Igniting the Revolutionary Light: The State Formation and the Introduction of Workers' Self-management in Yugoslavia, 1945-1950

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ABSTRACT

The aim of my thesis is to historically reconstruct the political and economic developments in period 1945-1950 that led to the introduction of workers' self—management in Yugoslavia. In contrast to the existing dominant approaches that focus on the party vanguard and its proclamations, seeing the Tito-Stalin split in 1948 as the constitutive historical point, in my research I plan to emphasize many contradictions of the process and remarkable responsiveness of the party. I wish to argue the Tito-Stalin split was only of the challenges the Yugoslav Communist party faced in the postwar period. Although it could be argued it was the most important one, the impact on policies was partial and temporary.

I my thesis I intend to show how the growing need for massive mobilizations and workers sacrifice in the postwar reconstruction of the economy introduced pressures and forced the party leadership to democratize the factory life. Although the party wanted to move from it in the early 1947 and assert the party manager's authority (reform "liberal" strategy), international pressures, among it the Tito-Stalin split, only exacerbated the need for democratization.

By following this approach, it enabled me to recognize the crucial finding: the policies of labor regulation adopted amidst the international insecurity were the key element of the construction, organization and constant adaptions of the internal state institutions, concretely, state workers' institutions. The policy of labor regulation was crucial primarily to secure the capital for the defense capacities and to ensure the broad social alliance guaranteeing the state leadership to the Communist party of Yugoslavia. In this context emerged many state institutions, among them worker's institutions like trade unions, production brigades and, in the end, workers' councils. With the introduction of workers' councils' workers were given the right to regulate themselves, that is, the process of work in factory.

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TABLE OF CONTENTS

Introduction

In 1950 the Yugoslav leadership adopted the bill on workers' self-management and proclaimed to the world that from that date onward workers would manage the factories. Workers had the right to choose worker's councils, elect their members to the managing board, exert control over the managing board and dismiss managers if they wanted. In years to come self-management became one of the key pillars of Yugoslav socialism, along with its leadership in the Non-Aligned Movement. It was referenced to politically distinguish the Yugoslav economic system ("Yugoslav road to socialism") from ones in the Soviet Union and countries under its control that were considered centralized and bureaucratized. But also, to differentiate it from the welfare state capitalism in the West.

In Yugoslavia, the introduction of workers' self-management was hailed as the first attempt in history to transfer the managing powers in factories to workers. However, in the early years the rights of workers' councils were still limited in practice and had to strictly follow the requirements of the central plan. Another problem that became evident was workers' lack of an expert knowledge which led them to rely ever more on mangers and engineers to make the executive decisions. Nonetheless, the new industrial relations inaugurated in Yugoslav factories served as the fabric on which the achievements of industrial modernization and urbanization were realized. Introduction of workers' self-management was the first step on a road to emancipation.

In my theses I plan to unravel the emergence of the idea of workers' self-management and its application in Yugoslavia. Through this endeavor I want to examine the key actors and their interaction that resulted in the proclamation of the worker's self-management. I will argue that the system of self-management emerged from the specific economic policies the party vanguard – the Communist party of Yugoslavia (hereafter CPY) - imposed in the context of

the postwar state reconstruction and workers response to those policies. I intend to emphasize how the postwar political and economic conditions (both domestic and international) shaped the relationship between the CPY and workers. And how out of this relationship emerged the Yugoslav state with the self-management system at its center.

In contrast to the dominant approaches that focus on ideology (the party leadership's proclamations of the political goals) for interpreting Yugoslav historical prcatice, I aim to stress the political process that included constraints on the leadership, grass-root initiatives and the responsiveness of the CPY. Since it is often claimed that in the early years the CPY ruled the state by authoritarian bureaucratism and centralized administrative management, it is no surprise that the considerable CPY's reactions and adaptations to all kinds of pressures are rarely discussed. In opposition to the prevalent views that concentrate their attention to the outcomes in relation to the CPY's announcements (and then often measure the gap between theory and practice), I wish to underline the inputs, a contested character of decision-making process out of which the state institutions were constructed. As this process of state making was influenced by the economic and social conditions, the political relations and configurations at its center changed as frequently as the conditions changed, being not always reflected in the party's proclamations.

The focal point of most research of the early years in Yugoslavia is the Tito-Stalin split in 1948 and the ideological transformation that came in connection to it. In this context, the introduction of worker's self-management is often considered as moving away from the Stalinist centralized control over the economy. In opposition to this perspective, I aim to accentuate how workers acquired power in the context of rebuilding the Yugoslav state and how this affected the economic decisions made by the party vanguard. This segment is often missing from the literature since research primarily gives the priority to pronouncements made by party leadership, disregarding the twisting and turning character of raw political process.

In this way, focusing on ideological positions of the party leadership becomes the main source of interpreting events, even when the proposed framework is unable to provide any consistent explanation of frequent political and ideological changes. What is neglected in the process are the pressures that influence the party's decisions, forcing it to constantly adapt in the concrete context. What remains disregarded is the power that certain actors – workers in production in this context - acquire in the process and the necessity of the party to acknowledge this. Questions that remain unanswered in those interpretations are: What was the trajectory of workers' involvement in the postwar reconstruction? How did they react faced with the constant demands for higher productivity? What were their initiatives (for example, strikes or taking the control of the enterprise) in response to the party's directives? Were they only passive followers or active contributors?

Although the process of rebuilding the economy was top-down led by the party leadership, in the postwar context of completely ruined state institutions the party had to rely on initiatives from below. The CPY's need for an intensive workers' engagement should also be recognized as the continuation of its relationship with working and peasants' masses during the Second world war. As this interconnection carried on after the war, it transformed its form, with the necessity for workers' more hands-on involvement in the reconstructing the Yugoslav economy. In short, the soldiers were changing their army uniforms for work suits.

This changing role of workers from soldiers to producers began even before the end of WWII. Already in late 1944, the party leadership stressed the need for the mobilizations of peasants and workers for industrial work and repeatedly accentuated the demand for rise of productivity. As workers engaged in the reconstruction of the economy and infrastructure, soon enough the party was faced with social pressures and forced to respond to the emerging workers' power. Having in focus this relation between the party vanguard and the working

class I wish to propose certain theoretical revisions that will hopefully shed more light to the postwar years and the introduction of self-management as its principal event.

In my research, I want to analyze whether this relationship between the CPY and workers, out which workers' self-management emerged, can be conceptualized through the theoretical insights coming from the study written by Michael Lebowitz *The Contradictions of "Real Socialism": The Conductor and the Conducted*. Lebowitz's abstract conceptualization of real-socialist system defined by three logics that interweave, interpenetrate and deform each other in the process (the logic of the vanguard, the logic of capital and the logic of the working class) will provide for theoretical backbone of the research. Moreover, to better understand the logic of vanguard, aside from Lebowitz's contribution, I will rely on theoretical insights coming from Susan Woodward's study *Socialist Unemployment: The Political Economy of Yugoslavia, 1945-1990*, especially her emphasis on the international arena as the main factor that determined the character of the party policies.

Literature Review

Just as the introduction of workers' self-management brought more democratic ideological aura to Yugoslav socialism, this distinctiveness embodied in self-management also led to immense academic interest. Researchers coming from western academic circles showed strong interest in the functioning of this system resulting in a vast literature on the topic of self-management.[1]However, even if Yugoslav socialism in general and the topic of Yugoslav

[1] The most notable works on Yugoslav self-management include studies by Jan Vanek, *The Economics of Workers' Management: A Yugoslav Case* (London: Allen & Unwin, 1972); Sharon Zukin, *Beyond Marx and Tito: Theory and Practice in Yugoslav Socialism* (New York: Cambridge University Press, 1975); Ellen Turkish Comisso, *Workers' Control Under Plan and Market* (New Haven: Yale University Press, 1979); Martin Schrenk et al., *Yugoslavia: Self-Management Socialism* (Baltimore: Johns Hopkins Press for the World Bank, 1979); Saul Estrin, *Self Management: Economic Theory and Yugoslav Practice* (New York: Cambridge University Press, 1983); Ichak Adizes & Elisabeth Mann Borgese, eds., *Self-Management: New Dimensions to Democracy* (Santa Barbara, California: A.B.C.-Clio Press, 1975); G. David Garson, *On democratic administration and Socialist self-management: a comparative survey emphasizing the Yugoslav experience* (Beverly Hills & london: Sage publications, 1974); Howard Wachtel, *Workers' Management and Workers' Wages in Yugoslavia* (Ithaca: Cornell University Press, 1973); Jiri T. Kolaja, Workers' Councils: *The Yugoslav Experience* (New York: Praeger &

management in particular has received a lot of academic traction, the literature on the immediate postwar years has been scarce, mostly focusing on the Tito-Stalin split. In that sense the analysis of political and economic process leading to the introduction of self-management is still missing in the literature. Especially missing are studies focusing on the contradictory and dynamic relation between workers and the CPY, since it is mostly analyzed exclusively from the perspective of the party.

To make things even more complicated, moreover, in those few studies dealing with the postwar years, as mentioned above, the focus is on the complex and changing interplay between ideology and political authority. It is unfortunate that these analyses often run into pitfalls leading to the misinterpretation of events.[2] Authors simply tend to focus too much on the pronouncements of party leaders, their resolutions and theoretical explanations. And although the question of ideology and its importance for directing the party's decisions certainly cannot be ignored, too frequently it was not a starting point to analysis, but it was taken for granted.

A. Ross Johnson's authoritative monograph on the early Yugoslav period *The Transformation of Communist Ideology: The Yugoslav Case, 1945–1953* provides an example of difficulties that author faced dealing with ideology in a communist society. Johnson offers a detailed analysis of development of the Yugoslav ideology focusing his argument on the "transformed Yugoslav Communist doctrine on domestic and foreign affairs [that] followed and ultimately resulted from Tito's break with Stalin in 1948."[3] The stress in his study is

London: Tavistock, 1965); Hans Dieter Seibel et al., *Self-Management in Yugoslavia and the Developing World* (London: Macmillan, 1982); Frederick Singleton and Anthony Topham, *Workers' Control in Yugoslavia* (London: The Fabian Society, 1963); Albert Meister, *Où va l'autogestion yougoslave?* (Pariz: Anthropos, 1970).

[2] See highly oppinionated (for encyclopedic criteria) article by Edvard Shills, „The Concept and Function of Ideology," in *International Encyclopedia of the Social Sciences*, ed. David L. Sills (New York: Macmillan and Free Press, 1968), Vol. VII.

[3] A. Ross Jonhson, *The Transformation of Communist Ideology: The Yugoslav Case, 1945–1953* (Cambridge, MA: MIT Press, 1972), 231

directed towards "six most important tenets of the post-1948 Yugoslav doctrine: the critique of the soviet system, the re-examination of the nature of the epoch, the withering away of the state, worker self-management, the renunciation of collectivization in agriculture, and the new conception of the leading role of the party."[4]

His study is informative, methodical and balanced in tone, emphasizing the metamorphosis of ideology through critical political conflicts. Relying on Zbigniew Brzezinski he rightly accentuates that "the relationship between ideology and power is contingent, not causal" and that ideology provides context for political actors to legitimize their power.[5] However, his rejection that there is "any sharp distinction between 'ideology' and 'reality' in Communist behavior," as to ideology being the integral part of the reality, seems like a problematic assumption.[6] It leads him to infer that what is needed is the "exegesis" of the Communist leadership's positions: an analyst has to turn to "the art of deciphering an esoteric communication."[7] For Johnson it means that communist reality can be sufficiently understood by analyzing ideological positions of the leadership.

At least two pitfalls, in my opinion, appear in his methodological approach of studying transformations of Yugoslav ideology. First is his choice of Tito-Stalin split in June 1948 being an inflection point for ideological shapeshifting occurring in Yugoslavia. It comes from his over-reliance on political sphere for interpretation of crucial events, disregarding the decisions adopted in economic sphere (for example in the Economic Council of the Yugoslav government). If economic decision made by the Communist leaders were part of the analysis, then it would be more clear that 1948 did not represent a move from the "Stalinist instruments for stimulating economic production with less coercive means" to "the experimenting with

[4] Johnson, *Transformation of Communist Ideology*, 223.
[5] Ibid, 4.
[6] Ibid.
[7] Ibid, 5.

advisory workers' councils" in late 1949", the introduction of self-management in June 1950 and the "new market-oriented socialist economic system in 1952."[8]

In fact, economic reality was much more contradictory in the years after the WWII as were pronouncements made by Communist leaders. In contrast to Johnson's view, Susan Woodward underlines this by proposing that the "new states and socioeconomic orders do not emerge fully formed, like the: phoenix, especially out of the ashes of war." Instead "they have to be created."[9] She continues on stating how the Yugoslav leadership did not have the capacity to implement a centralized, hierarchical and authoritarian regime in the postwar context of contested state borders, devastated infrastructure and destroyed state apparatus. Rather, what they tried to achieve in the first five-year plan starting in 1947 was the "Leninism of the New Economic Policy - a choice confirmed in April 1946, not 1952."[10]

What Johnson misses is the extremely contradictory and varying character of ideology when looked at from all sides, making it an unreliable ally of interpretation. It is because the postwar reality was in constant flux and reflux, an unceasing ebb and flow, disabling ideology to be a lighthouse beneath a darken sky. In contrast to reality, Johnson's attempt to pinpoint the ideological transformation appears too coherent, neat and consistent as if he is trying to fit the facts into his theory instead of asking does his theory fit the facts.

His second methodological pitfall is closely connected with the first one. It is not only his choice of key events that is questionable but also his dealing with the leaders' statements (ideology) that he connects to those events. For example, in chapter on workers' self-management ("The Factories to the Workers") Johnson quotes Boris Kidrič[11] stating in 1946

[8] Ibid, 169.
[9] Susan Woodward, *Socialist Unemployment: The Political Economy of Yugoslavia, 1945-1990* (New Jersey: Princeton University Press, 1995), 64.
[10] Woodward, *Socialist Unemployment*, 65.
[11] Boris Kidrič, along with Edvard Kardelj and Milovan Djilas, was one of the leading figures of the Communist Party of Yugoslavia (Prime Minister of the Slovenian government 1945-1946, Federal Minister of Industry 1946-

that "our industrial production – demands a single line of command – i.e., sufficiently authoritative leadership."[12] For Johnson this is a confirmation that even before the 1948 split the Yugoslav political economy was Stalinist, and it was only "challenged by the critique of Soviet bureaucratism which the Yugoslav leadership began to develop in 1949."[13]

Johnson's assertion follows from his approach that leaders' statements are evidence of reality. He believes in the power of words: what Communist leaders say, Communist leaders do. Unfortunately, believing in the performativity of the discourse, believing that words create reality often leads to language having a life of its own, being detached from reality it supposedly should be guiding and becoming probably the closest thing to black magic. And although Communist leaders can really mean what they say, they do not control the world around them. Circumstances surrounding them can seriously limit what they do, or even make them do completely different things, changing in the process the initial proclamation. Instead, I would propose that ideology is not only found in what political actors say but also in what they do without necessarily saying it. It makes the analysis of ideological discourse much more difficult and untrustworthy ally, and without concrete political and economic analysis, it remains just a prelude that could easily be deceiving and misleading.

Alongside of A. Ross Johnson, the most eminent author on Yugoslavia was Dennison Rusinow. His extensive study *The Yugoslav Experiment, 1948-1974* still remains one of the cornerstones of researching Yugoslav history. In the text he embarks on a turbulent odyssey of following Yugoslav leaders' in efforts to secure the country's independence, modernize society and deal with ethnic conflict. Attentive to style, he creates a narrative full of drama, sensibly portraying the political milieu, atmosphere and its characters. It is a story of contest between

1948, President of the Federal Planning Commission 1948-1951, President of the Economic Council of the Yugoslav Government 1948-1953) and member of the closest circle around Josip Broz Tito. Until his death in 1953 he was main Yugoslav economic strategist.

[12] Johnson, *Transformation of Communist Ideology*, 159.

[13] Ibid, 160.

factions within the Communist party ("conservatives" and "liberals") that are struggling to impose their chosen strategy on the party, creating a crisis until one side is defeated by the other, followed by purges and organizational changes. These struggles define the changing role of the party and the phases of Yugoslav political shifts.

