

Inside the Goldmine

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Daniel Jakopovich is from Croatia. He is a writer, poet and campaigner for peace, human rights and animal liberation. This article is taken from his new book, Revolutionary Peacemaking: Writings for a Culture of Peace and Nonviolence, published by Democratic Thought (democraticthought.org). Full notes and references can be found in this book.

◀ Paul Waplington,
May Day, Hyson Green,
Nottingham

Obstacles to the Construction of Enlightened Democratic Self-Government in Former Yugoslavia¹

*“The nearest approach to purest anarchy
would be a democracy based on
nonviolence”*

Mohandas Karamchand Gandhi

*“Men [sic] may be trusted to govern
themselves without a master”*

Thomas Jefferson

In 1950 the Federal Assembly of Yugoslavia formally inaugurated workers' self-management by passing the *Basic Law on the Management of State Economic Enterprises and Higher Economic Associations by Workers' Collectives*. The Yugoslav socialist “experiment”, indubitably a remarkable example of historical creativity, is still a goldmine of insights and experiences. As it is useful to learn about the positive aspects of this experience, it is also important to learn from its mistakes and limitations. This article offers some fairly cursory notes which aim to introduce a vast subject.

The most visionary minds of the Yugoslav revolution advanced the concept of workers' self-management and, subsequently, of workers' and citizens' integral self-government (socialist democracy) on the basis of the principles of equal self-determination and of human self-actualisation. These entail the right of all citizens to be the self-governing, consciously and rationally cooperative protagonists of the historical process, the conscious and cooperative creators of a

freer, more advanced human community, rather than being merely reduced to the position of objects of capitalist rule². In other words, democratic self-government is the democratically cooperative, socially coordinated expression of the principles of human dignity and equal self-determination.

Stipe Šušvar, a leading Marxist sociologist who was the Vice President of Yugoslavia and the (broadly democratic socialist and staunchly anti-nationalist) Chair of the League of Communists of Yugoslavia (which was previously called the Communist Party), used to, only partially in jest, describe the Yugoslav experience, in accordance with its underdeveloped material and social reality, as a form of “shepherds’ self-government”. Yugoslavia’s socialist development was seriously hindered by the rather marginal position of the working class in its economic and social structure: around 75% of the Yugoslav population were peasants prior to the Second World War. One of the Yugoslav Communist leaders and perhaps the single most important architect of the Yugoslav system of popular “self-government”, Edvard Kardelj, noted that Yugoslav pre-WWII electricity production was (supposedly) 59 times below the European average. The immense misery, brutality and destruction brought about by WWII also in many ways severely degraded the material and subjective components on which the prospect for the foundation of peaceful and humane democratic socialism is based. Among the basic constraints in relation to this were also the requirements of post-war reconstruction³, industrialisation and urbanisation, which reinforced the centralist character of social organisation and deflected human and other resources from higher-level activities and projects on which the construction of a higher type of civilisation depends.

In terms of the weakness of the “revolutionary subjective forces”, the Communist Party of Yugoslavia was subjected to close oversight by the Soviet Union and was forced to operate underground under a highly centralised command structure for more than twenty years, from 1920 (when it was banned, having just made a significant electoral breakthrough in the general parliamentary elections in the Kingdom of Yugoslavia) to 1945. This reinforced anti-democratic, hyper-centralist patterns, precluding the free and open development of the Yugoslav socialist and labour movement, let alone of more radical peacemaking social forces. The broad population lacked sufficient experience in the struggle for self-emancipation. It was often still wedded to rural cultural, ideological and lifestyle patterns and it lacked the necessary self-organisation and self-confidence, class consciousness, the requisite educational level and democratic and revolutionary peacemaking political culture. The Stalinist

practices of the Communist Party, particularly before its split with Stalin and the Eastern Bloc in 1948, certainly did not help in this regard.

