to analyze the Yugoslav socialist economic system in a legal-, socio-, economic approach.

Keywords: *Yugoslavia, social property, Self administration of workers, Basic organization of associated labor, Economy.*

Introduction

After the end of World War negotiations were undertaken with the aim of uniting Yugoslavia. A “Yugoslav Committee” of politicians from Croatia and Slovenia led the negotiations with the Serbian government. There were many divergences, but on 20.07.1917 the so-called “Corfu Declaration” about the Union of Serbia, Croatia and Slovenia was proclaimed with the aim of establishing a democratic parliamentary monarchy based on the self-determination of peoples (Calić, 2010, 79).

The diverse political, social and economic problems of the country, however, were not solved by the new government (Boškowska, 2009, 74). On 6.1.1929 King Alexander I therefore annulled the 1921 Constitution and dissolved the (Skupstina-Parliament). The Constitution of 28.06.1921 (the so-called Vidovdan Constitution) stated in Article 26 that: *„the State, (...) has the right and duty according to the law in the interest of the Community to intervene in the economic relations of citizens, with the objective of justice and equity of social injustice.“*

The concept of property was defined in Article 37 of the Constitution. It was stated that

it should “not harm the public interest” and thus had a social function. Article 22-44 of Vidovdan Constitution also guaranteed to all citizens the right to engage in economic and full freedom of contract, with the clause that no Community interests are violated (Janković, 1979, 544).

It didn't exist a uniform civil code for the whole of Yugoslavia. The scope of the Serbian “Law on Joint Stock Companies” from 1899 was extended in the territories of Macedonia and Montenegro. On 12.12.1919, a “government decision on the establishment of Joint Stock Companies” for the entire territory was adopted so that the founder had to obtain the prior approval of the Ministry of Trade and Industry (Zebić, 1925, 73).

In Macedonia and Serbia, the Serbian Civil Code was implemented from 25.3.1844. The Montenegrin general property law book was implemented from 1888 in the territories of Montenegro, the Austrian General Civil Code, from 1811 in the present territory of Slovenia, Croatia and Dalmatia, and Hungarian law entered into force in the northern part of Vojvodina (Hamza, 2002, 207). The Serbian Civil Code consisted of 950 articles and three parts: the first part (Articles 36-155) governed the rights of the individual, the second part (Articles 187-826) regulated real rights and the third part (Article 827-950) regulated the property rights.

Therefore, the Ministry of Justice began in 1930 a strategy for the implementation of a civil law reform for whole Yugoslavia. The draft of the Yugoslav Civil Code of 1935 followed the traditions of Western European private law codex's; especially the institutions regulating the immovables were modeled based on the Austrian Civil Code (Janković, 1979, 543).

Due to the outbreak of the Second World War, the draft of the Civil Code remained „stuck“, and in all areas of the Yugoslav Kingdom the existing laws remained in force (Hamza, 2002, 208). The fragmentation could not be overcome in the field of general commercial law, but only in the field of labor, unification could be achieved (Janković, 1979, 544).

The Second World War reached Yugoslavia as whole Europe. After eleven days of fighting the leadership of the Yugoslav Army had to surrender unconditionally on 17.4.1941 (Wimmer & Braun & Spiering, 1991, 33). Yugoslavia was divided between Germany, Italy, Hungary and Bulgaria. On 26.11.1942 in Bihać in northwestern Bosnia the (Antifasističko narodnog oslobodjenja Jugoslavije = AVNOJ) was founded under communist leadership as the supreme legislative body for the liberation of the peoples of Yugoslavia (Bartl, 1985, 138).

The nationalization process started in Yugoslavia long before the end of World War II with the AVNOJ Decision of 21.11.1944 on „the transfer of enemy property into state property“ which expropriated the property pertaining to the German Nazi Regime and Yugoslav war criminals „. The above cited decision, the „Confiscation law about war profits“ from 24.5.1945 and the „Law on Agrarian Reform“ from 23.8.1945 formed the basis for the later socialist economy (Bartl, 1985, 143).

The above Decision, the Confiscation law on war profits from 24.5.1945 and “Law on Agrarian Reform” from 23.8.1945 built the basis for the socialist economy (Teichert, 1959, 27).

The Constitution of 1974 as the beginning of the final phase of the self-management system

The entry into force of the Constitution of the SFRY of 21.02.1974, guaranteed an autonomous approach towards the republics and provinces, and also a strong position and a strong self-determination within the Federation (Pintarić, 2010, 106).

The Constitution of 1974 eliminated the contradictions of the previous constitutions of 1946 and 1963 and it consisted of more than 400 articles and about 350 pages (Weissenbacher, 2005, 65), making it the longest constitution in the world (*Džaja*, 2002, 128). Its most important feature was the territorial federalism by substantial transfer of economic rights and obligations towards the individual republics. The central government handed over the monetary and fiscal policy to the republics with the result that Yugoslavia was decentralized to the point where it resembled a system of small independent economic entities and not an integrated system of economic production and distribution (Cooley, 2005, 129). The legislative powers of the republics and autonomous provinces were extended in the field of property law, provided they were not governed by federal law (Borić, 1996, 45).

