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Reviewed Work(s): The National Question in Yugoslavia: Origins, History, Politics by Ivo Banac; Conflict and Cohesion in Socialist Yugoslavia: Political Decision Making since 1966 by Steven L. Burg; Democratic Reform in Yugoslavia: The Changing Role of the Party by April Carter; Political Cohesion in a Fragile Mosaic: The Yugoslav Experience by Lenard Cohen and Paul Warwick; Self-Management: Economic Theory and Yugoslav Practice by Saul Estrin; Nationalism and Federalism in Yugoslavia, 1963-1983 by Pedro Ramet
Review by: Susan L. Woodward
Source: *World Politics*, Vol. 41, No. 2 (Jan., 1989), pp. 267-305
Published by: Cambridge University Press
Stable URL: https://www.jstor.org/stable/2010411
Accessed: 29-11-2018 05:28 UTC

REFORMING A SOCIALIST STATE: Ideology and Public Finance in Yugoslavia

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Ivo Banac, *The National Question in Yugoslavia: Origins, History, Politics*. Ithaca, NY, and London: Cornell University Press, 1984, 452 pp.
Steven L. Burg, *Conflict and Cohesion in Socialist Yugoslavia: Political Decision Making since 1966*. Princeton: Princeton University Press, 1983, 377 pp.
April Carter, *Democratic Reform in Yugoslavia: The Changing Role of the Party*. Princeton: Princeton University Press, 1982, 285 pp.
Lenard Cohen and Paul Warwick, *Political Cohesion in a Fragile Mosaic: The Yugoslav Experience*. Boulder, CO: Westview Press, 1983, 213 pp.
Saul Estrin, *Self-management: Economic Theory and Yugoslav Practice*. Cambridge: Cambridge University Press, 1983, 276 pp.
Pedro Ramet, *Nationalism and Federalism in Yugoslavia, 1963-1983*. Bloomington: Indiana University Press, 1984, 317 pp.

Introduction

STUDIES of the state and its institutions remain confined within one of two analytical paradigms—the Marxian or the Weberian. Either one chooses a class analysis of political power and asks whether the state can act autonomously from capital, or one looks at administrative structures and legal definitions of jurisdiction and status and asks whether the state can be effective in implementing its policies in (or against) society. The current revival of interest in the state is in fact only a manifestation of dissatisfaction with the Marxian paradigm. Despite the irony of its neo-Weberian critique in an age where liberalization, privatization, and the dismantling of the state in general are in vogue, there have been few forays into alternatives. The one exception—the return to a Hegelian paradigm (the creation of a civil society around market relations and independent of the administrative state)—is not an alternative, but a disguised compromise that pulls toward the pluralists' agnosticism.

The two paradigms could remain separate and in opposition in large part for historical reasons. Marx analyzed the evolution of states that were under attack from the holders of mobile assets—"capital," elaborating the physiocratic critique. Weber analyzed states built for the military defense of landed assets and for binding the labor necessary to work and defend them. Class and status generalize different kinds of capital-labor

relations and state-international boundaries, and therefore call for different institutional arrangements. This contrast is perhaps most clearly seen in their different notions of ideology. As long as the liberal project in the West proceeded and the statist project remained dominant in the East—the divide that Perry Anderson and Robert Brenner have done so much to document—this separation had some empirical justification.[1] It has been prolonged by the locus of recent studies of the state—in the 19th and early 20th centuries or in the equivalent state-building projects in industrializing ("developing") countries.[2] Nonetheless, the separation was always more analytically useful than empirically "true," as the debate over the characteristics of East Central European states,[3] or the difficulty of analyzing historical mixtures such as the French state, make clear.[4]

The need for some revision in our approach—rather than the periodic swings between Marx and Weber and their respective virtues and blindspots—is manifest when we look at the actual development of contemporary states: the administrative character of liberal states, the mixed economies and state forms in most of the world, and the further internationalization of strategic conflict as well as of markets.