Some have identified the origins of socialist innovation which characterised post-WWII Yugoslav development in the anti-fascist “committees of national liberation” that operated during the war. These were formed in 1941 as organs of dual power constituted through direct popular elections as an expression of autonomous anti-fascist initiative in Yugoslavia. They existed legally in liberated territories and operated underground in those territories that were still occupied. Leading communists such as Moša Pijade and Kardelj later characterised these anti-fascist committees as the first nascent forms epitomising the Yugoslav independent, non-Stalinist course⁴. Yugoslavia’s subsequent alternative path was indeed made possible by the fairly autonomous character of the Yugoslav struggle against Fascism and Nazism. Additionally, the various immense sacrifices, including the fact that many Yugoslav socialists and communists were systematically persecuted, subjected to torture and given long prison sentences in the Kingdom of Yugoslavia, that around a hundred leading Yugoslav communists (as well as one of Josip Broz Tito’s wives) had been murdered in Stalin’s purges and camps in the Soviet Union between the world wars, and that around a million Yugoslavs appear to have died in the war – including around 300,000 partisan fighters, around 50,000 party members and around 75 per cent of the party’s pre-war cadres – must have strengthened the resolve of a critical mass of Yugoslav revolutionaries and of the wider population to forge their own destiny.

The anti-fascist struggle had unleashed powerful (although routinely quite primitive) popular initiative and democratic energy. In reality, however, it was only after the historical split with the Soviet Union and the rest of the Eastern Bloc in 1948 (which was provoked by Stalin’s and the Cominform’s attempt to depose the Yugoslav leadership or to force it to submit to his diktat) that a resolutely anti-Stalinist alternative road began to be paved. The rather innovative Yugoslav leaders had to legitimise their shift in ideological terms, and they benefited from broad popular support for the principle of international equality in opposition to the Soviet Moloch. The Yugoslav leaders looked back to earlier attempts to institute workers’ self-government (such as the Paris Commune, the Russian revolutionary soviets and factory councils, etc.). This initial period of retrospection, introspection and innovation led to the abandonment of the forced collectivisation of agriculture and culminated in the aforementioned initial law (in 1950) which led to the inchoate socialisation of most

nationalised industries⁵. The first workers' council had been established only a year before in the Croatian coastal town of Solin near Split.

"Workers' self-management" was one of the central and foundational features of the Yugoslav anti-capitalist project⁶. Its major aim (especially in theory) was to abolish hierarchical economic relations through a debureaucratisation of enterprises by which the old socialist slogan "factories to the workers" would be implemented. The basic institutional framework of the system of "workers' self-management", which was the ideological term given to the newly instituted workers' participation in company and workplace decision-making (that was eventually introduced in all publicly owned Yugoslav enterprises, i.e. the vast majority of enterprises), commenced with the formation and activity of workers' councils and it was, on the basis of various experiences (some of which I shall later briefly discuss), in the 1960s and especially the 1970s developed and expanded into an integral institutional system of "workers' self-management". Alongside workers' councils as the indirect delegate organs of "self-management", this system also encompassed forms of direct participation of all workers in management through workers' assemblies and through occasional referendums, both of which took place in the basic organisations of associated labour⁷.

Workers' assemblies, which encompassed all workers, were (normatively speaking) sovereign assemblies that met occasionally in order to discuss and approve basic matters, including proposed yearly plans, investment plans, reports on last year's results, and similar issues related to the general direction of the company. These assemblies also nominated candidates for workers' councils, who were subsequently elected by all workers through secret ballot⁸.

Although the limited degree of actual power and influence of the workers in the workers' assemblies and councils precluded the actualisation of real workers' self-management at the workplace and company levels, their very existence (as well as the fact that the concept of workers' self-management was a central part of the dominant social ideology in post-WWII Yugoslavia) helped to keep the behaviour of the managers (as well as of the workers' delegates on the workers' councils, which ranged from those on the level of the basic organisations of associated labour to the big workers' councils of complex large companies with complex organisational structures) partially in check, thus supporting their (partial) democratic accountability. This was especially so in cases where workers were sufficiently conscious and organised to insist on their positions and interests. The significant degree of redistribution of wealth

in favour of the working class is also indicative of the significant economic empowerment of workers which the Yugoslav system, including its workers' councils, brought about.

