History of Yugoslavia

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In many respects, the 1960s were exceptional years. Political liberalization, prosperity, and an active foreign policy shaped this “golden era,” during which Yugoslavia definitely put the aftermath of the war behind it. A measure of pluralism in literature, the arts, and political philosophy also appeared. However, the idyllic picture of “brotherhood and unity” began to show its first cracks. Forced modernization produced friction and frustration both within and between republics that centralism and a planned economy were no longer able to offset. This triggered an intensive and frank public debate about the very foundations of the political system, the nature of democracy, the future of socialism, and the merits of a multiparty system. For the first time, conflicts of interest and ideological debates were conducted openly.

**Socialist Market Economy**
Following the boom of the founding years, industrial growth slowed down in 1960 and dropped from 15 percent to 4 percent in the first half of 1962. For that reason, the national parliament decided in March 1961 to remove the remaining state supervision in plants and to give companies the right to manage their profits themselves. The theoreticians of workers’ self-management believed that it lay in the natural interest of the workers to increase productivity. However, workers preferred to spend the surplus on private consumption and not to invest it in the company, which then skewed the economic balance between production and consumption. Whereas private income increased by about 23 percent in 1961, industrial production rose only by 3.4 percent. From this point forward, Yugoslavia was living beyond its means. Trade balance deficits and inflation increased; economic growth shrunk.

Against this backdrop, discussions ensued over the distribution of means among the republics, reform of the banking sector, foreign exchange control,
and market liberalization, from which two extreme positions crystallized. Slovenes and Croats wanted to strengthen the republics at the expense of the national federation and to increase competition between republics. The catchword of the wealthier republics was “optimization”—the state should invest according to criteria of profitability and not opportunities to pursue development policy. The opposing position was advocated by Serbian centralists, who insisted that the state take on a greater role in managing an efficient macroeconomic policy and advancing the development of the poorer republics. The party theoretician Edvard Kardelj struggled to come up with a clever solution that would hold at bay the two antagonistic camps endangering the stability of Yugoslavia. On the one side, “localism” (meaning nationalism and separatism) threatened to tear apart the state from within. On the other, the unitarism and statism of the central authorities tended to encourage hegemony of the larger nationalities over the smaller ones. Both represented dangerous forms of nationalism. Kardelj, a Slovene, viewed Serbian efforts to dominate as the greater challenge to Yugoslavia’s stability. He was truly convinced that self-managing socialism would render the national question obsolete sooner or later. But until that time came, Yugoslavia should continue to exist as a federation of sovereign states without any claim to linguistic or cultural assimilation.3

Things came to a dramatic head at a meeting of the party leadership in March 1962, when representatives from Slovenia and Croatia demanded that the state become more of a federation. Tito must have already realized that this would subject the existence of the multiethnic state to renegotiation. In a rousing speech at a mass rally in Split in May 1962, he ranted against the egoism, localism, and nationalism of his party comrades. Tito was perfectly clear on the point that he would not allow anyone to destroy the fundamental values of “brotherhood and unity” for which so much blood had been spilled in the war.

In light of all this, the League of Communists decided to introduce two fundamental reforms at its eighth party congress in December 1964. First, it turned away from socialist Yugoslavism for good in favor of greater federalization within both the party and the state. Second, it decided to further liberalize the economy. Thus began a precedent-setting transformation of the political and economic systems. In 1965, the communists removed state controls on production, prices, and wages and ended state investments and subsidies. From now on, the Yugoslav system was to function according to the laws of capitalism. Smaller independent businesses with up to five employees were allowed. All enterprises would to be more competitive and thus make the Yugoslav national economy overall more resilient.4
Furthermore, Yugoslavia was to become more democratic. Citizens were allowed to express their will in the factories, community councils, and all types of organizations, but not in political parties. “We are not about to permit a multiparty system into this country,” explained Prime Minister Mika Špiljak to a journalist. “But we want to have democracy. At the factory level every criticism is possible.” Innumerable new bodies of self-management sprang up. At the same time, a generational change among functionaries was taking place in the party. Because the former partisans stayed entrenched in their posts, reelection was forbidden, thus forcing more than 1,000 old warriors to give up their seats. The men and women who took their places knew the war only from stories, harbored more liberal attitudes, and emulated Western lifestyles. So, during the 1960s, the young socialist middle class reached mid-level positions of political power.