One particularly inviting opportunity for such a revision lies with the economic and political reform processes in contemporary "state socialist" countries. There, rulers began with the institutions of Weberian states, but they transformed the content of those institutions in two ways: by placing in state offices a new political class representing labor and by assuming control over domestic capital as Marx defined it. The historical process by which economic and political power were being institutionally

[1] Perry Anderson, *Lineages of the Absolutist State* (London: Verso, 1979); Robert Brenner, "Agrarian Class Structure and Economic Development in Pre-Industrial Europe," *Past and Present* (No. 70, 1976), 30-75.

[2] This is true of the most representative of neoinstitutionalist works, Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), and of two primary practitioners—Theda Skocpol in her work on the New Deal and in *States and Social Revolutions: A Comparative Analysis of France, Russia and China* (Cambridge: Cambridge University Press, 1979), and Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities 1877-1920* (Cambridge: Cambridge University Press, 1982).

[3] See T. H. Aston and C.H.E. Philpin, *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe* (Cambridge: Cambridge University Press, 1987); Andrew Janos, *The Politics of Backwardness in Hungary, 1825-1945* (Princeton: Princeton University Press, 1982); and the work of historians in Eastern Europe, especially the Hungarian Peter Hanak.

[4] Much of what Marx wrote about the "state" was after all developed in response to the French "mix," particularly in the 1840s-50s writings, *Class Struggles in France, 1848-50* and *The 18th Brumaire of Louis Bonaparte*; the alternation between regimes and the central-regional conflicts, particularly in the political economic alliances they represented, in 19th- and early 20th-century France have characteristics strikingly similar to contemporary Yugoslavia.

distinguished (including private property rights and the political institutions of civil society such as class-based associations, electoral competition, and separation of powers) was reversed. The actual outcome has been mixed societies that are characterized by a mass of overlapping, shared, nonexclusive property rights and state privileges; by unending group struggles to gain institutionalized power or protection for their particular assets; and by institutions that combine military, trading, and welfare states.

Most analyses of these states are in the Weberian paradigm, but its inadequacies within such a reality are apparent. Thus, some studies incorporate the language of class alongside Weberian categories of status and hierarchy;[5] others argue that the two are conflicting tendencies within individual societies.[6] There is also the unresolved paradox of continuity and change. State structures and their ideology are represented as constant and even resistant to change; states alter only their relations with their environment—as in the concept of the social contract, where the state remains the same but it shifts clientele or redraws the boundary between state and civil society.[7] However, many of these studies actually describe frequent administrative reform, alteration of state rules, offices, and economic organization, and significant political competition. Other authors simply abandon the state and resort to pluralist models of its politics, but their findings are not then incorporated into models of the state itself.[8]

[5] The best of these is the work by Ivan Szelenyi; see, for example, "The Intelligentsia in the Class Structure of State-Socialist Societies," in Michael Burawoy and Theda Skocpol, eds., *Marxist Inquiries: Studies of Labor, Class, and States* (Chicago: University of Chicago Press, 1982), 287-326.

[6] Zygmunt Bauman, "Officialdom and Class: Bases of Inequality in Socialist Society," in Frank Parkin, ed., *The Social Analysis of Class Structure* (London: Tavistock, 1974), 129-48.

[7] The continuity of the Soviet state with Russian autocracy, of Bolshevism with the Christian church or with prerevolutionary absolutism, and the concept of Leninist regimes as an ideology of organization that is constant are examples; see Zbigniew Brzezinski, "The Patterns of Autocracy," in Cyril E. Black, ed., *The Transformation of Russian Society: Aspects of Social Change since 1861* (Cambridge: Harvard University Press, 1960), 93-110; Stephen F. Cohen, "Bolshevism and Stalinism," in Robert C. Tucker, ed., *Stalinism: Essays in Historical Interpretation* (New York: Norton, 1977), 3-19; and the work of Kenneth Jowitt, esp. "An Organizational Approach to the Study of Political Culture in Marxist-Leninist Systems," *American Political Science Review* 68 (September 1974), 1171-91, *The Leninist Response to National Dependency* (Berkeley: Institute for International Affairs, University of California, 1978), and "Inclusion and Mobilization in European Leninist Regimes," *World Politics* 28 (October 1975), 69-96. On the social contract argument, see Alex Pravda, "East-West Interdependence and the Social Compact in Eastern Europe," in Morris Bornstein et al., eds., *East-West Relations and the Future of Eastern Europe* (Boston: George Allen & Unwin, 1981), 162-187; Timothy Colton, *The Dilemma of Reform in the Soviet Union*, 2d ed. (New York: Council on Foreign Relations, 1986); and Peter Hauslohner, "Gorbachev's Social Contract," *Soviet Economy* 3 (No. 1, 1987), 54-89.