Rusinow's narrative on Yugoslavia provides a rich description of events, fascinating sense for details and careful portraying of Yugoslav key figures. Like Johnson's study, he also focuses on the Tito-Stalin split as a turning point for Yugoslav history, saying that "the Yugoslav experiment with an independent and novel 'road to socialism' was born of necessity, not of conviction."[14] The emergence of the idea of workers' self-management is likewise connected with this event. While he shares with Johnson focus on palace politics and inclination to interpret leader's pronouncements for analyzing reality, the big difference comes in paying heed to economic decisions. Following this approach makes his interpretation more careful even if he grounds his examination in the language of party officials.

Another influential study in the context of approaching the relation between ideology and political authority is Fred Singleton's monograph *Twentieth-century Yugoslavia*. Even though there is no analysis of the introduction of workers' self-management, his comprehensive investigation embedded in Yugoslavia's uneven political economy is interesting, because he decides to disregard the issue of ideology altogether. Instead he emphasizes leaders' pragmatical approach to looming problems: "the Yugoslavs have rarely let ideology impede pragmatism for very long, and their ideology is remarkably malleable."[15]

However, when questions of ideology are firmly set aside it could produce another possible pitfall – determinism. Political actions seem to be the unavoidable result of the

[14] Denison Rusinow, *The Yugoslav Experiment, 1948-1974* (Berkley and Los Angeles: University of California Press, 1977), 32.
[15] Fred Singleton, *Twentieth-century Yugoslavia* (New York: Columbia University Press. 1976), 159.

situation and not led by ideological positions. Neglecting the role of ideology leads Singleton to treat nationalism as logical outcome in a country where regional economic imbalances follow ethnic and religious makeup of Yugoslavia. In criticizing his approach Woodward notes that "Singleton's pragmatic approach and insolicitude to the role of ideology—even while he focuses on leaders and problem solving—leads him to deceptively apolitical, and often gloomy, conclusions," where he "views nationalism as a problem capable of solution rather than a collection of attitudes and behaviors whose definition as a problem, and thus whose resolution, depends on politics."[16]

Until the 1980s a research interest for workers' self-management (that in the meantime became the part of the "labor-management" literature) subsided as did the interest for analyzing Yugoslav economy in general.[17] Instead, the studies focusing on the struggles within the CPY and surge of nationalism took the center stage.[18] When in 1995 Susan Woodward's influential monograph *Socialist Unemployment: The Political Economy of Yugoslavia, 1945-1990* came out it represented not only a fresh insight into the break-up of Yugoslavia but it also challenged almost every interpretation that tried to illuminate the functioning of Yugoslav society.

[16] Susan Woodward, "From Revolution to Post-Revolution: How Much Do We Really Know about Yugoslav Politics?" *World Politics* 30, No. 1 (October 1977): 150.

[17] Most notable works on Yugoslav economy include George Macesich, *Yugoslavia: The Theory and Practice of Development Planning* (Charlottesville: University of Virginia Press, 1964); Branko Horvat, *Towards a Theory of Planned Economy* (Beograd: Yugoslav Institute of Economic Research, 1964); Ian F. E. Hamilton, *Yugoslavia: Patterns of Economic Activity* (New York: Praeger, 1968); Deborah Milenkovitch, *Plan and Market in Yugoslav Economic Thought* (New Haven: Yale University Press, 1971); Laura D'Andrea Tyson, *The Yugoslav Economic System and Its Performance in the 1970s* (University of California, Berkeley: Berkeley: Institute of International Studies, 1980); Christopher Prout, *Market Socialism in Yugoslavia* (Oxford & New York: Oxford University Press, 1985); Harold Lydall, *Yugoslav Socialism: Theory and Practice* (Oxford: Oxford University Press, 1987); George Macesich, ed., *Essays on the Yugoslav Economic Model* (New York: Praeger, 1989); György Jr. Simon, *An Economic History of Socialist Yugoslavia* (Rochester, NY: Social Science Electronic Publ., 2012).

[18] See for example A. Ross Johnson, *Yugoslavia: In the Twilight of Tito* (Beverly Hills & London: The Washington Papers, Sage Publications, 1974); Andrew Borowiec, *Yugoslavia after Tito* (New York: Praeger, 1977); Gavriel D Raanan, *Yugoslavia after Tito: Scenarios and Implications* (Boulder, CO: Westview Press, 1977); April Carter, *Democratic Reform in Yugoslavia: The Changing Role of the Party* (Princeton: Princeton University Press, 1982); Lenard Cohen and Paul Warwick, *Political Cohesion in a Fragile Mosaic: The Yugoslav Experience* (Boulder, CO: Westview Press, 1983); Steven L. Burg, *Conflict and Cohesion in Socialist Yugoslavia: Political Decision Making since 1966* (Princeton: Princeton University Press, 1983); Pedro Ramet, *Nationalism and Federalism in Yugoslavia, 1963-1983* (Bloomington: Indiana University Press, 1984); Ivo Banac, *The National Question in Yugoslavia: Origins, History, Politics* (Ithaca, NY & London: Cornell University Press, 1984); Lenard J. Cohen, *The Socialist Pyramid: Elites and Power in Yugoslavia* (Oakville: Mosaic Press, 1989).

Woodward's ambitious goal of providing systematic and comprehensive analysis did not leave her empty handed either. Her study has remained to this day the most thorough venture into the dynamics of Yugoslav politics and economy.

Woodward's argument is not easy to summarize, nor can all its levels and complexities be shortly presented. She focuses on the conflicts within the Yugoslav party vanguard that arise from debates about how to adapt to the constantly changing international circumstances (both political and economic). These struggles, she claims, resulted in forming party factions that had different views on the strategy of growth: the first one, that she labels "Slovenia," can be described as reformist ("liberal") and second one, that she labels "Foča", is developmental ("conservative").[19]

She further explains that the reform faction and its "liberal" program originated from Communists who hailed from the most developed regions of Yugoslavia (like Slovenians Kidrič and Kardelj). According to Woodward, they argued for the Marxist position of basing economic development on the most advanced elements of the economy existing in the Kingdom of Yugoslavia: peasant cooperatives, commercially oriented farmers and rudiments of light industry, all of it present in Slovenian and Croatian regions.[20] Even though this strategy was confirmed in 1946, as already noted, it was derailed by the postwar needs of reconstructing the infrastructure, building defense capacities and investing in heavy industry, that all gave salience to the developmental faction.

However, as stated by Woodward, the state that came out of that early period, confirmed in constitution amendments in 1953, was in fact the combination of both strategies.[21] Even though this meant orienting ever more to commercial activities (I would avoid using the market

[19] Woodward, *Socialist Unemployment*, xiv.
[20] See Chapter 2 (The Making of a Strategy for Change) in Woodward, *Socialist Unemployment*.
[21] Woodward, *Socialist Unemployment*, 164.

for this concrete period), this process was much more contradictory and ambiguous than Johnson affirms when he says that it represented the establishment of "market-oriented socialist economic system."

As Woodward's argument continues, the changes in the economy and the state, codified in the new Constitutions every following decade (1963, 1974) were decided by liberal reformists. Woodward describes how the Yugoslav party vanguard was opening the economy to world trade and financial flows and cooperating with Western countries and institutions but that did not mean that development strategy was not part of its international adaptation policies. She asserts how it just meant that it was taking the back seat, and the politicians who argued for it (coming from poorer regions) were constantly trying to secure concessions for the development of their regions in various state and party forums.

Much of her analysis (Chapter 3 & 4) is dedicated to this early Yugoslav period as she carefully reconstructs the events between 1945 and 1953. When she examines the process of the introduction of self-management her perspective does not neglects developments happening on the side of the labor. Woodward shows how the pressures on the party vanguard were mounting both from the political and economic direction: the strengthened position of workers in factory life and the need to raise the productivity of work.

She demonstrates in detail how the party had to think of a way for workers to accept wage restrictions (meaning limited consumption) as they were being asked to sacrifice themselves even more in production activities. And then she argues that raising productivity and streamlining business, along with wage suppression, could no longer be forced from the state center, but the workers had to adopt and implement it themselves. Woodward concludes that "under the circumstances, it was necessary to give people nonmonetary instruments for

communicating their demands and to devise nondisruptive barometers of discontent."[22] I would concur that self-management was precisely that: non-monetary form of democratized factory work. The right to manage but also the obligation efficiency in front of the wider community.

Woodward's argument is ambitious, bold and often thought-provoking, theoretically wide and deep, criticizing misapplication of different political theories and unsparingly showing their ideological background. Her style of writing overflows with long passages of discursive intensity and conceptual complexity, leaving no time for interludes of rest. Unfortunately, these characteristics have made her book often quoted but rarely read. Albeit the understanding of her argument requires lot of intellectual digestion, in her case it is the mark of the book's quality.

Carol Lilly's *Power And Persuasion: Ideology And Rhetoric In Communist Yugoslavia, 1944-1953* and Hilde Katrine Haug's *Creating a socialist Yugoslavia: Tito, Communist Leadership and the National Question*, two studies written after the break-up of Yugoslavia, share much in common with A. Ross Johnson and Denison Rusinow earlier interpretations. Lilly and Haug focus their analysis on the party discourse to drew conclusions on the character of Yugoslav politics and strategic goals. Although Haug's study discusses at length the early period of Yugoslavia, its orientation to the national question shadows other issues. In Haug, workers' self-management is mostly discussed on the level of doctrine that "emerged more by necessity than by conviction."[23] She is quite right but necessity she refers to could be found more in neglected postwar economic context and less in the ideas coming out from Tito-Stalin split.

[22] Ibid., 136.
[23] Hilde Katrine Haug, *Creating a socialist Yugoslavia: Tito, Communist Leadership and the National Question* (London: I.B. Tauris, 2012), 159.

On the other hand, Lilly's book contains lot of information regarding the CPY officials positions on agitprop (aimed especially toward peasant youth for recruitment in labor and youth brigades) but also on the role of education and media. In spite of the fact that Lilly's analysis emphasizes the importance of Communist persuasion for "the social and cultural transformation required by the party's long-term vision for the future,"[24] it still contains a lot of interesting information on movements from below. She illustrates how "social pressures from below, often manifested in unorganized ways through individual acts of resistance (as with youth's stubborn attachment to popular culture), were sometimes successful in changing party rhetoric and even its broader policies." Lilly's research into the party reports, positions and pronouncements is impressive and offers lot of primary material for further analysis.

The interest for the economic approach to early Yugoslav period and reassessment of the process of self—management introduction has been renewed in recent study by Vladimir Unkovski-Korica *The Economic Struggle for Power in Tito's Yugoslavia: From World War II to Non-Alignment.* Korica provides informative and valuable historical material that he strongly shapes through the lenses of mentioned studies by A. Ross Johnson and Susan Woodard. He emphasizes, like Woodward, the importance of the international arena for the economic policymaking and he follows her argument how party positions were formulated before the Tito-Stalin split. However, his reconstruction of Woodward argument is partial and confusing as he treats the reform strategy as unambiguously market oriented and analyzes the self—management almost exclusively in the context of raising productivity ("in the service of the market" according to Korica). In that senses, it could be said that he follows more Johnson's argument.

[24] Carol Lilly, *Power And Persuasion: Ideology And Rhetoric In Communist Yugoslavia, 1944-1953* (Boulder, CO: Westview Press, 2001), 1.

The conceptual confusion occurs because Woodward does not see reform strategy as market-oriented one, neither she conceives the Yugoslav system as "market socialism" (as Korica claims but never says why). On contrary she explains at length the system was neither "market socialism" nor planning economics but a "hybrid" system.[25] Although there are no firm theoretical explanations in Korica's work, it looks like he is trying to add to his argument more ideological content ("market socialism") than his analysis offers. And this is unfortunate path for Korica as it leads him to treat the market policies the same way as Singleton treats nationalism: as inevitable and deterministic. In conclusion he, quite bizarrely, draws a straight-line form raising productivity in the 1940s to "neoliberalism."[26]

In local context, the body of scholarship dealing with the postwar workers' position in the economy and its relation to the CPY has been scarce. Thematically closest is the historical research conducted by Zdenko Radelić in his book *Sindikat i radništvo u Hrvatskoj 1945-1950* (Trade Unions and Labor in Croatia 1945-1950). In his work he reconstructs the process of establishing the trade unions by providing a lot of primary material about the role the CPY and the position of workers. Other studies mostly represent a general historical overview of the period and only in that sense they address the role of the workers in the economy. Still relevant in this regard is the study published by Branko Petranovic in 1969 *Politička i ekonomska osnova narodne vlasti u Jugoslaviji za vreme obnove* (Political and Economic Foundations of the People's Government in Yugoslavia in the Period of Reconstruction).

[25] Moreover, she emphasizes how the term market often referred to different things. For Kidrč it meant "the law of value" or "the objective economic laws." On another occasion, the market was hidden behind the categories of "capitalist principles of accumulation" and "economic coercion" which were to describe the economic behavior in relation to the Western markets. But probably the most common meaning of the market was related to the process of decentralization because it was thought that the abolition of the central governance would lead to the growth of the enterprises' autonomy and the emergence of market behavior. See Woodward, *Socialist Unemployment*, 169-173.

[26] Korica states that "the end of the Bretton Woods system, the peripherisation (in the sense of the subordination to external capital) of the Soviet bloc, and the rise of neoliberalism were the end results of processes of capitalist globalization that started many years earlier, and these had clearly had an impact in their nascent form on Yugoslavia in the 1940s, 1950s and 1960s." Vladimir Unkovski-Korica, *The Economic Struggle for Power in Tito's Yugoslavia: From World War II to Non-Alignment* (London: I.B. Tauris, 2016), 232.

However, in the last decades the literature has been enriched by Marija Obradović's study *'Narodna demokratija' u Jugoslaviji 1945-1952* ('People's Democracy in Yugoslavia 1945-1952) and Ivana Dobrivojević's *Selo i grad: Tansformacija agrarnog društva Srbije 1945-1955* (Village and the City: Transformation of Serbian Agrarian Society 1945 – 1955). Obradović mostly focuses on the economic conditions in Yugoslavia offering a lot of statistical data, while Dobrivojević conducts research into social changes. Both studies provide a lot of information and archival material, but unfortunately their analyses remain ideologically one-dimensional.

It seems that authors are bent on reinforcing the attitudes that Yugoslavia was Stalinist centralized state, using every selected archival material to reaffirm the CPY's authoritarian rule. Instead of engaging in discussion about the Yugoslav politics, how the power was exercised, what constraints it faced, and whether the authoritarianism is the best description of what was happening, these studies start from the definite ideological position. In this regard they speak more about contemporary historiographical context of the region than about the way the politics functioned in the early years in Yugoslavia.

At the end of this literature overview, I want to underline that the aim of my research is to ground the inquiry about the emergence of the workers' self-management among the arguments discussed above. In doing so I aspire to add nuance on the relationship between ideology and politics, stressing - in contrast to Johnson and Rusinow, or Haug and Lilly's focus on the party leadership's pronouncements - the political and economic conditions that gave power to the workers and produced the reality the party had to acknowledge. In this respect, I will rely on Woodward's approach, but I will also try to widen her analysis from the worker's perspective.

However, I will also seek to avoid of falling into the trap of deterministic interpretation, that characterizes Singleton and Korica's approach, regardless whether it is of a nationalistic or economistic type. Despite my disagreement about the approaches pursued in the Dobrivojević and Obradović's work, their empirical research provides a lot of useful historical material that cannot be disregarded. This is especially true for the research done by Radelić on the role of trade unions. Aside from citing a lot of archival material, his study also includes the transcription of original documents about the strikes in Croatia in 1945.

Theoretical Framework

The theoretical approach I propose in my research seeks to connect the approaches of Michael Lebowitz and Susan Woodward. I see their studies mutually complementary and useful for building the theoretical framework to understand the Yugoslav political and economic system more systematically. In his book *The Contradictions of "Real Socialism": The Conductor and the Conducted* Michael Lebowitz suggests that we analyze "real socialist" systems as systems of "contested reproduction." Such system is defined by three logics of (social) relations of production that mutually intertwine, interweave, conflict and interpenetrate, deforming each other in the process: the logic of vanguard, the logic of working class and the logic of capital.