However, the grand hopes attached to the “socialist market economy” were not fulfilled. The balance of payments slid into a deficit, investment shrank, prices and the cost of living skyrocketed, so that inflation reached 28 percent in 1966. Between 1964 and 1968, industrial production grew only by 18 percent, as opposed to 54 percent in the preceding four years, and agriculture fell even further behind.

Recession and reforms made one disturbing phenomenon quite visible: unemployment. Between 1964 and 1968, the number of jobseekers rose by 47 percent to 312,000, including an increasing number of well-qualified people. As early as 1962, Yugoslav leaders were already working on a strategy to counter unemployment, namely “temporary employment abroad.” Yugoslavia signed treaties on the matter with France, Austria, Sweden, West Germany, and other countries. Willy Brandt, who was then West Germany’s foreign minister, recognized this as an important instrument in the strategy of “change through rapprochement,” when he concluded the West German–Yugoslav Guest Worker Agreement in 1968. In this year the number of Yugoslavs in West Germany rose to 300,000 and in the following five years to clearly more than 500,000. On the whole, 1.1 million Yugoslavs lived abroad as guest workers. The communists hazarded the consequences that Yugoslav citizens were subjecting themselves to the capitalist dictate of wages—to their own and the state’s advantage. So the regime made a virtue out of a necessity. Migration was said to insure Yugoslavia’s participation in international exchange processes and to support the socioeconomic development of the country. The state considered itself responsible for the well-being of its citizens and insisted that they return later to their homeland, a stance that the host countries welcomed because they balked at permanent immigration and feared communist infiltration.
Regional Disparities

The 1960s confirmed that the leveling of regional disparities was not only an economic priority but above all a political one. As economic problems became more severe, the chronic problem of the welfare gap among the republics intensified. Despite—or precisely due to—the economic miracle, the gap between rich and poor became greater. Although Slovenia and Croatia contributed 6–10 percent of their gross social product to the national government for the purpose of subsidizing development in the structurally weaker regions, their economies and thus their developmental advantage grew the fastest. In 1965, the poorer republics of Bosnia-Herzegovina, Macedonia, Montenegro, and Kosovo only achieved 64.4 percent of the Yugoslav per capita income, as opposed to more than 71.3 percent a decade earlier. Topping the wealth list were the Slovenes with an index value of 177.3 percent (Yugoslavia = 100). Croatia achieved 120.7 percent and Serbia 94.9 percent. At the bottom of the list were Bosnia-Herzegovina and Kosovo with 69.1 percent and 38.6 percent, respectively.

There were various reasons why rich and poor were drifting apart. First, the industry-friendly pricing policy kept the market value of raw materials and agricultural goods artificially low, although these were the main economic products of the straggling regions. The industries of Slovenia and Croatia profited from the inner-Yugoslav terms of trade, leaving the less developed regions of Bosnia-Herzegovina and Kosovo at a structural disadvantage. Second, the more politically powerful republics strove to direct investment primarily to their own regions. Self-management made it possible to invest also in unprofitable enterprises instead of in those where the resources would produce the greatest profit.

By this point, both the rich and poor republics were constantly leveling accusations at each other. The former accused the latter of parasitism and mismanagement, and the latter the former of neglect and exploitation. The Croatian party leader Vladimir Barkarić noted in 1964: “Each party now reports to the federation with a calculation of how much it lost in the latest period, and thus the question arises: Who actually profited at all in Yugoslavia if we were all ‘exploited’?” In the summer of 1969, a scandal arose when the national regime submitted two credit applications to the World Bank without including Ljubljana’s request for funds to finance a larger infrastructural project for road building. The public was then rocked by the vehement protest that subsequently occurred in Slovenia, particularly by its ugly nationalist undertones suggesting alleged discrimination. The project had actually been included in a future application that was still being planned and not yet ready for submission. Two years later, the Slovenes did indeed get the credit they
Reforms and Rivalries (1964 to 1968)

sought, but after the “road affair” relations remained touchy for a while between the federation and the republic.\(^{14}\)

In the following five-year plan for the period of 1966 to 1970, the national government decided to make greater strides toward economic quality by closing the wealth gap to at most 10 percent by 1970. The most important instrument to be used in this endeavor was the federal development fund created in 1965 for Bosnia-Herzegovina, Macedonia, Montenegro, and Kosovo, where exactly a third of the Yugoslav population lived. From that point on, all businesses had to pay a solidarity contribution to this fund of about 1.85 percent of the gross national product. Additional state subsidies for the structurally disadvantaged regions were used to raise the living standard by improving people’s education and health, for example.\(^{15}\)