[8] This approach begins with H. Gordon Skilling, "Interest Groups and Communist Politics," *World Politics* 18 (April 1966), 435-51, and has been furthered most by Jerry Hough. Two fine recent contributions are Nina Halpern, "Policy Communities, Garbage Cans, and

Reform complicates the study of socialist states with existing paradigms even more. They are moving from Weberian to liberal states, not through the force of bourgeois revolution, but with the guidance of party leaders with a Marxian project in mind. Moreover, they are themselves attempting to create civil societies independent of the administration. A reality so similar to, and yet so different from, the historical processes that define current paradigms of the state calls for an alternative approach.

Because such an inquiry is also a historical process, an evolution with many ebbs and flows, actual cases of reform are probably the best place to start. There is hardly a more suitable vehicle to study this process and the character of the resulting state than the case of Yugoslavia. Its economic and political reform of the state that Weber analyzed has been going on longer and more consistently than any other, including the rival reforms of the Soviet Union and Hungary. Yet, ironically, it is the consistency in Yugoslavia of a Leninist approach to the state that has led scholars to exclude it from the Leninist circle.[9] Because the Marxian project in the East took over from the earlier nationalist onslaught on the state, the continuity of institutional struggles and their ideologies that is so much a part of the literature on the Soviet Union (but, for obvious historical reasons, not on Hungary) is also pronounced in the case of Yugoslavia.

The reform of the Yugoslav state is the focus of the works under review. Their differences in explaining related (and even identical) changes illustrate the difficulties of the Weberian and pluralist paradigms—some combination of which all of them apply—in studying this state and its characteristic politics. Because they also provide richly descriptive and informative detail on reform politics, their disagreements can be used to carve away these difficulties and to get closer to what state institutions in these countries are all about. Three issues will receive attention in this review.

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the Chinese Economic Policy Process," unpub., presented at the annual meeting of the American Political Science Association, Chicago, August 1987, and Susan Gross Solomon, ed., *Pluralism in the Soviet Union* (New York: St. Martin's Press, 1983). A useful attempt to deal directly with this problem is Prasenjit Duara's concept of state involution, a "variation of the state-making process wherein the formal structures of the state grow simultaneously with informal structures"; see his "State Involution: A Study of Local Finances in North China, 1911-1935," *Comparative Studies in Society and History* 29 (January 1987), 132-61.

[9] This is the implication of Comisso's "State Structures and Political Processes outside the CMEA: A Comparison," in Ellen Comisso and Laura D'Andrea Tyson, eds., *Power, Purpose, and Collective Choice: Economic Strategy in Socialist States* (Ithaca, NY: Cornell University Press, 1986), 400-21. The debate between A. Ross Johnson and William Zimmerman originates in different views of the state itself, which can be seen in their discussion of Yugoslav international alliances; for Johnson, the state boundary is military and foreign policy; for Zimmerman, it is foreign trade. See Johnson, "Is Yugoslavia Leninist?" and Zimmerman, "Rejoinder," in *Studies in Comparative Communism* 10 (Winter 1977), 403-11. The Soviet reforms under Gorbachev make this Leninism of Yugoslav reform clearer.