The *logic of vanguard* is at the center of Lebowitz's study. In his analysis he offers "three tenets or doctrines of the vanguard party:"

> 1. The goal of system change: an absolute commitment to replacing capitalism with socialism and to building a communist society (which has as its premise the appropriate development of productive forces).
>
> 2. The need for a political instrument: to achieve this goal requires a political party with the mission and responsibility of organizing, guiding, and orienting the working class, all working people, and social organizations.

> 3. The necessary character of the vanguard party: the struggle to defeat the enemies of the working class requires a disciplined, centralized, and united revolutionary party—our party.[27]

However, drawing from the E.P. Thompson text "The moral economy of the English Crowd in the Eighteen Century," Lebowitz aims to show how in the system of "Real Socialism" also existed a moral economy of the working class. However, workers' discontent and opposition to the vanguard show that there is a logic of the working class. It stemmed from the workers' discontent and opposition to the vanguard and it represented their sense how the economy should function according to just, fair and moral principles. Lebowitz notes that

> the right of everyone to subsistence and growing living standards, the importance of stable prices and full employment, the orientation toward egalitarianism (and thus low income differentials)— all these were part of the norms that formed the moral economy of the working class in Real Socialism. This popular consensus of justice and fairness was regularly reproduced and thus strengthened as the result of feedback when deviations from an apparent equilibrium occurred.[28]

Seen in the Yugoslav historical terms, the biggest achievement of the working class was the introduction of workers' self-management, adopted in 1950. Formally, it was enabling workers to manage the factories via workers' councils, but in reality the right was distorted and deformed. Instead of leading to the development of cooperative and solidary economy it led to the workers being reduced to their productive role in the factory. The Communist vanguard excluded the workers from participating in wider political debates and development of society, limiting their political interest to the factory life.

[27] Michael Lebowitz, *The Contradictions of "Real Socialism:" The Conductor and the Conducted* (New York: Monthly Review Press, 2012), 69.
[28] Lebowitz, The Contradictions of "Real Socialism," 147

The third present logic is the *logic of capital* whose bearers were managers, but also the economists (as experts of the system). With strengthening of market elements within the system and growth of the influence of managers and economists, this logic became more and more discernable. Nevertheless, under the influence of the party vanguard this logic is also deformed and is not identical to the logic of capital that is present in the western capitalist societies.

There is large analytical coinciding between Lebowitz's and Woodward's works. She also starts from the political project of the party vanguard that organizes workers, resources, confronts the enemies of the people and shapes the socialist project for structural change (for abolishing capitalism and building socialist society). The thrust of her analysis are the conflicts within party vanguard about adequate strategy for growth (accumulation) that are being shaped under the influence of constantly changing international relations. As these international circumstances change, their effects are reflected in the changes of the debates, party conflicts and strategy of growth.[29]

Woodward emphasizes the "hybridity" of Yugoslav system (it's neither market system nor planned one) in which different elements are present, but she does not tackle the conceptualization of the system on an abstract level as Lebowitz does. However, her analysis greatly confirms Lebowitz's abstract frame. On the other side, Lebowitz's analysis neglects the influence of the international market on internal dynamics within socialist system and this is why it makes it logically to complement his abstract scheme. The dynamics of his contested and contradictory logics cannot be understood without the influence of the international level.

My plan is to use this theoretical framework on the process of introduction of self-management as it happened between 1945 and 1950. I wish to research if it is possible to discern in the historical developments of the period, with stress on the workers' self—management, the

[29] Susan Woodward, *Socialist Unemployment: The Political Economy of Yugoslavia 1945-1990*, (New Jersey: Princeton University Press, 1995), 21.

emerging elements of the system of contested reproduction. I want to analyze whether the historical phenomena can be understood through the framework of the logic of vanguard, logic of working class and logic of capital. As Lebowitz argues: "theory, in short, guides the historical inquiry."[30]

Sources and Metods

My project aims to reconstruct the political process that led to the introduction of workers self-management and in this regard, I used primary and secondary resources that enabled me to get a grasp on the problem at hand. Unfortunately, due to the covid-19 crisis, I was not able to visit the Archives of Yugoslavia in Belgrade and examine the documents in the fund of the League of Yugoslav Trade Unions (*Savez sindikata Jugoslavije*) and the funds of branch trade unions (industry, construction, service sector). These documents should have provided me with an indispensable historical material on activities of the workers and their role in rebuilding the economy. Instead, I had to rely on available published sources on the establishment of trade unions, the party's stance toward economic reconstruction and the workers activity.

Radelić's study *Sindikat i radništvo u Hrvatskoj 1945-1950* (Trade Unions and Labor in Croatia 1945-1950) proved very useful in this sense as it cites at length the speeches and texts by the leading members of the party but also, in the addendum of the book, includes transcribed documents on strikes in Croatia in 1945. In addition, Dobrivojević's monograph *Selo i grad: Tansformacija agrarnog društva Srbije 1945-1955* (Village and the City: Transformation of Serbian agrarian society 1945 – 1955) offers particularly useful material on workers and peasants' reactions to forced mobilizations in the postwar period. Furthermore, I

[30] Michael Lebowitz, *The Socialist Alternative* (New York: Monthly Review Press, 2010), 90.

referred to other sources published in secondary literature, but all of this could not substitute for the necessary research work that should have been carried out.

However, I also used primary archival material published in particular collections: minutes of the meetings of the economic committee of the Yugoslav government (*Privredna politika Vlade Federativne Narodne Republike Jugoslavije. Zapisnici Privrednog saveta Vlade FNRJ 1944-1953*, 4. vols), as well as minutes and stenographic notes of the meetings of the central committee of the CPY (*Sednice Centralnog komiteta KPJ 1948-1952*). Although these materials widely address the role of the CPY in the postwar years, very little can be found on the topic of workers' activity on the ground. Still, they proved useful in reconstructing the political decisions made by the CPY.

Outline

The thesis is divided into four chapters. The first chapter briefly introduces labor policies as the instrument of implementing the strategy of growth and realizing two goals of the socialist project: social development and national independence. I argue that by implementing labor policies the CPY engaged in the construction of new state institutions that were crucial in securing the economic foundations of the socialist project. The central labor policies implemented in the period 1945-1950 targeted massive mobilizations of workers and securing the rise of productivity by competitions and shock work. However, as it is noted and discussed later, the pressures in international arena were crucial for the form of these policies.

The body of the chapter further deals with the establishment of the trade unions as the key actors that regulated the workforce. The first subchapter reconstructs the role of the CPY in re-establishing trade unions and defining its goals. The second subchapter analyzes two phenomenon that emerged in this process: "economism" and "trade unions' vanguardism." "Economism" addressed the behavior of "old-fashioned" trade-unionists who focused solely

on protecting the workers' rights in factories, while "trade unions's vanguardism" addresses the phenomenon of trade unionists taking over the executive authorities in factories.

In second chapter I examined the contradictions that appeared with the implementation of policies of massive mobilizations and raising the workers' productivity in late 1945 and 1946, particularly in connection to the work competitions and shock work. The first subchapter reconstructs the emphasis that the party leaders put on the rise of productivity. It is showed how they constantly accentuated the need for sacrifice, dedication and heroism. In contrast to that rhetoric, I juxtaposed the cases of strikes in late 1945 present on the Croatian coast. In the second subchapter I focused on the tensions that were brought by the insistence on work competitions and shock work. Those activity awakened high working morale of the youth, as it is shown in the case of building the Brčko-Banovići railway, but also introduced divisions among workers, resistance and boycotts.

In third chapter I analyzed the labor policies implemented between 1947 and 1949 and the state institutions that came out of it. My specific emphasis is on the circumstances in the international arena that crucially influenced the situation in Yugoslavia. In contrast to the dominant approaches that stress the Tito-Stalin split in 1948 as the constitutive historical break for Yugoslavia's political and economic position, I argue that the Yugoslav leadership adapted its policies more frequently.

The first subchapter analyzes the adoption of the five-year plan in April 1947 and the attempt of leadership to move away from massive mobilizations by emphasizing rationalizations and managers' authority in enterprises (so-called "economic" methods). However, that approach had to be postponed as the situation in the international arena quickly grew worse. The UNRRA assistance ended in July 1947, and the American foreign policy after that was not keen to continue financially helping Yugoslavia. The reason for the falling-out

with United States was Yugoslav involvement in Greek civil war. Even worse, the agreement on trade exchange with the Soviet Union from 1947 fell through by the spring 1948, as the relations between two states deteriorated. In June 1948, the Soviet Union denounced Yugoslavia and expelled it from The Information Bureau of the Communist and Workers' Parties.

In the second subchapter I analyze the policies the Yugoslav leadership implemented to secure elementary functioning of the economy. These policies were considered as "political" methods of intervention: massive, often forceful, mobilizations, collectivization of the land, shock work and, as the most significant, reliance on the work (production) brigades. The party leadership also introduced the law that gave local committees power to check, oversee and control the levers of power on its territory. Implementation of these policies led to democratization of factory life and public life. Managers' authority in factories vanished and work brigades took the dominant position.

In the fifth chapter I reconstruct the labor policies that finally and formally accepted the workers' power in the factories. I also emphasize the change in the international arena that started with the decision of the American administration to start supporting Tito. Firstly, the Yugoslav government in December 1949 adopted the directive that introduced workers' councils as the consultative bodies. This decision was only a confirmation of what was already happening on shop floors, a situation in which workers became consultative factor to managers. The most significant shift came half year later, in June 1950, when the federal assembly adopted the law on workers' councils giving them the right to control the executive board and decide, at that point only to a very small extent, about the disposition of accumulation.

In conclusion I come back to the theoretical framework introduced in the introduction chapter. I shortly summarize the key points of Michael Lebowitz and Susan Woodward's

approaches that I examined in the chapter and analyze them in connection to the historical findings. I conclude that their approaches are useful for the analysis of the workers' self-management in Yugoslavia because not only do they deal with the internal class struggle (Lebowitz) expanded in the international arena (Woodward), but also emphasize the contradiction between the possibility of political (class) will (Lebowitz) and structures that limit it (Woodward). My key historical finding, out which I draw theoretical corrections, is that the labor policies adopted by the CPY under the pressures in the international arena were central to the construction, organization and continuous adaptions of the internal state institutions, more precisely, state workers' institutions. Out of these policies emerged trade unions, production brigades and finally workers' councils - the Yugoslav self-management.

Regulating the Workforce, 1944-1945

The Communist Party of Yugoslavia emerged victorious after the Second World War (hereafter WWII) as it had successfully led the people's liberation struggle against the fascist occupiers and local collaborators. Throughout the war it gained a mass popular support acquiring legitimacy for political leadership on the Yugoslav territory. Alongside that, the CPY also secured a powerful stronghold in international positioning. Having defeated its enemies and constructing broad social alliance, the CPY laid the foundations of socialist revolution. However, the Yugoslav communists had to face extremely painful limitation in achieving their key socialist goals: social development and national independence. The war completely ravaged the country: infrastructure was destroyed, industrial plants were in ruins, society was drowning in famine, and the economy was exposed to numerous speculations and the black market.

According to the State Commission for the War Damages' report, in the territory of Yugoslavia there was over 800 000 demolished or damaged residential buildings, 220 demolished or damaged mines, 3 360 demolished or damaged factories, plants, sawmills and mills; 28 380 km of ruined and damaged state and regional roads, 70 000 of ruined and damaged local roads; 13 destroyed bridges and 3 560 destroyed smaller, steal or stone or wooden, bridges; and half of all telegraph and telephone communications was destroyed.[31]

The socialist project for a socio-economic transformation found itself in enormous problems in order to achieve a social development and national independence. Immediately after the war, the growth strategy that had been shaped around the party debates as early as the 1930s was inapplicable. It was basically reform ("liberal") strategy focused upon the most advanced elements of the pre-war economy that were mostly located in the regions previously

[31] Ivana Dobrivojević, Selo i grad: tansformacija agrarnog društva Srbije 1945-1955 [Village and the City: Transformation of Serbian Agrarian Society 1945 – 1955] (Beograd: Institut za savremenu istoriju, 2013), 86.

belonging to the Habsburg Monarchy, primarily Slovenian and Croatian regions. Its economic structure was more industrially advanced, the working class was employed in light and manufacturing industries, economic exchange relied on foreign trade with Western countries, it had strong cultural ties with central Europe while the peasants had already developed local cooperatives and formed political parties. Such conditions favored a reformist ("liberal") growth strategy built around modern production and commercial agriculture, strengthening in the process the position of Croatian and Slovenian politicians who were arguing for a Western trade orientation.[32]

However, adopting a concrete development program brought two major problems. The first problem revolved around the creation of a single economic program for a country imbued with many regional diversities: that of economic development, political legacies, social relations (from pre-bourgeois to capitalist) and the level of workers' organization. This regional heterogeneity carried eruptive potentials but it also opened the possibility of building the broad social alliance. The communist leadership was faced with the following dilemma: is it possible to implement Marxist theory in conditions dominated by agricultural structure and pre-bourgeois social relations (it could be even argued semi-feudal) in most of the country and capitalist only in the industrial centers? The second problem arose from the simultaneous political struggles on two fronts: in the international arena and in the domestic context.[33]

In resolving these issues, the CPY started by introduced a new organizational framework of the state (federation), keeping its promise of settling the national questions that haunted Yugoslavia in previous decades. However, the federal framework required an institutional setting that would enable a labor regulation needed for realizing economic growth. In this chapter I plan to

[32] See Jozo Tomasevich, *Peasants, Politics, and Economic Change in Yugoslavia* (Stanford: Stanford University Press, 1955).
[33] Susan Woodward, *Socialist Unemployment: The Political Economy of Yugoslavia 1945-1990* (Princeton, NJ: Princeton Universtiy Press, 1995), 31-34.

unravel how the system of labor regulation arose and how in the face of unceasing changes in the international and national arena it institutionally never stabilized.

As external and internal pressures mounted after WWII, the CPY's leadership tried to adapt to it both politically and economically in order to secure desperately needed economic growth. It engaged in organization and management of the workforce, forming the labor institutions with the aim of continually pushing the workers to raise their productivity. It was believed that only this approach can yield maximum benefits for social development and welfare. In this task, the CPY as a party dedicated to implementing socialist program, followed certain ideological presuppositions in the economy.

Firstly, it partially confiscated private property (1944-1945) and then completely nationalized it (December 5, 1946). Socialist program also meant abolishing the market wage and the capitalist system of collective bargaining between capitalists and workers. However, difficulties arose from the highest to the lowest levels of power. The party's leadership quarreled over "the source of capital for the industrialization drive and over its foreign implications", meaning what will be the policies and methods that will secure the much-needed capital.[34] Moreover, these debates could not predict many difficulties and changes the CPY would face in foreign relations.

The tough choice, which the CPY's leadership faced regarding the growth strategy, was obvious: there was too little capital to secure the realization of both principles of the socialist project. Social development and national independence were pushed on a collision course. On the one side, the need to build defense capacities to secure a national independence required further construction of the arms industry, an increase in supplies and in the production of strategic goods. On the other side, the need to improve living standards of the population and

[34] Woodward, *Socialist Unemployment*, 66.

to maintain the political alliance of workers, peasants, and the middle class (which was the foundation of the CPY authority) demanded an increase in the production of consumer goods. At the same time as this predicament was unraveling, the Yugoslav economy also had to use a part of its domestic product for export purposes in order to obtain foreign exchange. In the end, it all meant that structural factors would have harsh consequences for the institutions aimed at regulating labor.

On the one hand, building the arms industry and securing products for export meant to engage in drastic cutting of domestic demand and limiting the production of consumer goods.[35] However, this was only leading to the weakening of class alliance necessary for a stable government. In short, the CPY's economic policy for regulating labor expressed the dilemma: how to employ a large number of workers in order to increase production for defense industry and foreign trade, but at the same time keep the requests for wage growth and higher living standard constrained.

In responding to the challenge, the CPY employed a combination of dominant strategies and their methods. Although, even before WWII, the party leadership opted for the *reform* ("liberal") growth strategy based on economic ("productivist") methods that focused on developing light industry and "catching up" with western standard, the circumstances of the postwar reconstruction resulted in change of the approach. The requirements of rebuilding factories, public infrastructure and defense abilities created conditions for a *developmental* strategy of growth based on political ("mobilizatory") methods that focused on heavy industry, raw materials, energy and infrastructure.

The difference between these strategies and their methods was not in a greater or lesser power of the state center, but in the role they intended for the each level of government

[35] Woodward, *Socialist Unemployment*, 68-69.