Company management was, however, also accountable to state organs and laws. Furthermore, notwithstanding the democratic authority of the institutions of workers' self-management, the bureaucratic elite largely retained its hierarchically superior coordinative and supervisory role, which was often also ideologically legitimated as a protection of wider social interests. Company directors were initially appointed by government bodies and were subsequently, perhaps especially until the democratising turn which culminated in the new Constitution in 1974, *de facto* "selected" (i.e. nominated and sponsored) by the ruling political elites from the local to the federal levels, depending on the size and significance of the company in question. In 1974, workers' councils gained the right to elect (by a two-thirds majority) company directors and management boards, as well as to draft statutes of their enterprises, enact their company's economic policies, and to define measures for their implementation. Managerial board members were nominated by "special commissions composed of workers' delegates, members of trade unions, and representatives of socio-political communities (municipalities)". Members of the workers' councils were elected biennially through a secret ballot. However, there was initially no formal obligation on their part to follow the work collectives' wishes on particular issues, although they were subject to recall and their meetings were usually open to every member of the working collective who wanted to attend. The formal introduction of the delegate system in the 1970s gave workers' assemblies a *de facto* although not a *de jure* right to "give council members obligatory instructions how to vote". Hundreds of thousands of workers in Yugoslavia experienced being a member of a workers' council at some point, and millions participated in workers' assemblies.

In the more mature phase of the nascent system of "self-management" (which, roughly speaking, commenced during the 1960s, especially with the Constitution of 1963 which sought to advance the integration of Yugoslav society on a self-governing basis by *officially* introducing self-government "as the general principle of government in all social activities and [territorially-based] socio-political communities"), the general membership of a work organisation or their delegates in the workers' council (which met once or twice a month) held decisive formal decision-making power in relation to all the major functions of an enterprise. This formally included veto power and decision-making power over tenure,

hiring and dismissal of all employees, including managerial personnel. It was only from 1963-65 that “self-managing” work organisations began to take control of (a part of) extended reproduction, although at least in some cases they hadn’t yet mastered simple reproduction either, i.e. they did not have decisive influence over the determination of wage levels.

Yet, as already noted, workers’ assemblies and councils did not exist in isolation from other powerful, even dominant, policy protagonists. They tended to be, at best (!), partial co-managers alongside professionals and managers of companies and institutions who were, in the normative division of labour, supposed to execute the decisions of the workers’ council, to deal with the day-to-day functioning of the companies as executive officers. However, evidence indicates that company management tended to guide most economic decision-making, while workers tended to be especially engaged with issues relating to welfare, employment and income allocation. Workers’ formal participation rights typically failed to translate into effective participation and control due to various disparities in material, social and cultural power between people in different class positions and with different class backgrounds. Workers’ frequent lack of “cultural capital” was one major factor limiting the development of their democratic consciousness, of their social aspirations and of their motivation to actively participate in decision-making, which was – regardless of the significant increase in the ability of workers to influence decision-making – conducive to the continuation of oligarchic and cliquish decision-making patterns in which the company directors and management boards remained dominant. This was in collaboration with various anti-democratic centres of social power/bureaucratic and technocratic interest groups in the community and in the wider society. Šušvar observed that “the self-managing organs have authority more formally than in reality, while the professional organs of management have authority more in reality than formally”. Šušvar’s observation was based on the fundamental insight that formal authority is not the same as real social power.

Various forms of civic participation were advanced as well. Citizens’ assemblies gave all adults (especially normatively but often also *de facto*) the right to direct democratic participation in decision-making over major municipal policies, while other directly elected representatives and delegates carried out various regular local council functions.

In the context of social innovation and ongoing democratisation, Yugoslavia continued its reconstruction, managing to achieve a remarkable level of growth and development, a transformation from a