The first is the need to distinguish legitimizing ideologies from state institutions—ideology in both the Marxian sense of class hegemony and the Weberian sense of relations between rulers and their administrators, because both senses are present. Such a distinction helps to identify the elements of persistence and the role of ideologies in specific situations. The second is the need to take seriously the content of institutions—the social relations they formalize and the purposes they serve. Moreover, if the focus shifts from rhetoric about decentralization, autonomy, and democracy to the distribution of specific rights and privileges to employment and capital (whether status and taxation or property and profit) and the regulation of national-international and public-private boundaries, we can bring these states back into the world of other states. The third is the need to specify more directly the connection between pluralist pressures for institutional change and the specific content of proposals. Here, the Weberian perspective is not always used to its advantage. The following discussion will illustrate these issues from studies on the middle period of Yugoslav reforms.

Reforming the Yugoslav State

Between 1963 and 1974, the Yugoslav party leadership instigated major changes in the organizational structure and procedures for political recruitment and decision making of both ruling party and government. Although their proposals led to intense debate, the changes were codified in a new constitution in 1963, a new party statue in 1964, 42 constitutional amendments between 1967 and 1971, another constitution in 1974, and a host of enabling legislation on judicial reform, press freedom, economic management, the electoral system, and parliamentary and executive reorganization.

The authors of the studies under review differ on how to treat these changes—whether as a systematic reform or a series of ad hoc measures; whether it should be called democratization, decentralization, or federalization; whether the aim was to "separate the party from power" (Carter, 96ff.) or to reduce the power of central party organs over lower ones in the republics, provinces, and communes; they also differ on the dates of turning points. They agree, however, on the result: greater autonomy for political and social actors from the central dictate of executive party organs. The new rules served to separate policy-making authorities from operational administration; to reduce political coercion in enforcing obligations (for example, use of the security police or central party control over cadre and official appointments); to increase the activity of legisla-

tures; to elect members of parliaments, government functionaries, and economic managers; to end the party's monopoly over economy and state with extensive pluralization; to encourage open debate and dissent within party and society; and to increase the autonomy of the republics in formulating their own and federal policy.

In *Democratic Reform in Yugoslavia*, April Carter argues that these changes began with concern over economic growth in the early 1960s and the adoption of a liberal program to improve efficiency. The program would increase the use of markets and the independence of enterprises and managers from governmental regulations and party controls so they could respond to price signals and market demand. Because this program led directly to a debate on the role the party should play in society and to calls for inner party democracy, Carter sees an unusual opportunity to test the "real possibilities and limits of democratic reform within a Communist party-state" (p. 1). Unlike the "arbitrary external check" in Eastern Europe, Yugoslavia's "independence from Moscow" left it free to pursue the path of democratization. The fate of the Czechoslovak reform movement implicitly haunts Carter's story; had she written a few years later, she might have chosen Gorbachev's reforms of 1987-1988 for an even more consequential test.

The answer, in Carter's view, depends on the outcome of factional conflict within the party over the political implications of reform institutions.[10] The reform faction originated in an alliance of liberals (managers and trade union leaders from profitable firms, local and republican party and government officials in the more developed republics) and of radical democrats (intellectuals and some rank-and-file unionists and students), who together opposed the power and privilege of the old-guard, partisan generation (especially veterans, security police, and local party bosses). In order to promote the younger generation and introduce professional standards for the selection and disciplining of officials, they proposed to decentralize the selection of cadres and to hold them accountable to electorates and legislatures from below rather than to those who appointed them from above; to cut the size of bureaucracies; and to forbid the accumulation of functions by party officials. The liberals then focused on the market reform, but the radicals pushed for participatory democracy and workers' control, reviving parts of the decentralizing program after the 1948 break with Stalin, which had been stopped by conservatives in 1953-1954 when they threatened the party's dominance.

[10] See Dorothy Solinger's triadic model in *Chinese Business under Socialism: The Politics of Domestic Commerce 1949-1980* (Berkeley and Los Angeles: University of California Press, 1985) for an account that more closely captures Yugoslav coalitions than the normal factional model of socialist state politics.