(federation, republic, district, local). Both growth strategies envisioned centralized system inspired by the one in the Soviet Union. However, the economic methods presupposed a centralized system in the sense that they emphasized central wage regulation, vertical hierarchy in political and economic coordination and respecting a managerial-technocratic authority.

In contrast, political methods presupposed a centralized administrative system in the sense that they sought to consolidate power by radical democratization of production. It meant relying on work (production) brigades, public oversight of managers and state administration, check and balances by local people assemblies, media and voters' meetings and local influence of party members and military. This strategy aimed to "strengthen centralism by developing its democratism."[36] In short, the role of the state bureaucracy in these two strategies and its methods was not in challenging the role of the center but in the way of obtaining support.

In reality, the CPY was implementing both political and economic methods in regulating labor and rebuilding the economy. The separation offered here is just to keep in mind methodological differences that were implicated in relying on certain strategy. This intertwinement of measures became especially obvious with the establishment of trade unions during 1945. As a part of the People's front, trade unions represented one of the key mechanisms in securing massive mobilization and the rise of productivity.[37]

[36] Ibid., 161.

[37] The Unitary People's Liberation Front (also referred to as the People's Liberation Front or National Liberation Front) was a World War II political organization aimed at uniting all republican, federalist, and left-wing political organizations and individuals present on the occupied territory of the Kingdom of Yugoslavia. It served as political background to the fighting Yugoslav Partisans. After the WWII (during its conference on August 5-7, 1945) the Unitary People's Liberation Front was reorganized into a political party and renamed the People's Front of Yugoslavia (*Narodni Front Jugoslavije*, NFJ), referred to simply as the People's front. Under this name it won the post-war Yugoslav elections for Constitution assembly (November 11, 1945). In 1953, it was again renamed the Socialist Alliance of Working People of Yugoslavia (*Socijalistički savez radnog naroda Jugoslavije*, SSRNJ). The Unitary National Liberation Front included, among other organization, the Women's Antifascist Front of Yugoslavia (*Antifašistički front žena*, AFŽ; dissolved in 1953) and the Unitary alliance of Antifascist Youth of Yugoslavia (*Ujedinjeni savez antifašističke omladine Jugoslavije*, USAOJ). The Unitary Alliance of Antifascist Youth of Yugoslavia included as its strongest part the League of Communist Youth of Yugoslavia (*Savez komunističke omladine Jugoslavije*, SKOJ). In May 1946, the Unitary Alliance of Antifascist Youth of Yugoslavia was renamed the People's Youth of Yugoslavia (*Narodna omladina Jugoslavije* - NOJ), it was again renamed in

Establishing of the Trade Unions

The Second World War on the territory of the Kingdom of Yugoslavia had devastating effects on many prewar institutions and the trade unions were not an exception. However, many trade unionists, regardless of their affiliation with the CPY, had joined the people's liberation struggle. Towards the end of war, the CPY decided to rebuild the trade unions with the goal of organizing the workers on the liberated territory in order to revitalize the production and engage in rebuilding the infrastructure. Moreover, as the trade unions would operate as ground level organizations, the CPY needed them to help it secure the hold on power.

In late 1944, when WWII was closing to its end, the Central Committee (hereafter CC) of the CPY initiated the forming of workers' committees, as part of the People's front, in the liberated Yugoslav territories.[38] They represented the first attempt at organizing the workers living in liberated areas (mostly eastern parts of the country Macedonia, Serbia, parts of Bosnia and Dalmatia) under partisan control.[39] Their work was needed to put in use numerous factories and mines located on that territory as the war was still not over, but also to secure the production for civilian purposes.[40] Nonetheless, workers committees' character was temporary, and it served as embryo out of which the CPY would form the trade unions.

The CPY took the first steps to establishing the centralized trade unions during December 1944 by asking national party leaderships to set in motion the process on their territory. Immediately after that call, the workers in Belgrade met on December 31

1963 the League of Youth of Yugoslavia (*Savez omladine Jugoslavije*, SOJ) and in 1974 it got the new, and the last, name the League of Socialist Youth of Yugoslavia (*Savez socijalističke omladine Jugoslavije* - SSOJ).

[38] See Branko Petranović, *Politička i ekonomska osnova narodne vlasti u Jugoslaviji za vreme obnove* [Political and Economic Foundations of the People's Government in Yugoslavia in the Period of Reconstruction] (Beograd: Institut za savremenu istoriju, 1969), 111. Vladimir Unkovski-Korica, *The Economic Struggle for Power in Tito's Yugoslavia: From World War II to Non-Alignment* (London: I.B. Tauris, 2016), 40.

[39] Zdenko Radelić, *Sindikati i radništvo u Hrvatskoj 1945-1950* [Trade Unions and Labour in Croatia 1945-1950] (Zagreb: Hrvatski institut za povijest, 2012), 59-64.

[40] Petranović, *Politička i ekonomska osnova*, 107.

accomplishing the task of reviving the trade unions in Serbia, but also of forming the central trade unions' action committee with the task of organizing the first nationwide conference of the Unitary Trade Unions of Workers and Employees of Yugoslavia (*Jedistveni sindikat radnika i namještenika Jugoslavije*, JRSNJ). National party leadership of Macedonia was the next one that organized trade unions on its territory (January 10-12, 1945) and chose delegates for the first nationwide conference of the Unitary Trade Unions of Workers and Employees of Yugoslavia (hereafter Yugoslav trade Unions).[41] This conference was held during January 23-25, 1945. In run up to the conference, the official party gazette *Borba* (January 13) published an unsigned editorial that emphasized the new role of trade unions in comparison to that during the Kingdom of Yugoslavia:

> Earlier, the trade unions - if they really wanted to represent the interests of the working class - had to take a decisive opposition to the reactionary regime, they had to follow with distrust the government measures that protected only the skin-peelers, rich and corrupt. But now the unions will cooperate with the people's authorities, they will be one of the basic cores of the Unitary people's liberation front as a general political movement, they will be assistants to the state economic bodies, mediators in relations between the workers and enterprises, both state and private; they will fight against bureaucratic outgrowths, against the sabotage in enterprises and in supply agencies; will participate in the control of private companies; will ensure its rational functioning and the proper usage of the raw materials and means of production; labor protection. In short, trade unions will be one of the most important factors in the work of rebuilding the country.[42]

More detailed tasks for the trade unions were asserted at the Nationwide trade unions' conference. The most important was providing help to the partisans who were still fighting

[41] Branko Petranović, „Sindikati od obnavljanja do uvođenja samoupravljanja 1945-1950" [Trade Unions from their Re-establishment to the Introducion of Self-management 1945-1950], in *50 godina revolucionarnog sindikalnog pokreta u Jugoslaviji* [50 years of revolutionary trade unions' movement in Yugoslavia], ed. Pero Morača (Beograd: Radnička štampa, 1969), 184-185.
[42] Cited in Radelić, *Sindikati i radništvo,* 140.

against for the liberation of the county under the slogan "Everything for the front – Everything for the victory over fascism ("*Sve za frontu – sve za pobjedu nad fašizmom*"). Other promoted goals included: mobilizing masses for the rebuilding of the infrastructure, looking after the employed by guaranteeing supply, social security, housing and fighting against the black market and speculators, and, finally, raising the political consciousness of workers. The conference especially highlighted measures concerning eight-hour day, new labor legislation, the equal rights of women and men and the protection of youth.[43] The conference also accepted temporary statue of the Yugoslav trade unions claiming that:

> The task of the trade unions' alliance within the unitary trade unions is to actively participate in the reconstruction of the economy, to comprehensively assist the people's authorities in building and strengthening a democratic federal Yugoslavia, to take care of improving the material position of workers and employees and to engage in comprehensive work on their cultural uplift.[44]

In immediate postwar period, trade unions' main obligation was to mobilize existing workers, recruit peasants for the work in industry and tightly demanding the constant increase in output, *i.e.* the rise in workers' productivity. But the emphasis was on mobilizing the free labor because this would reduce the recruitment of paid labor, utilize the paid labor where it was really necessary (capital sector), save money in the factories' budget and secure monetary stability of factories and economy in general. Woodward writes that "extraordinary, but short term demands for labor for the initial push to industrialize would be met by mobilizing 'all available hands' of the rest of the population into 'volunteer brigades' (what critics called a 'bare-hands' approach to industrialization)."[45] It meant that "housewives, youth, demobilized soldiers, even prisoners of war would provide free labor for construction."[46]

[43] Petranović, "Sindikati od obnavljanja," 185. Radelić, *Sindikati i radništvo*, 65.
[44] Cited in Radelić, *Sindikati i radništvo,* 65.
[45] Woodward, *Socialist Unemployment*, 77.
[46] Ibid., 77-78.

However, this process was far away from harmonious. Trade unions faced serious difficulties in recruiting agricultural workers for the membership. Their salaries were lower than those of industrial workers (even by 50%), their working hours were longer (30%-50%), they worked mostly seasonal jobs and they did not get social security.[47] Although this would seem like a perfect opportunity for trade unions' activity, the role of the trade unions changed after the war. Trade Unions were no longer fighting for better working conditions because the factories were now in the hands of the party that pledged itself to secure social development for all the people in contrast to the capitalist class that looked only for a way to exploit workers. Their obligation was to keep the workers' demands in check since this sacrifice, in the new socialist conditions, was hailed for the greater good of the society and not anymore for capitalists' profits.

Another problem for the trade unions was mobilizing women for work in industry. Among trade unions' activists only few of them were women and this trend was analogous to the membership of the women in the CPY. The attitudes toward women's work in factories and politics reflected gender stereotypes and prejudices, excluding them from the various economic and political positions. For example, the report from the CC of Slovenian communist party showed that in textile factory in Maribor out of 2650 women workers only 11 were members of the CPY and in car factory "Tezno" out of 470 women workers only 4 were members of the CPY. It could be heard, report states, that communist themselves were saying that "woman is only temporarily tied to the factory until she gets married" and that "women become shock workers only to improve their chances of getting married."[48]

In a similar way to other organizations of the people's front (the most prominent being People's youth of Yugoslavia and Women's antifascist front of Yugoslavia), trade unions

[47] Petranović, *Politička i ekonomska osnova*, 111.
[48] Ibid., 111.

became a "transmission belt" between the party and the people. They represented a mass organization that aimed to include all workers and influence them along the ideological lines articulated by the CPY. Through this process the CPY was reconstructing the state and asserting its political dominance. It tried to secure the power to have under control all decisions made in trade unions by choosing the trade unions' cadres out of the pool of its members and controlling their further recruitment. However, the CPY could not disregard the suggestions provided by trade unionists in the questions concerning the working class. Moreover, the process of exerting the control through trade unions proved to be quite demanding.

"Economism" and "Trade Unions' Vanguardism"

The functioning of trade unions in factories often reflected the contradictory nature of the transition process to the new political order. In this respect, two opposite tendencies among the trade unionists arose in performing their tasks: "economism" and "trade unions' vanguardism."[49] Both phenomena immediately came under the CPY's strict critique, and the CPY repeatedly demanded its loyal cadres to repress it.

The first one, "economism," described the trade unionists' focus on the protection of immediate workers' interests separating workers from the wider interests of the society. This approach appealed mostly to the workers coming from the rural areas while the party denounced as it as "opportunism."[50] It was expected that trade unions abandon old ways of struggle, encourage the rise of productivity regardless of consequences for the workers and cooperate coincidingly with the government. The CPY took a firm position that any attempt to limit the focus on productivity reflected the ignoring of reality, or even an attempt to sabotage the new government. In short, the aim of raising productivity became identified with the

[49] Ibid., 114.
[50] Ibid., 115.

struggle for a new society governed by the party that was a vanguard of the working class. In the new circumstances, the activities of the trade unions that brought success to the workers before WWII, as exemplified in the struggle against intensification of work or the longer working hours, were being attacked as enemies' activity.[51]

Trade unionists' who struggled for the higher wages, shortening of the working hours and against the introduction of norms were mostly functionaries of the prewar trade unions and members of social democratic parties, predominantly coming from Slovenia.[52] They continued to operate on the basis of the division between employer and employee, treating the state as employer and its measures to raise productivity as exploitation. The CPY considered them as "old-ways trade unionists" or "old-fashioned people."[53] Since the new state carried the name of a workers' state, every success in the production was promoted as success for the workers' themselves. There were no more exploiters and exploited: state took the position of the employer, but the results of production were now being used in the interest the whole society.

However, the attitudes of non-compliant trade unionists brought political drama and the CPY had to address the problem. At the beginning of 1946, in the Croatian trade unions' official newspaper *Glas rada* (January 4, 1946), the president of the Croatian Trade Unions Marko Belinić stated that since the old system was based on the exploitation, it made sense to struggle for shorter working hours, against rationalization methods or against the government. But, as he continued,

> in the current situation [the struggle against exploitation] that would represent enemies' slogans that lead to anarchy and strengthening of the enemies' elements Today there is no need to struggle against the implementation of rationalization methods since it no longer serves for the accumulation of wealth in hands of

[51] Radelić, *Sindikati i radništvo*, 142.
[52] Petranović, *Politička i ekonomska osnova,* 115.
[53] Radelić, *Sindikati i radništvo*, 132.

> capitalists, but for the raising of work productivity and people's welfare. To provide help to the people's government, to raise workers' consciousness and the discipline among the workers represent one of the crucial slogans for the sound upbringing and the creation of new patriotism in the ranks of the working class.[54]

The conflicts with the "old-fashioned" trade unionists continued throughout 1946. During the first shock worker rally on September 8, 1946, the president of Yugoslav trade unions Đuro Salaj, prominent member of the CPY, spoke against treating the competition as the new form of exploitation. It shows that the CPY still needed to emphasize that its government brought essential changes to the society and that it had to repress the attitudes of the trade unionists who were entirely disregarding the changed political and economic context. However, the CPY was too easily denouncing every demand for the social improvement of the workers position as social-democratism. By ignoring the real needs of workers concerning nourishment, safe working conditions, housing, trade unionists were losing reputation among workers.

The second tendency among trade unionists was their vanguardism, in the sense that they were taking over the managing authority from the party's appointed managers. Vanguard trade unionists engaged in dismissing managers, firing and hiring workers, transferring workers form one department to another and raising the wages for workers and trade unions' bureaucrats. They considered themselves as the "tribunes of the people," but the CPY condemned this phenomenon as anarchism and creating a parallel authority in factories, resulting in the neglect of tasks they were required to do.[55] One of the reports (February 25, 1946) from the Dalmatian district committee of the Communist party of Croatia stated that

> 1. certain trade unions' functionaries show the tendency to stand on the tail of masses in relation to setting the levels of salaries for the workers and employees, i.e.,

[54] Cited in ibid., 143.
[55] Petranović, *Politička i ekonomska osnova,* 115-116. Radelic, *Sindikati i radništvo,* 155-156.

> tendency to raise the nominal wage. 2. phenomenon of anarcho-syndicalism, i.e., tendency of certain trade unions' functionaries to impose trade unions above the leading role of the party in resolving social, state questions, and therefore resolving the burning issues of the fundamental popular masses and the working class as part of those masses, which is manifested in the incorrect attitude towards the people's government as an employer.[56]

"Trade unions' vanguardism" reflected contradictory political and economic circumstances right after the war. Although the CPY enjoyed massive people's support, the state still had to be rebuilt and commanding chains established. Since the vertical chain of command going from the federal party bodies to the managing positions in firms was not consolidated, it enabled the trade unionists, many of them inexperienced in their activity, to take control in the firms. "Trade unions' vanguardism" appeared in two forms: trade unionists taking over the managerial roles and wider trade union's members influencing the decision-making process. In the first example, taking over the managers' authorities testified to the weakness of the state apparatus to impose controls in firms and very vulnerable positions of managers in those conditions. The second example, however, showed that workers were exerting their influence through trade unions. This activity represented basically the unarticulated class struggle since workers demanded stronger involvement in the production process and regulation of production relations in the firm. This form of vanguardism did not disappear with strengthening the position of managers but remained present in firms.[57]

At the end of 1945, in the report of the Communist party of Croatia on the Croatian trade unions, Marko Belinić called for the complete control of the Croatian party over the trade unions. He insisted that it is "high time for the party to take the unions firmly in its hands." And continued that only when the entire party membership is "familiar with the line of the

[56] Cited in Radelic, *Sindikati i radništvo,* 156.
[57] Petranović, *Politička i ekonomska osnova,* 116.

party in the trade unions," it will be possible "to ensure the complete control of the party and the disable individual policies in trade unions."[58] Be that as it may, the Communist party of Croatia was far away from imposing its dominance onto the trade unions and this was true for the whole country.