**Decentralization and Liberalization**

At the urging of Kardelj and important proponents in the party, Tito decided to take the wind out of the sails of centrifugal tendencies in the country through decentralization and federalization. The prerequisite for such a move was to repress political resistance within the ranks of the leadership. In 1966, he took steps to deal with the most prominent opponent of constitutional reform and Kardelj’s chief rival for the position of crown prince: Aleksandar Ranković, head of the secret police agency. Not only did Ranković advocate a prostatist line, he was known above all for his advocacy of discriminating against Albanians, Muslims, and Turks in Kosovo. As vice president he had made sure that Serbs predominated in the administration even in those republics where they were in the minority, and he was responsible for much of the state repression from the 1950s on. Even his Serbian party colleagues increasingly viewed him as a burden. To the satisfaction of communists in Slovenia, Croatia, and Kosovo, Ranković was personally accused by Tito in a bugging affair and removed from office; his supporters were also subsequently dismissed from the secret service.

Following Ranković’s fall from power, Kardelj pressed forward with the federalization that had been laid out in the constitution of 1963. It gave the republics more rights and transformed the Federal People’s Republic into the Socialist Federal Republic of Yugoslavia (SFRY).\(^ {16}\) Further changes came after 1966. For example, in 1968 Kosovo and Vojvodina were each given the status of autonomous province in the federation with rights similar to those of a republic. They were even allowed to fly the Albanian and Hungarian flags there, respectively.\(^ {17}\) The political leadership took great pains to ensure that all institutions were filled according to the principle of ethnic representation. Since upward social mobility was effectively affixed to nationality, the
Yugoslav system reproduced the ethnic stratification and competition that it actually aspired to transcend with a supranational state of Yugoslav citizens.

Through these reforms, the state altered the concept of itself fundamentally. In 1963, the constitution still stated that the Yugoslav federal state was built on the free will of its nations and their right to self-determination and that it consisted of six republics. Now the language used was that the Yugoslav state was based on agreements and cooperation between the republics. The peoples exerted their sovereign rights in and through their respective republics—which were almost independent states. Consequently, the federal government was left with only a few core competencies like defense, foreign policy, and cohesion policy. All federal institutions required equal representation, and the veto right of each republic guaranteed consensual decisions. In order to counter the creeping dissolution of central authority, Tito suggested a collective presidency, in which all entities would be represented equally: the republics with three representatives each, the autonomous provinces with two. This new presidency was to succeed Tito, who assumed lifelong chairmanship of it, as the highest governmental entity.

The Communist Party also gave up its supranational structure. The statute passed in 1969 strengthened the republics insofar as the regional parties became independent organizations, and each one met before the Yugoslav federal party convened. In the place of the Central Committee, a new collective body was set up that consisted of 14 members that equally represented all of the federal states. The chair of this body rotated every two months and decisions were made based on the consensus principle. Each member had to state his or her personal affiliation to a nationality and a republic, even Tito (Croat). The functions of state and party were separated, and it was no longer possible for one person to hold several offices, as it had been for the former war generation.

Praxis Philosophy and the “Black Wave”

The more liberal climate of this reform period encouraged artists and intellectuals to explore new ways to examine Yugoslav reality. Much like the politicians, Marxist philosophers sought a new direction following the historic conflict with the Soviet Union. They found it in the early writings of Karl Marx and thereby blazed a trail for pluralism in political thinking, one that no longer limited itself to the interpretation of Marxism.¹⁸

The Praxis group, founded in 1962, represented an undogmatic, creative Marxism, comparable roughly to critical theory originating in West Germany. Important proponents included Gajo Petrović, Milan Kangrga, Predrag Vranicki, Mihailo Marković, Ljubomir Tadić, Svetozar Stojanović, Veljko Rus, and Žarko Puhovski. At their summer school on the island of Korčula, which Western intellectuals also liked to attend, sociologist, philosophers,
and political scientists discussed topics such as “progress and culture,” “purpose and perspectives of socialism,” “power and humanity,” or “freedom and unity.”\textsuperscript{19} The journal Praxis was established in 1964, and members of the advisory board included Jürgen Habermas, Ernst Bloch, Leszek Kołakowski, Henri Lefebvre, Georg Lukács, and Herbert Marcuse. In 1963, Erich Fromm confided “that, as a socialist and Marxist, it was a great experience for me to meet the Yugoslav philosophers, . . . who were so fruitful in developing Marxist humanism.”\textsuperscript{20}