The alliance collapsed under the strain of democratization: elections gave a "political underground" of party conservatives the means to regain some influence; workers mounted strikes and students demonstrated; and the radicals attacked the negative consequences of economic liberalization, such as income inequalities and unemployment. While the radicals intensified the struggle for legal guarantees to civil liberties, the liberals began a retreat on political reform. They replaced multicandidacy elections with rotation among positions, parliamentary debate with consultative committees behind closed doors, and the new diversity in party statutes, membership fees, and official salaries with reimposed central guidelines. They also reduced the scope of the freedoms of speech and assembly, and of the press and the judiciary, that had been granted. But the reform actually ended, Carter argues, when the liberals permitted the rise of competitive nationalisms that converted "claims to interest group autonomy and free speech into a direct political threat to the party's control" (p. 100). Persuaded that the radicals' program would lead to a multiparty system and that they themselves would not be able to control nationalist aspirations, the liberals allied with conservatives to recentralize the party and restore its orthodox role. Carter concludes, therefore, that all communist parties are unable to abandon Lenin's vanguard principle and to democratize.

Steven Burg, Pedro Ramet, and Lenard Cohen and Paul Warwick, in contrast, argue that the purpose of the institutional changes was to strengthen the party's rule against the threat that national conflicts pose to its legitimacy and to domestic political stability. The party claimed authority in 1943-1945 by promising national equality, institutionalized by a federal system; but this was a "temporary . . . symbolic gesture" based on the Marxist assumption that economic development would supplant national identities and ideologies with new social bonds (Cohen and Warwick, p. 141); Ramet even argues that "prior to 1963 Yugoslavia was a centralized state with a federal veneer" (p. 89). Because economic inequalities among the nations persisted, however, conflicts among the leaders of the republics intensified in the early 1960s; by 1966 they had forced an accounting on the real character of the state. In Burg's view, the state was a continuation of Serb hegemony no different from the interwar Kingdom: an ideology of Yugoslavism (that south Slavs are one people) imposed against national aspirations for autonomy; the "suppression of inter-nationality conflict" (p. 82) by the coercive apparatus of police, army, and central party control and cadre commissions (all headed by Serbs); and a highly centralized state and hegemonic party.

The difficulty, according to Burg, is that "nationality and the relative levels of development of the national territories," the "two dominant

cleavages" in Yugoslav society "since before the creation of the Yugoslav state," overlap (p. 8). The federal system institutionalizes both of these cleavages; leaders' disputes over issues of economic allocation and governmental redistribution become national quarrels and translate readily into jurisdictional conflicts. Leaders of the republics divide into two camps, liberals and conservatives: in the more developed northwest, they prefer a liberal economic program and "national rights" (regional power); in the less developed southeast, leaders favor federal redistribution.[11] The victory of the liberals in 1966 created new problems, however; the accompanying political reforms reduced the repression of nationality conflicts and liberated national sentiments and popular energies, while decentralization exposed republic leaders and federal functionaries to new constituencies—their local or regional electorates. The pressures from below had the consequence of increasing disagreements among leaders as well as mass expressions of national antagonisms.

In order to protect the reforms, party leaders—the liberal majority—began a course that continues to this day: to adjust decision-making rules and central organs when major conflicts arise as one might adjust prices to balance markets. Their aim was to obtain consensus among regional party and government leaders, to reduce the immobilism of too much pluralism, and to create an effective equilibrium between the need for central authority and the imperative of regional autonomies. Because the economic reform created a system that worsened developmental disparities, however, and the highly inefficient decision-making process of bargaining and consensus building lowers economic performance, the ability to achieve consensus and maintain stability was strained anew with each new set of rules. Nonetheless, Burg concludes that when the leaders chose, during the 1970s, to counterbalance local control and growing social disorder with institutions to strengthen central authority, they did restore order and legitimacy.

The pluralization that Carter calls democratization is seen by Burg, Ramet, and Cohen and Warwick as a process of federalization, of devolution of power from the center to the republics, and of ending Serbian domination. Its effect was a fundamental transformation in the role of the party and the organization of the government. In Burg's view, the state moved from central dominance to multiple centers of regional power, and from unity by coercion to consensus through bargaining over deci-

[11] This classification rises and falls on the placement of Serbia, which many erroneously assume to be less developed. A conservative is loosely conceived in all these works on the 1960s as a supporter of the status quo ante 1966 (as these authors portray it); the term could be more carefully defined.

sion-making rules and economic differences. Ramet perceives a new "cooperative federalism"; Cohen and Warwick focus on the ideological shift from a Yugoslavist policy of amalgamation to institutions that would permit national pluralism while accommodating and "harmonizing" their differences.