When the Yugoslav trade unions' leadership met with members of the highest leadership of the CPY, Edvard Kardelj and Milovan Đilas, they had to face harsh critiques. Kardelj and Đilas warned about the trade unions insufficient interaction with the CPY, reduction of their tasks to specific problems and sectarianism that were all leading to isolation from the workers. They condemned the examples of trade unionists taking over the managerial roles and their forceful activities in pressuring the workers. And they pointed out that trade unions should use their activities to force the governments to realize the stated goals and to fight against bureaucratism and indolence. Since Kardelj and Đilas perceived the structure of the CPY overly petit bourgeois, they draw attention to the trade unions poor balance sheet in attracting the shock workers and innovators to the CPY. They especially emphasized trade unions role in political and ideological education of workers.[59] After the meeting, the CC of the CPY made a memo stating, among other things, that

> trade unions should serve as a transmission belt for the development of mass, political and educational work among the masses. We should not lose from the sight the teachings of Lenin and Stalin about trade unions as a school of communism.[60]

The party critique was harsh but reality was harsher. Instead of trade unions becoming the pool for the party members, reversed happened. It was the party that had to find cadres for the work in the trade unions. Without being able to produce enough loyal members for the work in trade unions, the party relied on old trade unionists, often non-communists and former

[58] Cited in Radelic, *Sindikati i radništvo,* 155.
[59] Radelic, *Sindikati i radništvo,* 157.
[60] Cited in ibid., 158.

members of social-democratic parties. They had hard time accepting the new role of the trade unions and continued to work along the lines of employer-employee. This lack of reliable trade unions' cadres slowed down the implementation of the CPY policies in factories. It particularly came to the fore in rural areas with few workers and an underdeveloped trade union tradition.[61]

[61] Radelic, *Sindikati i radništvo*, 153-154.

Economic Reconstruction during 1946

The trade unions took an active part, if not leading role, in the endeavor of postwar industrial reconstruction, as well as the entire economy, that has largely fallen onto the backs of the working class (not to forget the role of the peasantry and the assistance of the United Nations Relief and Rehabilitation Administration). The trade unions directed the voluntary activity (to a greater or lesser extent voluntary) of workers in the forms of competitions, shock works, youth work actions, and inventiveness of craftsmen and workers (so-called innovators) manifested in various improvements in production.[62] Reliance on mass volunteer work in various forms of achieving higher output had basis in the mass support that the new government enjoyed after the war. Moreover, it quickly spread across the country and became a regular practice. It also reflected people's readiness (especially among the youth) to follow CPY policies in further changes of the socio-economic structure and deepening of the revolution. In the given conditions of a destroyed country, omnipresent scarcity and modest foreign trade, mass mobilizations intensified by the hard physical toil were the only means to carry out reconstruction.[63]

Forcing the Productivity Rise and Workers' Discontent

The Economic committee of the Yugoslav government was aware that the existing financial resources available to the state were quite insufficient to cover the huge needs for economic reconstruction. In that context it was not surprising that the party's policies had to tap into existing energies and readiness of the working masses as much as possible. The Economic committee of the Yugoslav government recommended that the mobilization of the masses should be done through people's front organizations (Women's antifascist front of

[62] Petranović, *Politička i ekonomska osnova,* 117.
[63] Ibid. 339

Yugoslavia, Unitary alliance of antifascist youth of Yugoslavia, but also Yugoslav trade unions), that the massive work should be grounded in work competitions, the methods should be harmonized with the specificities of individual regions and that mutual experiences should be transferred.[64] Boris Kidrič, leading member of the CPY and the president of the economic committee of the Yugoslav government, during the committee's meeting in July 1946 emphasized that "it is impossible to perform any economic task without the help from the party organization and the trade union." He continued that "this cooperation between our leading cadres and political and mass organizations should be observed with great care."[65]

For the purpose of realizing the goal of reconstruction, the leaders decided to follow "the Soviet example of 'socialist competition' in the capital sector," with keeping in place "the wartime system of Partisan brigades outside it."[66] Susan Woodward notes that:

> Employed workers would be rewarded for surpassing labor norms and cutting costs with status, honor, and nonmonetary privileges. "Shock workers," who saved on materials or exceeded piecework rates; "innovators" who suggested organizational or technical improvements in the labor process; and inventors in the ranks of workers would be given titles, badges of honor, new suits of clothing, or vacations in the new workers' resorts, and their names and pictures would be prominently displayed in one of the many broadsheets that poured forth to publicize the industrialization drive.[67]

However, the constant emphasis on raising the productivity and strengthening of work discipline revealed that the behind the curtain of vehement rhetoric, there was an underperforming working reality, lacking in responsibility and dedicated work.[68] The CPY

[64] Ibid., 340.
[65] "Zapisnik sa konferencije održane u privrednom savetu Vlade FNRJ 23. VII 1946. godine [Minutes of the Economic Committee's conference held on July 23, 1946]" in *Privredna politika Vlade FNRJ: Zapisnici Privrednog saveta Vlade FNRJ, 1944-1953 [Economic Policy of the Governemnt of the FPRY: Minutes of Economic Committee of the Governemnt of the FPRY, 1944-1953]*, eds. Miodrag Zečević and Bogdan Lekić (Beograd: Arhiv Jugoslavije, 1995), 1:108.
[66] Woodward, *Socialist Unemployment*, 77.
[67] Ibid.
[68] Radelic, *Sindikati i radništvo*, 111-112.

demanded from workers committed, disciplined and motivated approach in performing their tasks and participating at work competitions. It constantly accentuated that this was the only way of achieving the goal of improved working and living conditions. Edvard Kardelj, member of the Politburo of the CPY's, at the beginning of the 1945, described the taking of the new duties as shifting from the war front to the work front and asserting that

> we need to struggle with the same heroism and self-sacrifice as our fighters do on the front. One should praise the heroes of labor, celebrate work where it deserves glory and respect. We should develop shock work competition from factory to factory, from institution to institution, from field to field, from village to village. One should develop a general work ethic for oneself, for one's homeland and home, for a better future and tomorrow. We need to constantly reveal to the masses the prospects of a happier future and their role of present work and present suffering in building their future happiness.[69]

Kardelj was not the only one who highlighted the need to raise productivity. There was hardly any higher ranked party member who did not use every opportunity to underline the difficult task of rebuilding the economy and the need to rely on shock work, competition and exceeding of norms. Their push not rarely conveyed utopian revolutionary optimism, but it persisted, nonetheless. Along these utopian lines the president of the Croatian trade unions Marko Belinić espoused in daily *Naprijed* (April 4, 1945):

> The workers will help our people's government in carrying out difficult tasks, so that the country can be rebuilt as soon as possible. We will throw ourselves into the work at a striking pace and when we say today that we will transform our country to a flower garden, that will be a reality tomorrow.[70]

[69] Cited in Radelić, *Sindikati i radništvo*, 139.
[70] Cited in ibid., 140.

For Vladimir Bakarić, a political secretary of the CC of the Communist party of Croatia, the struggle to rise productivity was conceived as a struggle against the "enemy." He stated in *Naprijed* (July 14, 45):

> The central issue is production. Only by production and by production again and even greater production in those important companies can we beat the enemy. The enemy is in the state to give us "successes" in all other fields, only to succeed in inflicting damage on this crucial one. Raising work discipline, shock work, exposing bad management concerning these issue - are the main tasks of our trade unions, because the future of the working class in our country depends on it.[71]

As much as the party leaders constantly hammered the message about the need to work harder and produce more, in many places the workers faced dismal social reality. In some places they even organized strikes demanding the satisfaction of elementary living conditions. In Croatia, there was several strikes during 1945 organized by coastal workers (dockers), miners and construction workers who performed exhausting physical labor. Contrary to all party propaganda and even despite threats made by the party members and trade unionists, the social and existential misery pushed these workers to confront the managers and party officials. It is not clear how long the strikes lasted, probably few days judging from the reports, but workers could not count on the support from trade unionists, as their assignments were aligned with party directives.

Coastal workers in Croatian town Metković organized strikes during July and September asking for higher wages. In the document of the conference of Dalmatian trade unionists held in Split, we read how they looked at it. It is stated that these workers are "the most unconscious workers in the whole country" and they "engage in blackmail and refuse to

[71] Cited in ibid., 141.

work if not rewarded according to their demands."[72] It is also noted that "organizers should be identified, exposed and if necessary, transferred to other part of the country for work."[73]

Memo from September of the Dalmatian trade unionists informs about another strike, this time in the quarry on the island of Brač. It is reported that the dissatisfaction of Brač quarry workers outgrew into a strike and would spread to the chemical plant in Omiš if it had not been "immediately liquidated."[74] The same report also informs that workers and employees are exhausted following several years of war and shock work since the liberation, resulting in the "spike of those going ill."[75]

The dispatch of the Dalmatian party members reports that coastal workers in Metković and Ploče are again on strike.[76] However, the dispatch from the same committee four days later informs that the "conflict regarding poor nourishment is settled down."[77] Nonetheless, new strikes appeared during October in Metković, Ploče and Bender, though it is emphasized that this "phenomenon did not have political tendency but it was, as mentioned before, result of harsh living conditions and disorganization."[78] Meeting of Croatian communists from November informs about the miners' strike in Stubica.[79]

[72] "Zapisnik Oblasne sindikalne konferencije JSRNJ Hrvatske za Dalmaciju održane u Splitu, 1945, srpanj 22. Split [Minutes of the District Trade Unions' Conference of the Croatian Trade Unions for Dalmatia held in Split on July 22, 1945. Split]," transcribed in Radelić, *Sindikati i radništvo*, 268.
[73] Ibid.
[74] "Dopis tajništva za Dalmaciju ZO JSRNJ za Hrvatsku Zemaljskom odboru JSRNJ za Hrvatsku, 1945, rujan 26. Split [Memo of the Secretary for Dalmatia of the State Committee of the Croatian Trade Unions to the State Committee of the Croatian Trade Unions, September 26, 1945. Split]" transcribed in Radelić, *Sindikati i radništvo*, 269.
[75] Ibid., 270.
[76] "Depeša Oblasnog komiteta KPH za Dalmaciju CK KPH, 1945, rujan 26. Split [The Dispatch of the Dalmatian District Committee of the Communist Party of Croatia to the Central Committee of the Communist Party of Croatia, September 26, 1945. Split]," transcribed in Radelić, *Sindikati i radništvo*, 271.
[77] "Depeša Oblasnog komiteta KPH za Dalmaciju Centralnom komitetu KPH, 1945, rujan 30. Split [The Dispatch of the Dalmatian District Committee of the Communist Party of Croatia to the Central Committee of the Communist Party of Croatia, September 30, 1945. Split]," transcribed in Radelić, *Sindikati i radništvo*, 274.
[78] "Izvještaj Oblasnog komiteta KPH za Dalmaciju Centralnom komitetu KPJ, 1945, listopad 13. Split [The Report of the Dalmatian District Committee of the Communist Party of Croatia to the Central Committee of the Communist Party of Yugoslavia, October 13, 1945. Split]" transcribed in Radelić, *Sindikati i radništvo*, 274.
[79] "Zapisnik Centralnog komiteta KPH, 1945, studeni 9. Zagreb [Minutes of the Central Committee of the Communist Party of Croatia, November 9, 1945. Zagreb] transcribed in Radelić, *Sindikati i radništvo*, 275.

All these strikes show the tensions happening in the poorer regions of Yugoslavia and accumulated discontent among the workers. Additionally, one of the reports of the CC of the Communist party of Croatia explicitly speaks about the incapability of party cells in factories to manage trade unions organizations. It notes that party members rather rely on force in recruiting the workers and employees for the membership in trade unions than engaging in convincing them to join. It condemns party organizations for a template mode of operating, without course, initiative and giving directions to trade unionists. Report emphasizes that "there is no cases of starvation," but poor nourishment among workers still exists.[80]

Contradictions of the Work Competitions and Shock Work

The message about the raising of productivity was also stressed also Josip Broz Tito, the general secretary of the CPY in his New-year message "Let us do everything to make 1946 the year of great victories in the reconstruction of our country" published in the Yugoslav trade unions official gazette *Rad* (January 2, 1946):

> In 1946, the work and creative zeal should be further increased. By investing maximum effort and volunteer work, we were able to perform real miracles in the construction of our country in 1945. This zeal and volunteerism must not weaken this year, but on the contrary must be further strengthened.[81]

During 1946 work competitions and shock work exploded as the method of work. It was further strengthened by the Yugoslav trade unions' introduction of the May Day competitions (January 11, 1946). May Day competition was different from other competitions in scope, intensity and organizations. With its character as a state-wide competition, lasting between three and six months, it was used not only to raise productivity of workers, but also to

[80] Zapisnik sa sjednice Centralnog komiteta KPH, 1945, rujan 28. Zagreb [Minutes of the session of the Central Committee of the Communist Party of Croatia, September 28, 1945. Zagreb]
[81] Cited in Radelić, *Sindikati i radništvo*, 144.

engage in resolving larger economic problems. The Economic Committee of the Yugoslav government suggested that it should be directed towards addressing the important economic and organization problems, and not used to raise productivity by extending the working hours. According to committee it should also lead to the cheapening of production by introducing better organization and intensifying work, as well as determining the correct norms, and saving and protecting the people's property.[82]

The May Day initiative was headed by trade unions and aimed at reconstructing the economy by employing intensive physical labor. However, it also included general propaganda messages celebrating brotherhood and unity, condemning speculations and even calling for struggle against Italian imperialism (as at that point borders with Italy were still not settled). Although the May Day competitions were the biggest ones, other competitions were constantly being organized across the country. For example, in Croatia, on March 1, 1946, started a competition for improving the spring sowing. Various factories organized voluntary work and competitions "in the honor of the CPY", or "in the benefit of the Reconstruction Fund", or "to help the burned villages." Riding on the wave of widespread enthusiasm, trade unions organized actions in the form of "shock weeks" for purchasing of corn, road construction, tax collection and literacy. The activities of collecting textile waste, old rubber and iron were presented as form of activating "local sources and reserves."[83]

The major role in competitions and shock work was performed by the youth. They were organized in youth work brigades, participating in agricultural works, reconstructions of buildings, clearing the rubble, building of roads and railways. Their work activity was set up to combine physical work with political and ideological upbringing, strengthening moral and political unity, developing cultural and educational work, and coming together of youth of

[82] Petranović, *Politička i ekonomska osnova,* 341.
[83] Ibid., 340-341.

various nationalities to promote international solidarity. At the beginning of 1946, on the initiative of the CC of the CPY, the largest youth work action was set in motion - the building of Brčko-Banovići railway. It was state-wide federal project that gathered youth from all over the country, but it was also significant for the economy of the whole country, especially regions through which the railway passed. Setting in motion this youth work action, the brown coal basin of Banovići was connected with industries in Osijek, Vojvodina and Belgrade, but it also contributed to the development of salt industry in the nearby Tuzla and other Bosnian industries.[84]

The party promoted participation at this work action invoking the tropes of "conscientious responsibility, love, and loyalty for the homeland."[85] The popularizing work was fruitful in the end as around 62,000 youth joined the action, engaging in three shift work over a period of six months. The works on 92-kilometer-long railway finished in November 1946. Soon enough the youth was called to even larger project – constructing of the Šamac-Sarajevo railway long 242 kilometers, that was finished in 1947 after eight months of work by 210, 000 young people.[86] Aside from economic value, "the federal brigades were created for their role in the political, ideological, professional, and cultural education of youth." And the party emphasized that youth be provided "with books and cultural and sports equipment before departure."[87]

Educational work proved to be helpful since "out of 5,896 illiterate youths on the Brčko-Banovići Brigade, 5,163 of them learned to read and write, while some 4,000 learned trades through technical and professional courses in such fields as welding, bulldozer driving,

[84] Ibid., 344-346.
[85] Carol Lilly, *Power and Persuasion: Ideology and Rhetoric in Communist Yugoslavia, 1944-1953* (Boulder, CO: Westview Press, 2001), 121.
[86] Petranović, *Politička i ekonomska osnova,* 345-348.
[87] Lilly, *Power and Persuasion,* 121.

surveying, and masonry."[88] Also, educational activities included attending "1,650 lectures on political and educational topics, 950 on popular science, and 908 on various professional topics."[89] Cultural and sport activities included "the formation of 304 choirs, 142 amateur art societies, 235 performances by visiting artists, and 133 film showings, as well as daily physical training exercises and numerous sports competitions in track and field, soccer, and basketball."[90] The slogan that made the youth work action famous read "We are Building the Railroad—The Railroad is Building Us" ("*Mi gradimo prugu—pruga gradi nas"*).