By adopting the term “praxis,” the intellectuals distanced themselves from the determinism of dialectical materialism and emphasized free human action instead. This offered a lever with which Yugoslav reality could be examined more critically. By reflecting on “alienation,” “emancipation,” and “humanity,” the members of the Praxis group bluntly exposed that the system of self-management had not enabled more self-determination at all but had only produced a camouflaged form of hierarchical and bureaucratic power structures, an oligarchy of party functionaries, and thus another type of alienation. Quite publicly they published their reform proposals for more freedom in socialism, the introduction of the multiparty system, and the necessity of democratizing the communist federation. Important inspiration came from the New Left in Western Europe, Latin America, and the United States, from critical theory and the existential philosophy of Jean-Paul Sartre, Ernst Bloch, Herbert Marcuse, Erich Fromm, Theodor Adorno, and Max Horkheimer. This was accompanied by criticism of Stalinism leveled by Leo Trotsky, Victor Serge, and Isaac Deutscher.\textsuperscript{21}

In literature, theater, and filmmaking, a subversive genre known as the “Black Wave” appeared that frankly depicted the dark side of socialism. In 1968, Slobodan Selenić published the novel Memoari Pere Bogalja (Memoirs of Pera the Cripple), in which he portrayed the communist party elite as decadent and permissive nouveau riche and pilloried the political persecutions after 1948. For this work he received a prestigious Belgrade literary award. In his play When Pumpkins Blossomed (Kad su cvetale tikve), Dragoslav Mihailović described his imprisonment on the island Goli Otok. However, the play was not allowed to be performed because of the parallels Mihailović drew in it between the partisans and the National Socialists.

Nowhere was the dark side of socialism described so vividly as in film. In his film Early Works, Želimir Žilnik depicted the failure of the ideals of socialism including sexual liberation, when applied to Yugoslav reality. His female protagonist Yugoslava was an allegory for the entire state. Communists and conservatives alike were enraged by the “anarcho-liberal” plot,\textsuperscript{22} but in 1969 the filmmaker was awarded the Golden Bear in Berlin for this work. In 1971, the cineaste Dušan Makavejev won a prize in Cannes for W.R.: Mysteries
of the Organism (W.R.—Misterije organizma) about communist politics and sexuality and the work of Wilhelm Reich. The film was banned in Yugoslavia shortly thereafter on the grounds that it mocked the People’s Army. Despite such reactions, filmmakers were usually not banned from working in their profession as they were in the Soviet Union.23

Theater also played a prominent role in the self-reflective interpretation of societal conditions. The Zagreb theaters Teatar & TD, Atelje 212, and the Belgrade international theater festival BITEF made names for themselves as places of political and pedagogical provocation and consciousness-building. They abandoned not only petrified structures of thought and behavior but also traditional aesthetic rituals and argued instead in favor of overcoming societal constraints. On experimental stages and at festivals, both international and local productions were performed, including Samuel Beckett’s Waiting for Godot and Peter Handke’s Offending the Audience. Literary magazines like Krugovi (Circles), Književne novine (Journal for literature), and Polet (Enthusiasm) provided a forum for critical writers such as Bora Ćosić and Danilo Kiš. Ćosić, for example, satirized socialist development in his novel My Family’s Role in the World Revolution, for which he received a literary prize in 1970.24

By establishing a critical discourse on society, championing individualistic works, creating alternative subcultures and networks, and advocating certain social practices, the Praxis philosophy and the cultural avant-garde sowed the seeds for a large-scale critical deliberation of contemporary socialism.

The Student Revolts of 1968

In many countries across Europe, the student movement of 1968 challenged established thinking and fossilized structures—so, too, in Yugoslavia, where a politicized younger generation sought to improve the world. Despite their transnational forms of expression, the ideas of ’68 were also overlaid everywhere with country-specific motives.

On the occasion of a pop concert held on the evening of 2 June 1968 in Novi Beograd, fighting broke out between youth and the police. This prompted thousands to demonstrate the next day and occupy university buildings, which they proclaimed as the “Red University Karl Marx.” One day later, protests were also taking place in Ljubljana, Zagreb, and Sarajevo. Numerous important intellectuals and artists expressed their solidarity with the angered youth.