Behind these contrasting interpretations of the Yugoslav reforms lie different theoretical preconceptions. Carter and Estrin see a relation between desired economic outcomes and the institutions that structure economic behavior; they imply that markets require autonomous decision making by producers and will work less well the more competition is inhibited by state regulation or monopolistic behavior.[12] Carter assumes further that markets require political pluralism and democratization because the two reforms occur together; still, her inquiry is not concerned with the compatibility of markets and communist party rule, but with the political reasons for the failure (in her view) of reform. Because Burg, Ramet, and Cohen and Warwick are concerned instead with the possibilities for political stability in multinational communities, their analysis of the reforms starts with the assumption that political stability depends on consensus. In their view, a society segmented by national antagonisms requires special institutions to resolve conflicts and create mutual agreement.

Burg takes the model of consociationalism that Lijphart ascribes to the Netherlands.[13] Equating the Yugoslav republics and provinces with Dutch "political-cultural blocs," or *zuilen*, he argues that the Communist Party has maintained its power and social stability by confining conflicts to bloc leaders and altering decision rules and forums to maintain elite concert. The Yugoslav leadership did not respond to increasing squabbles as that model predicts, however, but by devolving power to each republic and away from authoritarian central control. Burg therefore shifts his explanation to the party's substantive promise of national equality and its search for renewed legitimacy.

[12] This is the standard argument of economic reformers in socialist systems, best known through the work of Janos Kornai; see, e.g., his *Contradictions and Dilemmas: Studies on the Socialist Economy and Society* (Budapest: Corvina, 1983). The literature tends to speak in metaphors and ideologies of market economies rather than to elaborate the how and why of the institutional change that is considered necessary for their operation. Nor are the economic and political aspects of their demands for greater autonomy as separate as some authors imply. Situated between this argument and Carter's is Ellen Comisso's thesis of market (autonomy) vs. plan (center) dialectic, which she posits for Yugoslav self-management in *Workers' Control under Plan and Market* (New Haven and London: Yale University Press, 1979).

[13] Arend Lijphart, *The Politics of Accommodation: Pluralism and Democracy in the Netherlands*, 2d ed., rev. (Berkeley and Los Angeles: University of California Press, 1975), and *Democracy in Plural Societies: A Comparative Exploration* (New Haven: Yale University Press, 1977).

Ramet prefers the analogy of the inter-state alliances of 19th-century Europe as they have been formalized in the systems theory of Morton Kaplan.[14] In this view, the republics are corporate actors pursuing self-interested coalition strategies to increase their power capabilities within the federal system. He agrees with Burg that the goal is elite concert, but differs on the substantive motivations of leaders, and therefore on the institutions that necessarily follow. For each republic, the pursuit of power depends on preventing the emergence of any one republic as a dominant actor; the central party and government alter the institutions that regulate their interactions in order to create and maintain a balance of regional power.

For Cohen and Warwick, political stability lies in societal consensus. In the mode of Charles Tilly's thesis about state building in the West, they assume that success goes to rulers who design political institutions that undercut the political salience of ethnic loyalties within the population and meld substate cultural communities into "one people."[15] By treating changes in rules of representation between 1920 and 1980—gerrymandered administrative and electoral districts, repression and authoritarian exclusion of certain political parties, power sharing or group domination of central policy institutions, and so forth—as different regime strategies for incorporation, these authors attempt to measure, with data on electoral behavior, the political cohesion achieved by different institutions.