Throughout 1946 the work competitions included 60% of workers and employees.[91] Work was raised to the level of the highest ideal and turned into a cult. For example, Dusan Brkić, a member of the CC of the Communist party of Croatia, stressed in a newspaper article (*Naprijed*, February 2, 1946) how "our organizations and institutions should develop a cult of work among broad sections of the people" He continued that "from former fighters during the war, we need to create new strikers and work heroes."[92] However, trade unions encountered many obstacles in their work, especially in relation to the work norms. They were often faced with lack of food, unequal distribution of groceries, footwear and clothing, and even non-payment of wages, amount of which, when paid, could rarely meet the most basic needs.

All this led to the deflation of work enthusiasm and even flight from work. Trade union activists had hard time convincing members that all problems were in fact temporary. Instead, they insisted that the trade union's most important task was to mobilize workers and employees for rebuilding the economy and increasing the production. Given that trade union leadership was aware that employees could not be paid fairly for their efforts and sacrifices, more than

[88] Ibid., 122.
[89] Ibid.
[90] Ibid.
[91] Petranović, *Politička i ekonomska osnova*, 342.
[92] Cited in *Sindikati i radništvo*, 144.

material incentives they insisted on popularizing labor heroism in the press.[93] But the most important non-monetary acknowledgement was the promotion of shock workers.

In 1946 many workers were awarded the honorary title of shock worker (*udarnik*).[94] It was a part of the system of moral recognitions that was promoted in May 1945 when the Anti-Fascist Council for the National Liberation of Yugoslavia, (*Antifašističko vijeće narodnog oslobođenja Jugoslavije – AVNOJ*) introduced the award called the Order of work (*Orden rada*). Since the there was no money to compensate for hard physical work, the government decided to introduce a non-monetary way of recognizing and honoring wearisome workers' efforts. The system was further developed in April 1946 when the Federal planning commission introduced regulations on promoting the shock workers in enterprises and public institutions.

Shock worker was an honorary title awarded to the most efficient workers. Primarily it carried moral significance, although the monetary part of the award should not be neglected given the dire economic circumstances. Shock workers were awarded with holiday benefits, medical treatments and travels.[95] One report from the state committee of Croatian trade unions even asked that the best commodities from shops, the one that were exhibited at least two months on the most visible places, should be kept for shock workers.[96]

However, the insistence on shock work was a contradictory process to say the least. It brought a lot of resistance from workers who believed that shock work and higher norms lead to the exploitation of workers. In some cases, shock work potentiated divisions among workers, that sometimes lingered on the brink of physical conflict with those who stood out. Trade

[93] Radelić, *Sindikati i radništvo*, 112-113.
[94] In October 1946 there were registered 4555 shock workers in Yugoslavia. Their distribution according to republic was as following: in Serbia 2025, in Croatia 886, in Slovenia 601, in Bosnia and Herzegovina 775, in Macedonia 106 and in Montenegro 162. See Petranović, *Politička i ekonomska osnova*, 342.
[95] Radelić, *Sindikati i radništvo*, 112.
[96] Ibid., 130.

unions' report from Vukovar, from September 1946, talks about the conflict among women workers where one group threatened the other group, who wanted to work more, that they will "dig their eyes and pull their hair out."[97] The celebration of physical work led as well to the hostile attitudes and ideological suspicious toward experts and engineers. Their salaries were slashed and their knowledge disrespected. It resulted with them losing their will to improve production process, turning their benevolence into dissatisfaction and frustration. [98]

The leaderships of the CPY and the Yugoslav trade unions repeatedly emphasized that the shock work should not be reduced to extending of working hours and physical exhaustion of workers. Instead it should be grounded in new and rational methods of work, new machinery, saving of raw materials, improving of products quality.[99] But no matter how much party leaders insisted that shock work should be more than draining of workers, the situation on the ground suggested it was the only way how factories could realize economic results. In these circumstances some workers fell to the illness[100] while others started "to look at the trade union as some kind of bourgeois party."[101]

Two-year activity of the CPY to manage the state reconstruction and the rebuilding of economy proved to be exceptionally difficult task. The country that emerged from the war was ridden with poverty, misery, infrastructural devastation and economic crisis. However, the CPY, coming out victorious from WWII mayhem, could rely on strong enthusiasm among the wide social layers, especially among the youth. In late 1944, the CPY began the process of rebuilding the trade unions as its one of the main instruments to manage, regulate and direct

[97] Cited in Radelić, *Sindikati i radništvo*, 127.
[98] Petranović, *Politička i ekonomska osnova,* 122. Radelić, *Sindikati i radništvo*, 95.
[99] See ibid., 111, 119, 126, 129.
[100] One report from October 1945, made during the consultation of the state committee of Croatian trade unionists, notes: "Here in Dalmatia, everything is ruined, comrades shock workers work hard, and for such work they should be both rewarded and given a salary for their work. There are comrade shock workers strikers who also fell ill at work. For example, one mason worker remained until the end of the work of one kiln, although he fell ill and coughed blood." Cited in Radelić, *Sindikati i radništvo,* 119.
[101] Cited in ibid., 130.

the workforce for the realization of promised socialist goals: social development and national independence. To achieve these goals, it had to secure the economic growth.

Moreover, the tasks of the trade unions entirely reflected the political and economic objectives that had to be fulfilled.

The CPY relied in its endeavors to rebuild the infrastructure and stimulate production on massive mobilizations of workers and strong push for the constant rise of productivity. The CPY promoted competitions, exceeding the norms and shock work. The activities of trade unions were defined by mobilizing workers for the necessity of rebuilding the infrastructure, intensifying the process of industrialization and overcoming the underdevelopment. In the circumstance of destroyed and underdeveloped country it seemed that these methods were the only way to raise accumulation and secure the goals of socialist project. However, managing the workforce resulted in many challenges. Even though all leading members of the party emphasized the need for dedicated work and sacrifice in production, those employed did not always followed the words proclaimed by the party pronouncements.

Hard physical labor, that was often not reimbursed adequately or sometimes at all, yielded anxiety, deprivation and dissatisfaction among the workers. Not surprisingly it led them to engage in various forms of confronting the management of enterprises. Documented strikes were probably the last resort of resolving the conflict and when they occurred, their duration lasted only few days. The emphasis on shock work led to quarrels and boycotts among workers, as some saw this as a new form of exploitation. Even worse, shock work was in given circumstances necessary but did not prove to be efficient. The CPY wanted workers to raise productivity by developing new methods of works (task for innovators), better and more rational organization of work (task for "rationalizators") and saving raw materials. But

factories' managers mainly relied on physical exhaustion and longer working hours. Since they could not repay this work fully, the CPY introduced awards for moral recognition.

Despite the task of trade unions to manage the workers, there was not lot of experienced trade unionists, so trade unions activity did not always follow the directives of the CPY. Instead, they would sometimes take over the managerial powers for themselves and make decisions about workers and salaries. It forced the party to dedicate more attention to the trade unions and try to tie them firmly to its directives. This in turn led to the distrust towards trade unions. They were seen as just another alienated and rigid bureaucratic structure separated from workers' problems. Result was incapability of trade unions to acquire status of reliable workers' organization.

With 1946 coming to the end, Yugoslav political and economic development was entering into the next phase. On December 5, 1946, the Federal assembly adopted the law on nationalization transferring all the private property under the control of the state. Until that point, private owners still existed, even though much of the industry was taken over through the confiscation acts of 1944 and 1945. The nationalization law was an important milestone setting in motion next stage of state reconstruction and rebuilding the economy. This subsequent phase began with the adoption of the first five-year plan in April 1947.

Struggles for the Political and Economic Independence, 1947-1950

The introduction of a five-year plan in 1947 emphasized that "the basis of the planned development of the national economy is the planned industrialization and electrification on a modern technical basis," and further accentuated "the construction of heavy industry as the main condition for the development of all other industries." [102] The plan also celebrated "the labor enthusiasm and spirit of competition and innovation" of the working class as the only way for them "to be freed from capitalist exploitation."[103] It confirmed the importance of trade unions giving them responsibility to organize "self-initiatives and competitions, as well as work disciplines."[104]

Anticipating the War, 1947-1948

The goal of the five-year plan was to develop the material foundations of society, which would enable the strengthening of economic and defense capacities and the elimination of technical underdevelopment. With the plan's adoption, the CPY continued the activity of rebuilding the infrastructure and developing the industrial base. All the characteristics of realizing this project from the previous period came to the fore even more: massive mobilizations, competitions, shock work and relying on production brigades. The main goal of the party leadership was an accelerated industrialization, aimed at transforming the agricultural economic structure into an industrial one as quickly as possible. This course had intended to create material preconditions for the realization of social development and national independence.

[102] "Zakon o petogodišnjem planu razvitka narodne privrede Federativne Narodne Republike Jugoslavije u godinama 1947-1951 [The Law on the Five-year Plan for the Development of the People's Economy of the Federal People's Republic of Yugoslavia in the Period 1947-1951]" in *Istorija Socijalističke Jugoslavije: Dokumenti I [The History of Socialist Yugoslavia: Documents I]*, eds. Branko Petranović and Čedomir Štrbac (Beograd: Radnička štampa, 1977), 2: 216.
[103] "Zakon o petogodišnjem planu," 2:216.
[104] Ibid.

Nonetheless, the process of implementing the five-year plan proved to be much more difficult task. Unpredictable developments in international arena forced the party leadership into mass labor mobilizations and raising of productivity at a time when the party was quite reluctant to bear both political and economic costs. The key role in mobilizing the workers and peasants in this was played by trade unions and organizations of the people's front, primarily the youth organization and the Women's Antifascist Front.

The plan envisaged large investments in electrification and hydroelectric power plants construction, construction of ferrous and non-ferrous metallurgy factories, production machines, chemical factories, opening of mining pools, construction of transport infrastructure, etc.[105] This focus on heavy industry was direct result of the threats to the territorial integrity that were perceived by the Yugoslav leadership and not an attempt to strike the balance between heavy and light industry.[106] Execution of the goals written in the plan was propagated as the duty of every citizen. Milovan Đilas, member of the party leadership, later recounted saying "that Yugoslavia would in ten years catch up Great Britain in production per capita."[107]

Words like those spread strong optimism about the implementation of the plan, but the reality of the situation revealed a different horizon of achievable results. Construction of factories in the first years took place in an extremely uncoordinated manner and it was realized more spontaneously than planned. However, the greatest challenge concerning the mobilizations was the recruitment of peasants for the work in industry. Not rarely they had to be forced to work in factories using various existential blackmails or even physical coercion

[105] Ibid. 217-218.
[106] Ivana Dobrivojević, *Selo i grad: tansformacija agrarnog društva Srbije 1945-1955 [Village and the City: Transformation of Serbian Agrarian Society 1945 – 1955]* (Beograd: Institut za savremenu istoriju, 2013), 86. During 1947 and 1948, iron mills were built in Sisak, Zenica, Vareš and Ilijaš. Metal processing plants were being built: „Ivo Lola Ribar" in Železnik, „Litostroj" in Ljubljana, „Prvomajska" in Zagreb. Many large factories were under reconstruction: „Rade Končar" in Zagreb, „Đuro Đaković" in Slavonski Brod, cable factory in Svetozarevo, copper rolling mill in Sevojno, lead smelting plant in Trepča, etc. Large hydroelectric power plants were built: Jablanica, Vlasina, Međuvršje, Zvornik, Mavrovo, Vinodol, as well as thermal power plants: Zenica, Kolubara, Kakanj, Šošanj, etc.
[107] Milovan Đilas, *Vlast [Power]* (London: Naša riječ, 1983), 20.

(interrogations, threats, arrests, beatings, court rulings without the right to appeal…), since the difficult conditions of low-paid work did not attract them to come to work in industrial plants.[108]

During 1947 the party leadership wanted to rationalize the costs of the production as much as possible and assert the centralized state system assuring the managers authority in factories. Attempts were made to reduce the amount of wages in cash, decrease distribution costs and save on fuel and stocks. Various systems of rationalizing the food costs were introduced like coupons, and food stores within factories. Some enterprises even had their own food gardens to make them less dependent on shortages in agricultural supply.[109] Efforts were made to centrally regulate the wages at all cost, since this was crucial for the implementation of the plan. Nevertheless, great resistance appeared in carrying out this policy. When workers dissatisfied with low wages threatened to strike, factory managers often had no choice but to engage in collective bargaining and agree to workers' demands, regardless of the state directive not to negotiate with workers.[110]

In January 1947, Boris Kidrič argued that the aim of reorganization of the economy was to strengthen the managers' authority by securing the command of "one man in every production unit, in one organizational form."[111] That way "we will really achieve operative leadership," stressing that "we need to move away from long conferences and meaningless discussions, and self-initiatively and operationally approach the work."[112] However, by the end

[108] Ivana Dobrivojević, "'Svi u fabrike!' Instant industrijalizacija u Jugoslaviji 1945-1955 ['Everbody to the Factories!' Instant Industrialization of Yugoslavia 1945-155]," *Istorija 20. veka*, No. 2 (2009): 107.
[109] Woodward, *Socialist Unemployment*, 105.
[110] Ibid., 103.
[111] "Zapisnik sa konferencije održane 27.01.1947. godine u Ministarstvu indutrije FNRJ po pitanju reorganizacije glavnih uprava [Minutes of the Economic Committee's Conference Concerning Held on January 27, 1947 in the Ministry of Industry of the FPRY Concerning the reorganization of main administrations] in *Privredna politika Vlade FNRJ: Zapisnici Privrednog saveta Vlade FNRJ, 1944-1953 [Economic Policy of the Governemnt of the FPRY: Minutes of Economic Committee of the Governemnt of the FPRY, 1944-1953]*, eds. Miodrag Zečević and Bogdan Lekić (Beograd: Arhiv Jugoslavije, 1995), 1:159.
[112] Ibid.

of 1947 they could not maintain this policy. In January 1948, the leadership of the CPY "decided to transfer final authority over labor in plan execution from factory managers to the state," meaning the that state will make all decisions regarding the managing of the labor. It was Tito who "explained that the world situation 'wasn't rosy' — there could even be war and other 'unpleasantness'— and thus they could not afford to create a united front of 'embittered' peasants against them when they might have to depend on their fighting loyalty."[113]

During 1948, even before the Tito-Stalin split, the main problem for all state bodies became the recruitment of workers. The reason for the bad production results in various industries were blamed for numerous shortages: workers, raw materials, tools or vehicles.[114] After the split in June 1948 the problem only escalated. In august 1948, republics were asked to send information about the workforce every five days.[115] The discussion on realizing the plan goals in mining industry showed that there are 7000 workers missing and the reason for such a huge number is that 4000 workers left to do construction work.[116]

In the meantime, neither the developments in international arena could guarantee long-term stability for the Yugoslav leadership. The complexity of international relations resulted in unreliable allies and changeable terms of cooperation. Even though the Yugoslav leadership aimed to achieve the national economic recovery program after World War II (through intensive exports and avoiding mass unemployment like in the post-World War I period), it