The Constitution of the SFRY laid down in Article 10 that the socialist socio-economic regime of the SFRY Yugoslavia consisted of the free “associated labor” with means of production in social ownership and self-administration of workers (Borić, 1996, 46).

This should be done by a mixture of work and free sale of goods and services in a system of social planning through agreements between workers’ self-management and social agreement for economic development in the interests of the country as a whole (Gruenwald, 1983, 16). With the new constitution, there was a broadening of cooperation above the level of work organizations. The most important feature for the further development of company law was the constitutional entrenchment of the subunits of the company, the Basic Organization of associated labor (BOAL).

The companies or workers’ organizations were divided through BOAL into sections, which had an autonomous working regime, direct management and distribution of income. BOAL was entitled to secede from the original company. On the other hand, a merger of two companies was possible only with the consent of all BOALS of both companies.

Social ownership as a distinctive feature of Yugoslavia during the economic system of workers’ self-management

In Yugoslavia developed - in contrast to Albania and other Eastern European countries - a specific property (ownership) model, the so-called social ownership. In the bourgeois society of Yugoslavia, but especially in legal texts, there was no property definition. The ownership in Communist Yugoslavia consisted of:

- social ownership
- private property

Social ownership was not a strictly regulated legal institution. It also included the cooperative ownership. Social ownership was an “owner-less” property. It belonged also to everyone and anyone (Höcker-Weyand, 1980, 55). For the first time social ownership was used as a particular legal term with the designated “law on the management of state

enterprises and higher economic associations of labor collectives from 27.6.1950". The Constitution of Yugoslavia from 13.1.1953 stated that the means of production were transferred to the working collectives. Only in 1963 with the Constitution of 7.4.1963 changes to the ownership concept were implemented. Article 11 of the 1963 Constitution acknowledged the workers' organizations, decision-making powers in the field of social reproduction. The workers' organization, not the worker personally, were awarded management-, disposal rights to the means of production in social ownership, but this wasn't a "group property" (Höcker-Weyand, 1980, 49).

Borić analyzed in its work that Article 12 of the Constitution from 1974 guaranteed social ownership a special place. It included:

"the means of production, the products, the income and other means of associated labor and also the means of satisfying the common and general social needs, natural wealth and goods in public use."

The Constitution of 1974 regulated accurately the institute of things (objects) that were not subject of property law. These things were classified as socially-owned, without sufficient limitations from other things that were also socially owned. Theoretically social ownership meant that an object or land belonged to a legal person, whereas natural and legal persons could only use these properties. Finally "law on associated labor" from 1976 stated that social means must be understood those who are "in civil law relations".

In contrast to social ownership, private property could only be founded under the premise of dominance of social ownership. It was described in Article 66 of the Constitution of 1974 as "a thing or as an instrument in ownership of citizens" and in the last phase of socialism it was referred simply as "property rights" (Borić, 1996, 75). In this sense, it was differentiated between ownership of agricultural land and property rights in cities and urban areas. In accordance with Article 80 of the Constitution of 1974 farmers could acquire up to 10 ha per household; in cities and urban areas, however, private property could not be guaranteed.

The above analysis can be summed up, as following:

Social ownership had in terms of the ratio between social and private property no resemblance to the property in other countries neither of the Eastern bloc; nor with the forms of state and private property in the western states, where after 1945 the system of market economy was established.

Conclusions

This paper analyzed the development of the Yugoslav socio-, economic-, and legal reform during socialism. The development of socio-economic system in Yugoslavia was despite some parallels to the Eastern Bloc, entirely different, especially after 1945. In the core idea of socialist and economic theory, Yugoslavia went a completely different way, than other countries of the socialist bloc. The nationalization quickly turned out to be a failure, which is why attempts at decentralization and flexibility of the planned economy were soon introduced. This way, the self-management of workers and the BOALS emerged, which were a characteristic of the Yugoslav socialism. The Agrarian reform also failed and in 1956 more than 91% of the agricultural land was private property. Because since the 1950s, Yugoslavia made constant

efforts to mix elements of the planned economy with market mechanisms, the failure of the “socialist experiment” was earlier recognized than in other Eastern bloc countries. The initial idea of self-management was that workers themselves, through workers councils in factories, should manage their own factories. However, self-management soon spread to all spheres of social and political life and became a universal social and political ideology and the system was called the political system of socialist self-management. The doctrine of self-management and a corresponding economic policy which focused its attention on the workers, on their direct function in economic management, on the production organization as the basic cell of the system, on social ownership as the unalienable basis of the system, was anti-etatist and anti-bureaucratic since the very beginning. On the other hand, it sought to bring up and to settle, at least in principle, one of the basic questions of modern socialism, the question of democracy in economic and political development alike. In this sense, while admitting the significance and absolute need for state intervention in the economy, in the etatist phase and in an initial period of development of self-management, the self-management doctrine denied in principle the compatibility of future phases of the economic development of socialism with the existence and consolidation of the bureaucratic economic activity which socialist theory considered until recently at least to be remnants of the capitalist principle of business operation. Finally, Yugoslavia introduced a specific conception of property, namely social property (ownership), which is a special chapter in all economic books studying economic systems.

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