Despite their theoretical arguments, however, it is not clear whether any of them believe that state institutions—including the ones they trace—actually influence conflict regulation. In all five studies, the primary regulator is the highly personalized method of leadership purge. Purges also set the moment of institutional reform. For all, it was the forced resignation of Alexander Ranković in July 1966 (on charges brought by the military counterintelligence service of spying on President Tito) that fundamentally changed the Yugoslav state. A member of the wartime leadership, Ranković was a Serb whose control of the levers of central party power—the internal security police, the cadre commission, and the veterans' association—maintained, in their view, conservative

[14] Kaplan, *System and Process in International Politics* (New York: John Wiley & Sons, 1957). Another of Ramet's arguments is that central planning cannot exist without agreement, and that, because the leadership could not obtain agreement among the republics, it had to decentralize; this does not fit the fact that the move away from central planning occurred in 1950-1952.

[15] Charles Tilly, ed., *The Formation of National States in Western Europe* (Princeton: Princeton University Press, 1975), 3-83. Cohen and Warwick could of course be applying unitarist Yugoslavism (*narodno jedinstvo*) instead; see Banac, throughout.

and Serbian rule. His removal made it possible to proceed with the organizational reform of the party that was approved in 1964 (Carter), the economic reform announced in 1965 (Estrin), and the federalizing constitutional reforms of 1967-1971 (Burg, Ramet) by making possible a purge of the security police and by depriving those who were obstructing implementation of the reforms of their patron. Other significant changes in the state begin with President Tito's personal decision to shift support among leaders—his choice of the liberals on economic reform in 1962, his purge of liberal leaders from Croatia and Serbia in 1972—and with his death in early 1980.[16] Steven Burg, the author who focuses most directly on organizational rules and offices, even argues that the new central institutions that were created to revitalize party authority in the 1970s were in fact aimed at resolving the succession problem—to institutionalize Tito's charismatic authority, which Burg considers the only effective solution until then to the national question and to political stability.

If the institutions do have some substance and if their reform (as well as the current Soviet or ongoing Hungarian and Polish reforms) affects the character and operation of the state itself, then the use of interpretive models from Western European history is a strange route to take. The fact that the evolution of the state over the last two centuries has been significantly different there from that in Central and Eastern Europe would seem to discount their substance in advance. For the relation between economic liberalization and democratization, one might more fruitfully turn to Asia and Latin America. As for the national question, if any borrowing from other experience is appropriate to this quintessentially East European question, then other postimperial states would provide better parallels than Western Europe. These two arguments—about democratization and the national question—can be used, however, to examine the methodological obstacles to understanding institutional change in the Yugoslav state.

Institutional Ideologies and the National Question

The first obstacle is the identification of institutions with the ideologies that authorize their occupants' exercise of power and then create entire

[16] This tendency to periodize politics in communist party-states according to their leaders' tenure is the norm; Valerie Bunce takes it to the level of axiom in *Do New Leaders Make a Difference?* (Princeton: Princeton University Press, 1981); Cohen and Warwick also periodize the interwar period by administrations. The case of purges is particularly debatable; they may reflect leaders' calculations that dissident colleagues could call on a sizable popular following should they choose to continue opposition to the policy taken. This would make purges significant political events, if not causes of change; but the argument needs to be made.

cultures that inform peoples' understanding of social reality. It can be illustrated particularly well with the second argument—namely, that the political reforms addressed the national question and especially the Serb-Croat conflict. Ivo Banac's study of the origins of the national question in Yugoslavia provides the substantive content necessary to return to Yugoslav experience and to identify the national differences that are being "accommodated" by current political reform. It is also an excellent starting point for those who want to study actual cultures of rule in contemporary Yugoslavia.

For the authors under review, nations are essentially bundles of sentiments—"primordial" divisions of "language, religion, culture, territory, and nationality" (Burg, 8); they predispose people to mutual conflict and are so slow to change that political institutions must do the changing if the power of personal dislike and suspicion are not to destroy the state (and the party). According to Banac, however, these cultural differences actually concern state institutions. National conflict is "the conflict between the protagonists of several antagonistic national ideologies, which expressed themselves in the struggle over the organization of the new state" (Banac, 214).[17] The legitimacy of national institutions depends on their historical authenticity, moreover, because each nation has its own institutional lineage. Institutions cannot be alternately served up, withdrawn, or otherwise changed in order to resolve conflicts among nations with different political lineages.