[113] Woodward, *Socialist Unemployment*, 109.
[114] "Zapisnik sa konferencije privrednog saveta 3. IV 1948. godine [Minutes of the Economic Committee's Conference, April 3, 1946]" in *Privredna politika Vlade FNRJ: Zapisnici Privrednog saveta Vlade FNRJ, 1944-1953 [Economic Policy of the Governemnt of the FPRY: Minutes of Economic Committee of the Governemnt of the FPRY, 1944-1953]*, eds. Miodrag Zečević and Bogdan Lekić (Beograd: Arhiv Jugoslavije, 1995), 1:269.
[115] "Zapisnik sa konferencije u privrednom savetu 6. VIII 1948. godine [Minutes of the Economic Committee's Conference, August 6, 1946]" in *Privredna politika Vlade FNRJ: Zapisnici Privrednog saveta Vlade FNRJ, 1944-1953 [Economic Policy of the Governemnt of the FPRY: Minutes of Economic Committee of the Governemnt of the FPRY, 1944-1953]*, eds. Miodrag Zečević and Bogdan Lekić (Beograd: Arhiv Jugoslavije, 1995), 1:363.
[116] "Zapisnik sa konferencije u privrednom savetu po pitanju izvršavanja plana u rudnicima uglja, 6. VIII 1948. godine [Minutes of the Economic Committee's Conference Concerning the Execution of Plan in the Coal Mines, August 6, 1946]" in *Privredna politika Vlade FNRJ: Zapisnici Privrednog saveta Vlade FNRJ, 1944-1953 [Economic Policy of the Governemnt of the FPRY: Minutes of Economic Committee of the Governemnt of the FPRY, 1944-1953]*, eds. Miodrag Zečević and Bogdan Lekić (Beograd: Arhiv Jugoslavije, 1995), 1:365.

lacked finance and was constantly growing the trade deficit. Until July 1947, the Yugoslav economy was almost entirely dependent on the UN Relief and Reconstruction Administration (UNRRA). Between June 30, 1945 and June 30, 1947, Yugoslavia received $41.5 million in food and grain (70 percent of the total aid), aside from "clothing, textiles, medical equipment and medicines, agricultural machinery and livestock, industrial plant and tools to resume production in mines, sawmills, a steel mill, and a large quantity of trucks, jeeps, locomotives, and wagons."[117] For Yugoslav economy, "the earnings from the government sale of UNRRA goods were the main source of financing for the Fund for Reconstruction of War-Damaged Regions."[118]

At the end of July 1947, the UNRRA aid ceased and the American policy became intensively hostile. The Yugoslav leadership already had strained relations with the United States from the outbreak of the Cold War in 1946, when in August they shot down, after multiple warnings, two American airplanes violating the Yugoslav airspace above Slovenia. The incident was patched up with the agreement between Tito and American ambassador Richard Patterson: Yugoslavia paid damages to the families of the deceased American soldiers and the U.S. promised not to fly over the Yugoslav airspace. However, the relations continued to be tensed as Yugoslavia was supplying Greek communists during Greek civil war and was trying to annex Trieste. After the UNRRA expired, the President Harry Truman removed Yugoslavia from the list of countries in the need of economic help, making Yugoslavia feel "the first serious pinch of the emerging U.S. policy of containment in Europe, against communism and its spread to Greece and Turkey."[119] However, this did not discourage Yugoslavia to seek cooperation with the western financial institutions, applying for World

[117] Woodward, *Socialist Unemployment*, 83.
[118] Ibid.
[119] Ibid., 121.

Bank and U.S. Export-Import Bank loans, and trying to get access to the states' gold reserves.[120]

With the hopes of peaceful coexistence vanished, the Yugoslav leadership had to engage in serious strategic calculations. The goal of securing the national independence became the priority and all available resources were pushed into building the heavy industry, usually far away from the border, often in Bosnia and Herzegovina. As the economic help both from the "East" and the "West" completely ceased, the state had to rely on foreign exchange reserves for acquiring machinery and raw materials. Simply put, the strategy of defending the territory rested on it. As a result, foreign exchange reserves rapidly melted, and the trade balance deficits increased. In turn, the party leadership had no choice but to vigorously suppress domestic demand and increase exports to obtain foreign exchange

Although a one-year trade agreement on exchange of raw materials was concluded with the Soviet Union in July 1947, by March 1948 the Soviet Union had not fulfilled the agreement, forcing Yugoslavia to rely entirely on its own economic capacities.[121] The problems in foreign trade between Yugoslavia and the Soviet Union were reflecting the conflict emerging around the Yugoslav politics in the Balkans (Yugoslavia's intervention in Albania and in Greece, pursuing the federation with Bulgaria, not yielding to Soviet pressures around defense policy).[122] During 1947 Tito in his speeches "expressed concern over the growing threat of global war and the danger of tensions within the UN," but "in his speech marking Yugoslav

[120] Ibid., 100.
[121] Ibid., 101.
[122] See Ivo Banac, *With Stalin against Tito: Cominformist Splits in Yugoslav Communism* (Ithaca: Cornell University Press, 1989); Jeronim Perović, „The Tito-Stalin Split: A Reassessment in Light of New Evidence," *Journal of Cold War Studies* 9, No 2. (Spring 2007).
(Article)

Army Day (December 22) he acknowledged the conflicts with Soviet military officers over lines of authority."[123]

After the Cominform Resolution of June 28, 1948, all ties between Yugoslavia and the Soviet Union were severed. Long-term tensions present since WWII, due to the CPY pursuing excessively autonomous politics, escalated into open political conflict. An extremely harsh year ensued: Yugoslavia was isolated from the "east", while it was under a trade blockade in the "west." In the following year, the pressures to increase production and mobilize workers increased exponentially. The party leadership had to rely almost entirely on the massive mobilizations and productivist methods of stimulating production.

Democratization of the Factory Life, 1949-1950

During 1949, the organizations of the people's front (Yugoslav Youth, Women's Antifascist Front, Yugoslav trade unions) and the communes as the local political authorities had the task of employing as many men and women in the industry as possible. In January, during the session at the Second plenum of the CC of the CPY, Boris Kidrič asserted the importance of the work brigades:

> In this decisive year, 1949, the voluntary front work brigades will have even bigger tasks than last year. Without the active participation of the front work brigades, we would not be able to carry out huge investment works. Mobilization and morale of our front-line work brigades should be of greater concern to our party organizations. This should not be about and must not be about forced mobilization, but it should be a matter of struggle for higher consciousness of the working people who knows what

[123] Woodward, *Socialist Unemployment*, 108.

> is going on this year in our economy and how it affects not only our economy but the whole happy, just and honorable future of our peoples.[124]

In April 1949, more radical changes engulfed the organization of work in factories with "campaign against officials and managers."[125] Susan Woodward provides the position of Svetozar Vukmanović-Tempo, the minister of mining at that time:

> For leaders such as Vukmanović-Tempo, now chief at Mining, the shortages of skilled labor and low productivity provided ample reason to attack the "prewar experts" in the ministries who interfered with "workers initiatives" in the factories; those on district party committees who robbed factories of their best foremen to do administration and threatened disciplinary action against directors who protested; and party members who refused to do heavy labor. Ridiculing the claims to expertise made by bureaucrats glued to their desks, Vukmanović-Tempo extolled the "devotion" and "ambition" of production workers who, like "the field soldier," go into the trenches and "fight." The path to increased productivity without wage inflation was a democratic reconstruction of factory life. Directors would share managerial authority with the party and union secretaries (the "Soviet troika") to eliminate the waste of parallel command hierarchies and to check willful factory managers. Labor inspectors would again be elected, this time jointly by the union and the Popular Front. Productivity conferences and workers' advisory commissions would be revived to identify loyal workers who would help find "internal reserves," improve productivity, and make the daily adjustments to supply bottlenecks so that they would save on engineers, who were in short supply, and keep workers in production.[126]

[124] "Drugi dan rada Drugog plenuma CK KPJ [The Second Day of the Work of the Second Plenum of the CPY]" in *Sednice Centalnog komiteta KPJ: 1948-1952 [Sessions of the Central Committee of the CPY]*, eds. Petranović, Branko, Ranko Končar, Radovan Radonjić (Beograd: Komunist, 1985), 100.
[125] Woodward, *Socialist Unemployment*, 141.
[126] Ibid., 141-142.

Autonomous work (production) brigades became the foundation of production process in factories, mines, construction, forestry and agriculture.[127] The managers in factories lost all authority, and that meant breaking the hierarchical chain from the party, through managers and unions, to the workers. Economic circumstances gave workers stronger bargaining power, and when they threatened to leave, managers often agreed to their demands if they wanted to keep them. If workers could not get the required conditions, they fled the factories to those places they were offered higher wages, better food, clothing, and wider availability of consumer goods.

The lack of skilled labor was compensated by the additional engagement of labor brigades. The party officials praised the work brigades for their great commitment to work and willingness to work only for food and clothing, thus preventing the wage growth. In order to fulfill the requirements of the plan, the overwork became regular. It was also reported that the factories gates would close keeping the workers for additional 5-6 hours.[128] The factories looked for any worker they could get convicts, youth from correctional facilities or season

[127] "The reform of the production brigades into permanent, collective units of eight to twenty workers, led by a skilled worker but using group discipline and group evaluation of worker performance, took place in April. Basing the reform on the system in agriculture, the leadership aimed to reduce turnover of skilled workers without raising wage rates, by giving skilled workers control over production and payment decisions; and to attack the shortages of trained staff by making them superfluous in organizing work, discipline, and pay. After conferences to discuss labor organization collectively, the skilled worker (the *brigadir*, or brigade leader) would assign tasks, assist less skilled workers when necessary, and move among brigades to make sure that machines were operating at full capacity. Brigades could set up assembly lines to speed production so that each brigade pushed the next, and workers were encouraged to devise new tools that would do the work of several operations and to suggest organizational changes so that machines were not left idle. As the work of the brigade unit still determined output, the moral pressure of the brigade's honor and the disciplinary pressure of the group would act as powerful weapons to increase labor discipline and reduce the turnover that frequently halted production — in contrast to the previous method, by which the party organization would respond to a day slow output with a campaign tor maximum effort the following day. Workers who wished to be absent would have to get prior approval from their fellow workers, so that their tasks could be reassigned in advance. The brigade leader and workers were free to redefine norms and fire slower workers. Foremen, now superfluous to the organization of production, could return to the line, which meant additional savings on administrative costs and fewer quarrels with local party committees. Party cadres would also be moved from staff positions to production brigades , where their political work with those who were not party members would be easier; and "Communist brigade leaders would feel additional pressure to increase output through competitions held at party meetings where the results of fellow members were compared. The brigades would also serve as a system of on-the-job training to improve workers' technical skills and, through the communication of political information at brigade meetings, their ideological education as well." In Woodward, *Socialist Unemployment*, 141-142.

[128] Dobrivojević, "'Svi u fabrike!',"106.

workers. The recruiters from factories roamed the poorer regions in search for the labor. Workers were promised, not only pay, but also wheat, and one report event notes that 20 people were recruited to work in Sisak oil refinery with the promise of getting the work suit.[129] The other report shows that the factories from western Serbia and Slavonia found their workers in Bosnia and Herzegovina, while the Slovene factories hired workers from Croatia.[130]

At the same time, the social relations in the countryside became extremely tense. The demands of industrial production led to the strong pressures on the production of agricultural raw materials. It resulted in conflicts with the peasants and escalated after the decision to collectivize the land in January 1949. In the conditions of economic blockade and famine, the government decided to collectivize rural production, seeking to provide the raw materials for industry and food for the population. However, numerous peasant resistances followed.

Although the party leadership rather aimed to permanently employ skilled workers in enterprises, and to diminish reliance on "voluntary" and often unskilled peasants from the production brigades, it was not viable in given circumstances. The "volunteering" was often such that the rural youth fled the factories headlong. The federal and republic authorities regularly condemned forceful recruitment, but at the same time they threatened or even prosecuted local officials who would fail to recruit people for work in industry.[131] Even Tito warned against this recruitment tactics and all the problems connected to it, worth quoting at length:

> First of all, I would like to point out the mistakes that were made in the so-called voluntary works, in which voluntariness had been turned into involuntariness, into drudgery (*kuluk*) in the full sense of the word, real nasty drudgery. There were cases reported about young people who were taken away by force, imprisoned in trucks

[129] Ibid.
[130] Ibid.
[131] Dobrivojević, *Selo i grad,* 125-129.

from which they jumped, broke their legs and heads, and fled. That happened in Istria, when they were being taken to work in Raša. There are such cases, comrades. The very phenomenon that thousands of peasants were on these shoulder "voluntary" works, during which the mass of these people was forcibly dragged away, 'led to the fact that we had to feed them from state reserves, that we had to give them from the state fund. And those people could at home to eat and work on local works. Instead, we took them and gave them bread from the magazine. It is not difficult to imagine how much is spent when it comes to several hundred thousand people and when these people get follow-ups in the first category of a few hundred grams. The state lost both economically and financially. On the one hand, because the state was spent fund, and on the other hand, that the effect of that work was not high, that is, that it was at least 40 percent less than usual. Then, in this way we destroyed the reserve fund of the labor force ourselves, because instead of paying more attention to the mobilization of the permanent labor force, we dragged that labor force to ostensibly voluntary work and therefore we did not have it for industry etc. Such a practice proved to be inefficient and uneconomical and we will no longer apply it. So, I tell you, comrades, don't do that in the republics anymore. Let these people work in their place. And one more thing about that: if we want our citizens to believe in our government and our justice, then not humbly take people to work for two months, and then, when they return and when 14 passes, ask them again to go to work. It is insecurity, which makes people lose all confidence in our people's government. You need to know how much manpower there is in the countryside, schedule it and determine that anyone who doesn’t have a job at home, or at least one who doesn’t have a permanent job, goes so much and so much and tell him that he will work either once or several times this year, a total of a month, two or three months, so that he knows what awaits him and can adjust when it will be most convenient for him to go to work. So, you need to bring more systems into the mobilization of that workforce.[132]

[132] “Drugi dan rada Trećeg plenuma CK KPJ [The Second Day of the Work of the Third Plenum of the CPY]” in *Sednice Centalnog komiteta KPJ: 1948-1952 [Sessions of the Central Committee of the CPY],* eds. Petranović, Branko, Ranko Končar, Radovan Radonjić (Beograd: Komunist, 1985), 410.

Shock work became the central method of boosting productivity. Furthermore, in December 1948, the system of moral stimulations was additionally regulated by awarding the honorary titles for work achievements (shock worker, hero of socialist labor, deserving farmer, shock work collective…).[133] The extent of mobilizations was evident in the explosion of employment: during 1948, 350 thousands people were employed, and during 1949, 473 thousands.[134] The number of soldiers also increased after the compulsory conscription was re-introduced in 1949. Soldiers performed same "voluntary" work as the work brigades. [135]

The lack of skilled labor was compensated by the additional engagement of labor brigades. The party officials praised the work brigades for their great commitment to work and willingness to work only for food and clothing, thus preventing the wage growth. Zealous autonomous work in factories thoroughly democratized production processes and showed the party leadership the unreliability of managers. However, the brigade work was not efficient, as the brigadiers consumed too much food from the state reserves. Factory life needed to be restructured.

Alongside democratization of factory life, the party also engaged in democratization of political life, the process that was earlier describe as the strengthening of "centralism by developing its democratism." If the reliance on shock work, work competitions and norms could be defined as the implementation of "economic" methods, then the reliance on massive support represented "political methods." Already in December of 1948 Tito "reemphasized the critical importance of nurturing the 'creative initiative' and 'socializing potential' of mass participation," and he furthermore "specified three political forms— public opinion, economic

[133] Dušan Bilandžić, *Historija Socijalističke Federativne Republike Jugoslavije: glavni procesi 1918-1985. [History of Socialist Federative Republic of Yugoslavia: Main Processes 1918-1985]* (Zagreb: Školska knjiga, 1985), 123.
[134] Bilandžić, *Historija Socijalističke Federativne Republike Jugoslavije*, 130.
[135] Woodward, "Socialist Unemployment," 140.

democratization, and the rule of law."[136] Moreover, it was requested from local party committees to "improve their information about and supervision over local conditions by developing criticism through the press, consulting people 'from below' (ordinary people, not local influential or party organizations) to ensure timely discovery of problems, listening to the 'voice of the people,' and subjecting the local executive of the people's committees."[137]

Woodward describes this as "an early version of *glasnost*" that sprung out of the problem of "ever-fewer goods in the markets, further 'differentiation' between beneficiaries of government supplies and those left to fend for themselves, and the war against inflationary pressures and its natural scavengers, the 'speculators' in goods markets."[138] She affirms that "under the circumstances, it was necessary to give people nonmonetary instruments for communicating their demands and to devise nondisruptive barometers of discontent."[139]

Promotion of "political" methods of democratization resulted in the adoption of The General Law on People's Committees in early June 1946. Its regulations promoted a higher level of democratization of the lowest level of authorities. It introduced neighborhood voters' meetings and elected assemblies, very much following the principle of people's liberation committees from the WWII. This law aimed to ensure a greater party presence on the ground and to establish a clear hierarchical bottom-up link. On the eve of the enactment of the law, at the end of May, Edvard Kardelj, espoused:

> It would be wrong to assume that the principle of self-management applies only to authorities as people's committees. No, we must develop this principle more and more everywhere, in every organizational unit of our social life. We need to develop its

[136] Ibid., 135.
[137] Ibid.
[138] Ibid., 136.
[139] Ibid.

elements in enterprises and institutions, etc. - wherever the initiative of the masses can contribute to greater and better results.[140]

[140] Edvard Kardelj, *Sećanja: Borba za nezavisnost i priznanje nove Jugoslavije [Memories: The Struggle for Independence and Recognition of New Yugoslavia]* (Beograd: Radnička štampa, 1980), 229-230.