poor, rural semi-colony into a (in relative terms) strongly independent and internationally influential, medium-developed industrialised country (although with acute regional and national inequalities and disparities, which were a major source of nationalist tensions). Major progress was made in terms of elevating the living standard of the masses, including in the fields of education, health care, workers' rights and social security. Social welfare, socialised (i.e. public rather than fully democratised) education, health care and housing were on a world-class level. In fact, Yugoslav workers appear to have enjoyed the highest level of workers' rights in the world (although, of course, not the highest material standard of living). It is important to note that Yugoslav economic development illustrates the possibility of achieving a very high level of efficiency and productivity in a post-capitalist system. Yugoslav social gains were to a large extent dependent on increased material prosperity. In the first few post-WWII decades, Yugoslavia swiftly and powerfully developed its productive forces⁹ and urbanised its population¹⁰. For a time in the 1960s, it had the highest level of GDP growth after Japan and Israel. Clearly, this is a very strong argument against claims that industrial democracy/workers' participation is inherently economically "inefficient". Estrin posited that the partial replacement of conflictual with cooperative forms of economic relationships may have been a contributory factor in the rapid increase in labour productivity in Yugoslavia in the 1950s and 1960s¹¹. In his renowned book *The Political Economy of Socialism*, Branko Horvat identified several comparative advantages of democratically-controlled social ownership, including the transcendence of antagonistic interests which impede the dealienation/humanisation of work and can lower efficiency. He also identified the compatibility of non-hierarchical, participatory democratic organisation of work with modern, highly-qualified and creative teamwork, in addition to highlighting the greater accountability of management in socialised enterprises¹² and the more balanced and equitable distribution of wealth. These factors increase the scope for the democratisation of the entire society. More recently, Elinor Ostrom received the Nobel Prize (for which Horvat himself was nominated in 1977 by the American Society of Economists) for her work showing that sustainable and communal self-managed cooperatives are a very efficient alternative to private and state ownership.

Notes

1. I dedicate this study to my father Ivan Jakopović, a socialist intellectual and a creative participant in the Yugoslav socialist revolution, who taught me so much. His insights regarding this topic were invaluable.
2. The movement for democratic self-government challenges the capitalist order both in terms of negating the overt class relationships of domination and submission and in terms of challenging the mystifying phenomena of alienation, reification and commodity fetishism, which impede the conscious democratic control over social processes: “The essence of commodity structure has often been pointed out. Its basis is that a relation between people takes on the character of a thing and thus acquires a ‘phantom objectivity’, an autonomy that seems so strictly rational and all-embracing as to conceal every trace of its fundamental nature: the relation between people” (Lukacs, 1923).
3. According to Yugoslav and international sources, over 36 per cent of industry was destroyed in the war, as well as 50 per cent of railways and over 800,000 buildings.
4. Moša Pijade (1949) wrote that the setting up of these committees of national liberation showed that “the Communist Party of Yugoslavia from the very beginning had a clear understanding that ensuring the final success of the popular struggle required the smashing of the old machinery of state power and its replacement with new organs of people’s power. No other communist party in occupied Europe had the strength to do this”.
5. Kardelj (1951) wrote: “The process of the withering away of the state, which is one of the key elements of socialist development, is not spontaneous. To leave this process to spontaneous development is to strengthen reactionary factors which are opposing this process. It would primarily strengthen the bureaucratic tendencies to subordinate the entire society to a centralised state apparatus, a bureaucratic caste in the last instance. (...) Experiences from the current period tell us that bureaucratism is the last and most resilient fortress of the remnants of the class system, and therefore also the most dangerous enemy of socialism”.
6. It is very important to bear in mind that workers’ self-management and democratic self-government were normative concepts which were never fully realised.
7. Only the very small private sector companies (private companies were not allowed by law to employ more than ten people) did not have to abide by these rules concerning workers’ self-management.
8. In small enterprises with less than thirty workers all of them were members of the workers’ council. In 1956 central workers’ councils were supplemented with workers’ councils on the plant and lower levels.
9. The share of agriculture in Yugoslavia’s GDP declined from 42.6 per cent in 1947 to 18.8 per cent in 1972, while the share of industry increased from 18.0 to 38.1 per cent in the same period.
10. “In three decades the pyramid of the social structure turned on its head: there were almost 80 per cent of peasants, while today almost 80 per cent of those belonging to the new generations are learning non-agricultural professions and trades with the perspective of becoming entirely urbanised” (Šušar, S. in Raičević, 1975).
11. In this context, it is interesting to note that Yugoslav workers producing electrical appliances were found to have had higher scores than their Japanese counterparts in relation to measurements of their sense of belonging to their enterprises.
12. Capitalist companies can operate on the brink of bankruptcy – and even go bankrupt – before the stock market starts registering this, without management being open and accountable even to its shareholders, let alone to the workers and to the wider society.