Even though these revolts resembled the student protests in other national capitals, in Yugoslavia they expressed domestic grievances first and foremost. The demonstrators criticized the party oligarchy and “localism,” and demanded democratic rights, social justice, and the improvement of conditions at the universities. They chanted “Down with the Red bourgeoisie!” and then
“We don’t want capitalism!” This revealed with unmistakable clarity that a striking credibility gap existed in the system of self-managing socialism, and it was quite obvious that the protests directly addressed the reforms that began in 1965. The social underpinning for the unrest was undoubtedly the education revolution, since it had doubled the number of students within a period of only eight years and had led to untenable conditions at the universities. Capacities were limited and scholarships scarce. Moreover, young men and women were greatly worried about their future because of growing unemployment. More keenly than in the West, Yugoslav youth were confronted with the dissonance between the dogma of progress and the sad reality of an overtaxed educational system.

At the same time, the young students had also been politicized by the Vietnam War, the hardships of the “Third World,” and all forms of restrictions to be found in the Yugoslav system. Undogmatic Marxism, praxis and existential philosophy, psychoanalysis, and cultural criticism formed the theoretical basis for revolt and directed attention to potentially subversive topics like democratization, participation, and transparency. As was the case all over Europe, youth hungered for new ways to live, self-determination, openness, self-reflection, and self-fulfillment.

Tito proved to have the right political instinct when he addressed the strikers in a radio and television speech on 9 June 1968. He acknowledged that the unrest was a result of the regime’s neglect of youth, a failing that urgently needed to be corrected. He conceded that the students’ demands were justified. By doing so, he managed that very day to bring about a peaceful end to what had been the most serious political crisis until then. This shows that the demonstrators were indeed primarily protesting against social disadvantages and were less concerned with expressing a fundamental criticism of society.

Still, the student movement marked a turn in the political development of Yugoslavia. For the very first time, the country had experienced open protest on a broad scale and by the younger generation no less. It was this generation with whom socialism had so strongly sought to curry favor because the young were allegedly the most important bearers of progress. It was clear to all that a system that alienated the next generation had no future. The revolt pointed with blatant candor to the system’s deficits of credibility and legitimacy, and the ’68 movement was important in another respect: the student movement was interpreted as a clarion call by politically thinking people of all stripes. It had proven that pressure from the street could achieve more than all the discussions ever held in the Central Committee. The mobilization of the masses thus became an important factor in the coming political confrontations, such as in the “Croatian Spring” of 1971.

At first the regime did not consider undertaking any far-reaching democratic reforms. The Warsaw Pact invasion of Czechoslovakia in August 1968
to end the “Prague Spring” proved convenient to Tito. Once again, the danger of a Soviet invasion was underscored by events elsewhere in the East, at least from the Yugoslav standpoint. After Khrushchev fell from power in October 1964, bilateral economic relations between the two countries were further developed. With regard to the Near East conflict and the Vietnam War, Tito and Brezhnev also repeatedly discovered that they held similar views. However, the far-reaching market economy reforms that Yugoslavia introduced in 1965 created new ideological rifts because they required a measure of political liberalization. Tito sympathized with Alexander Dubček’s demands for more democratization in Czechoslovakia and even intervened with Moscow on his behalf. When Soviet troops marched into Prague in August 1968, the Yugoslav government issued a strong protest. Moscow’s immediate and severe condemnation of Tito prompted fears that this time Yugoslavia could indeed become the next victim of military aggression.

Had the Soviets invaded, the Yugoslav army could have done little to combat it. Thus, in the fall of 1968, preparations began for reforming the country’s national security doctrine. A law was passed in 1969 that spelled out the “all-peoples defense.” It took recourse to partisan warfare insofar as it attempted to include as much of the population as possible in the defense of the country. In accordance with decentralization, the armed forces were made up of two components: the national regular army of 250,000 soldiers plus 500,000 reservists, and the territorial defense of the republics, which could mobilize 900,000 men. A third component was the civil defense. In the case of a defense emergency, every individual who was 16 years or older had to help in evacuation, medical provision, and other tasks. Men were required to take part in military exercises on a regular basis, and even schoolchildren learned the basics of handling arms.29

Foreign observers at the time recognized the serious risk to domestic security that decentralization posed. Throughout the countryside and in the mountains, nearly every man owned a gun or carbine, and millions of ammunition rounds were sold to private citizens annually. Each community had a committee responsible for training and armament. Sizable weapon arsenals were stored across the country. Thanks to the dual military structure, the republics practically maintained their own armies—in fact, who was to guarantee that they wouldn’t someday turn against each other? In a very literal sense, the new security doctrine was inherently quite explosive and contributed in large measure to the creeping militarization of Yugoslav society.