The Introduction of Workers' Councils, 1949-1950

The speech that Edvard Kardelj gave several days before the adoption of the law on people's committees, suggests that the introduction of workers' self-government had been discussed among the party leadership for some time. In summer 1949, a draft law on workers 'councils emerged.[141] It did not give much authorities to the workers' councils but "clearly subordinated the councils to management and management to higher party-state bodies (Articles 4–7), bestowing upon them a primarily mobilizing function, which they took from the unions (Article 3)."[142] Vladimir Unkovski-Korica states that "the draft envisaged very shallow forms of participation," while the proposed "frequency of meetings was minimal."[143]

Nonetheless, this draft shows that in middle of the year the party leaders were discussing the restructuring of the production relations in factories. On December 23, 1949, the Yugoslav government adopted the Directive on the Establishment and Work of Workers' Councils in the State Economic Enterprises. It was the first step in introducing workers' self-management. But However, the directive had very limited and experimental scope. Workers' councils were introduced in only 215 companies and had an exclusively consultative function. They were elected by the trade union's membership (not the entire work collective) and their decisions were not binding for the factory's management. In the case of disagreement with the management, workers' councils could turn to a higher authority. This content of the law suggested that the party leadership did not intend to radically change the economic system but to accept already present consultative role of the workers, reduce labor pressures in the largest companies and stabilize production processes.

[141] The original of this document has been lost or re-classified. Vladimir Unkovski Korica in his study The *Economic Struggle for Power in Tito's Yugoslavia: From World War II to Non-Alignment* used the private copy of Olivar Milosavljeić.
[142] Vladimir Unkovski-Korica, *Economic Struggle for Power in Tito's Yugoslavia: From World War II to Non-Alignment* (London: I.B. Tauris, 2016), 87.
[143] Unkovski-Korica, *Economic Struggle*, 87.

The question that remained answered until today is why the party leadership moved from consultative workers' councils to the more managerial one half year later? At the time when the directive was adopted the work brigade movement was at its height. Newspapers were bringing all kinds of stories about work brigades from all over country. Yugoslav shock worker hero, Alija Sirotanović, who exceeded the record of Soviet shock worker Stakhanov and together with his brigade mined 152 tons of coal in a single shift in July 1949 in the mine competition in Kreka, was on a road tour across the country to show miners how to raise productivity. This activity, according to Susan Woodward, showed "there remained immense 'internal reserves' of labor in industry that justified a series of 'revisions' in the number of employed." Woodward argues the system of self-management was

> introduced in a campaign of three battles during 1950: the 'battle to stabilize the labor force' with employment contracts; the 'battle to balance goods and monetary funds' through enterprise level balances among wages, labor plans, and guaranteed provisions; and the 'battle to execute the production plan with reduced quotas of labor.' Their sum was the system later known as self-management in workplaces, which began in December 1949 with the election of workers' councils.[144]

What started to change in this period was also the character American policy. In February 1949, the National Security Council of the American government decided "to keep Tito afloat."[145] American politicians concluded they should support Tito and try to secure Yugoslavia's neutrality in the Cold War. Yugoslavia was granted to apply for loans to the International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD) and U.S. Export Import Bank. In turn, Yugoslavia had to stop helping Greek rebels. In July 1949, Yugoslavia closed its border with Greece. In 1950 Yugoslavia started to receive

[144] Woodward, *Socialist Unemployment*, 151.
[145] See Loraine Lees, *Keeping Tito Afloat: The United States, Yugoslavia, and the Cold War* (University Park: Pennsylvania State University Press, 1997).

loans from IMF, World Bank and trade agreements with "western" countries, while American loans covered two-thirds of the Yugoslav current-account deficit.[146]

Media reports on the introduction of workers' councils from December were concise and sporadic. The party leadership mentioned them only in passing, only as an ideological distinction from the Soviet Union. By the spring of 1950, workers' councils had disappeared from public view as a topic. Trade unions' reports show that workers' councils have hardly come to life at all, while the economic situation was still extremely difficult.

However, by March 1950, the discussions on the role of workers' councils resumed in the leadership, but now in the terms of management structures. In this way, the workers' initiative would not only be a secondary aspect of the factory life, but workers would take over certain segments of the production process management. Writing on Yugoslav society in 1969, Milovan Djilas recalled the moment from 1950 when him and Edvard Kardelj came to Tito's office to present the idea of worker's self-management:

> „Tito paced up and down, as though completely wrapped in his own thoughts. Suddenly he stopped and exclaimed: 'Factories belonging to workers – something that has never yet been achieved!' With these words, the theories worked out by Kardelj and myself seemed to shed their complications, and seemed, too, to find better prospects of being workable. A few months later, Tito explained the Workers' Self-Management Bill to the National Assembly."[147]

On June 27, 1950, with great political and media pomp, the law was passed introducing the workers' self-management in factories: Basic Law on Management of State Economic Enterprises and Higher Economic Associations by the Workers' Collective. The law was popularly called the law on the transfer of factories to the workers' management.

[146] Woodward, *Socialist Unemployment*, 145.
[147] Milovan Djilas, *The Unperfect Society: Beyond the New Class* (London: Methuen & Co Ltd, 1969), 158.

Workers 'collectives became sovereign bodies at the enterprise level, and workers discussed and made decisions on key issues within workers' councils. Workers' councils had the right to elect and dismiss the management board, but not the director. Between August and October 1950, it was established 7.136 workers' councils in which 155.166 workers were elected.[148] The normative framework of workers' self-management represented the improvement of the workers' position in relation to the previous situation, but not all the prescribed regulations were implemented in practice. With the introduction of self-management trade unions became obsolete. However, the CPY introduced the division of labor between workers' councils and trade union: workers' councils dealt with everything connected to the interest of worker in factory while the trade unions focused on the education and cultural work.

Workers' councils took over the management of the enterprises through the management boards, while the central government retained decisions on the distribution of accumulation between investment and wage growth, except for the part that remained available to the enterprise. Over the years, an increasing part of the accumulation came under the control of the enterprise, and thus under the right of workers to decide how much to reinvest and how much to redirect to wage growth.

As I stated earlier, the workers' self-governing arose out of a combination of mobilization ('political') and productive ('economic') methods by which the Yugoslav leadership sought to maintain the power and ensure economic survival in extremely unfavorable external circumstances. During 1948 and 1949, factory production had to rely almost entirely on extensive labor mobilizations. The hard physical work of the autonomous work brigades not only guaranteed the construction of infrastructure and industrial base, but

[148] Petranović, Branko, Momčilo Zečević, eds. *Jugoslavija: 1918-1988. Tematska zbirka dokumenata [Yugoslavia: 1918-1988: Themoatic Collection of Documents]* (Beograd: Rad, 1988), 1023.

also gave this production a democratic character and strengthened the atmosphere of workers' unity and power. In conditions of economic isolation and trade blockade from the “west” and “east”, the workers acquired great power on the shop floor.

The workers did not demand self-management, but by collective shock work and demonstrated persistence they created the conditions under which the party leadership had to accept democratization of productive life if it wanted to maintain power and increase productivity. Workers often refused to agree to lowering of salaries and they regularly clashed with the managers. Confrontation with the workers also was not acceptable because the party leadership had to count on the workers as an integral part of the military units in the event of the Soviet Union offensive.

However, the pressures on the party vanguard did not come only from the political direction, from the strengthened position of workers in factory life, but also from the economic direction, because the productivity of hard labor was extremely low. The party had to think of a way for workers to accept the limitation on wages (consumption) at the same time when they increasingly sacrificed themselves in production. Increasing productivity and streamlining of operations (without wage growth) could no longer be forcibly imposed from the state center but workers had to adopt and implement it them themselves. Although already quoted, it is worth repeating the words of Susan Woodward that “in such circumstances it was necessary to provide people with non-monetary instruments to communicate their demands and to devise non-disruptive barometers of dissatisfaction." Workers’ self-management was precisely the expression of that: a non-monetary and non-disruptive form of democratized factory life; the right to manage, but also the obligation of efficiency before the wider community.

The question that still needs to be answered is: why did the CPY opt exactly for self-management? Why it did not some apply some other democratic form of work organization.

How did it happen that the political leadership decided to choose this system? Was the idea of self-management simply an expression of reading Marxist theory and evoking a once-tried practice (Paris Commune) as political leaders emphasized?

The idea of self-government did not fall from the sky nor was it taken from this or that book. On the contrary, it already emerged in the war practice. The people's liberation struggle was organized through the people's liberation committees, networked revolutionary communes that decided on the organization of social life in the liberated territory. When we historically stretch these democratic bearers of power, then we clearly see how the idea of self-management emerged: from mobilizing peasants and workers to resist the occupier and collaborators, through their changed role in the postwar organization of political and economic life, to frontal brigade mobilizations of all social groups and their actual management of the production process. The idea of self-government arose from historical circumstances that changed, but whose political character undeniably brought democratization. It was exactly this approach that Edvard Kardelj later confirmed:

> Our self-management does not originate only from the Law on the Self-management of 1950, when it was formally and legally introduced as the dominant form of development of socialist production relations in our society. Self-management originated in our revolution and in various ways began to break into our social and productive practice, so to speak, from the first day of the victory of our revolution. It first appeared in the form of workers participation in production councils and in other similar ways, primarily through the role of trade unions, and already at the end of 1948, and especially in 1949, the idea of workers' councils began to take shape so the first beginnings of their spontaneous formation is recorded in that year.[149]

[149] Kardelj, *Sećanja*, 233-234.

One thing was for sure, the workers' self-management ignited the revolutionary light of socialist project and gave it a new hope and spirit. Although its proclamation did not represent "withering away of the state," as it was argue it would, "nevertheless the cracks in the iron wall revealed new life, like grass that suddenly shows through between stones."[150]

[150] Raya Dunayevskaya, "Tito's Turnabout", *News & Letters* 6, No. 8 (October 1961): 5.

Conclusion

In my research on the emergence of the workers' self-management in Yugoslavia during the period between 1945 and 1950, I started from the theoretical framework of contested reproduction proposed by Michael Lebowitz in his study *The Contradictions of "Real Socialism": The Conductor and the Conducted*. He proposes that the real socialist systems were defined by three interacting logics that interwove and deformed each other in the process: the leading logic of the party vanguard and subordinated logics of the working class and capital. Lebowitz states that these logics represent abstract conceptualization of the class conflict in the socialist system. Whether one agrees with him or not, I consider this approach crucial as it identifies the importance of workers and managers' subjectivity in a socialist system, and to what extent they influenced and were influenced by a communist party. In this context, according to Lebowitz, the activity of the Communist party rested upon the satisfaction, support and the respected sense of justice of workers, i.e. moral economy of the working class. I also introduced the analysis of Susan Woodward in *Socialist Unemployment: The Political Economy of Yugoslavia 1945-1990* as I saw it provided important international perspective for analyzing Yugoslav socialist system.

Through the historical reconstruction of the introduction of workers' self-management, since it includes the Communist party, workers and managers, I aimed to examine is it possible to see the emergence of Lebowitz's theoretical framework in the Yugoslav circumstances. My analysis confirms Lebowitzs' theoretical presuppositions, and also Woodward's, about the leading role of the party vanguard. The CPY after WWII defeated its enemies, chose its economic strategy for creating a socialist system, abolished the capitalist relations of production, organized the working class, and created and led the socialist state. Although the workers showed their dissatisfaction and political subjectivity through strikes, boycotts or taking over the control in the enterprises, they to a large extent played a subordinated role. On

the other hand, managers were in this period virtually loyal party cadres. The analysis also confirmed the importance of the international arena for the party since the economic size of Yugoslavia made it extremely vulnerable to the external political and economic shocks.

However, the research has showed me that I have neglected one even more crucial aspect of Lebowitz and Woodaward's works. In Lebowitz's theoretical framework the emphasis on the class character of the actors as the bears of certain logics means the emphasis on their political will, on the volitional aspect of politics, on determination to exert power. In Lebowitz's framework the political actors are defined by the assertion of their will: the party vanguard holds the strongest grip on power, it stifles and deforms the will of workers, leading to their exclusion from the political process. However, the workers try, to the best of their capabilities, to influence the party, and the party to certain extent has to accept this. The same holds true for managers: they have will, they want to assert the dominance of market principles, but their attempts are subdued and deformed in the process.

In Woodward's work, behind the analysis focused on the international arena is the emphasis on external and internal structural limitations that defined to what extent the will of the political actors could be exercised and how that will was implemented. She showed how the CPY had to face inherited institutions that continued to linger on even when the political orders that have produced them had vanished long time ago. She demonstrated how the CPY constructed, organized and changed new state institution in the context of constant external pressures.

Lebowitz and Woodward's works are indeed complementary. Not only because Lebowitz emphasizes the internal class conflict and Woodward expands into international arena, but also because they juxtapose two mechanism that define the political reality: political will and structural determinations.

These are my theoretical findings that have resulted from my historical findings. By analyzing the political and economic process that led to the introduction of workers' self-management, I came to the conclusion that the labor policies adopted by the CPY under the pressures in the international arena were central to the construction, organization and constant adaptions of the internal state institutions, more precisely, state workers' institutions.

The establishment of the trade unions in 1945 was needed to secure the regulation of the workforce and to acquire the capital for the central goals of the socialist project: social development and national defense. The implementation of the policy of massive mobilizations and raising of productivity, in the postwar circumstances of poverty, deprivation and hardship, sometimes resulted in strikes, boycotts, dissatisfaction. In Lebowitz's terms, the moral economy of the working class, what workers saw fair and just in the economy, was ruptured and they reacted to injustices. These were precisely the issues the trade unionists and party officials reported when they made notes about "the poor nourishment" and that "the phenomenon did not have political tendency but it was, as mentioned before, result of harsh living conditions and disorganization."

As the Yugoslav leadership tried to assert their autonomous political will more firmly in the international context during late 1947 and 1948, they found it came with the steep price. The Yugoslav state ended up in isolation both from the "West" and "East," it hit against hard structures that resulted with even greater internal emphasis on the policies of massive mobilizations and productivity rise. In 1948 and 1949, the Yugoslav leadership had to employ every available resource, by force if necessary, to secure the last instance of their power – the military defense capacities. By doing this it had to rely on the power of production brigades in factories. It could not embitter workers with managers' authority. Instead, the CPY had to accept greater power of workers in the factory life to keep the popular social alliance together, similar like in WWII.

However, the situation in the international arena slowly started to change in early 1949 with the change in the American policy "to keep Tito afloat." The Yugoslav leadership was granted limited accession to western financial institutions and in turn it had to stop supplying Greek communists. Still, stability was far from achieved and production brigades were crucial in realizing the economic stability. In late december 1949, the government adopted the Directive on the establishment and work of workers' councils in the state economic enterprises. This was the labor policy that for the first time created workers' councils. It came as the recognition of democratized workers activity in factories.

Nonetheless, its implementation was experimental, reduced to the biggest factories and the workers' councils were limited to the consultative role. Six months later, the federal assembly adopted the Basic Law on Management of State Economic Enterprises and Higher Economic Associations by the Workers' Collectives. It was introduced in all factories and workers were given the right to choose worker's councils, elect their members to the managing board, exert control over the managing board and dismiss managers. This labor policy created the central economic institution of the Yugoslav state system. It created the what will become known as the Yugoslav self-management.

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