Banac argues that nations begin as states. They continue in periods without a state as a communal consciousness of their previous sovereignty, a political memory of their right to self-governance and of the institutions that represented that right. Whatever else they may share, such as a language to communicate this memory, nations are defined by these core political institutions which also keep the memory alive. Together, the two become a national ideology. In the movements of national revival during the 19th century, intellectuals, politicians, and national authorities claimed a right to political power and defined the community they professed to represent on the basis of these ideologies. Banac thus doubts the possibility of successful multinational states; he argues the inevitability of

[17] Further,

> Whereas the proponents of unitarism sought to obliterate all historically derived differences between the Serbs, Croats, and Slovenes by means of a strictly centralized state, the majority of Serbian political parties used centralism to further Serbian predominance. This meant that the partisans of a unitarist and a Great Serbian version of Yugoslavia were counterposed to the representatives of the non-Serb national movements, who either demanded a federated (or confederated) state structure or sought guarantees for their national aspirations outside the framework of Yugoslavia (Banac, 214-15).

failure, as in the case of the first Yugoslavia, if the institutions chosen for such a state are centralized and the idea of political community is unitarist. The Yugoslav Kingdom remained illegitimate in the eyes of members of nations that, in 1919-1921, sought a federal constitution based on pluralism to guarantee their right to their national institutions. Banac implies that, if the Serb national ideology had not been assimilationist and its institutions expansionist, but liberal and integrationist like those of the Croats and the Slovenes, there would have been no national conflict. Because Serb institutions prevailed, that nation gained hegemony, but all subsequent contests were interpreted as national conflicts.

The Serb institutions originated with the autocephalus Orthodox church that memorialized the medieval Serb state and its tsar—a combination of civil, religious, and military leader. Because Ottoman rule granted it both civil and religious authority and reinforced the co-sovereignty of nation and supranational church with the dyarchy of patriarch and sultan, the Serb vernacular was fairly late in separating from Church Slavonic as a literary, national tongue. The equation of nation and church and the assimilationist criterion of religious conversion for nationality kept the ideology unified. Its elements were reinforced by the Serb fight for national affirmation in the 19th century—armed revolts against Ottoman rule, followed by a policy of territorial aggrandizement and statecraft that justified as a "national mission" the unification with Serbia of all lands where Serbs had settled, and the living institutions of army and monarch and their "Jacobinism."

In sharp contrast, the parliament (*Sabor*) and governor (*Ban*) of the medieval Croat state were retained without interruption under the Habsburgs, with whom its landholding nobility had negotiated internal self-governance. The Croat army, however, became a unit of the Habsburg forces, and so fought imperial encroachments upon national institutions with legitimist treatises on ancient prerogatives. The struggle against the church hierarchy for use of the vernacular in liturgy and literature came early in the modern era, creating a tension between nation and church that was similar to that of the Muslims of Bosnia, another national unit of a universalist religion. The empire divided Croat lands administratively, however; as a result, the parties of national affirmation in the 19th century had to standardize three different Croat dialects and literary traditions before they could reunify the "heteropolar Croat lands" (Banac, 75).

When parties emerged within these divisions, each with a separate strategy for territorial defense, a second ideological tension arose. In civil Croatia and Slavonia, liberals (Banac's term for the Illyrians and Yugo-

slavists) revived the idea of Slavic reciprocity (or integration through linguistic unity and ethnic continuity) and sent cultural missions to other Slavs in the empire. Operating primarily in the area of the former military border, the Party of (state) Right argued for political independence from the Habsburgs through armed revolt. In Dalmatia, the National Council combined liberalism (integrationism) and states' rights.

The conflict between Serbs and Croats, according to Banac, is thus not one of culture, in the sense implied by treatises on the Habsburg/Ottoman schizophrenia of the Yugoslav mentality or on the orientation of Croats to Catholic Europe and of Serbs to the Orthodox East, but of ideologies of territorial rule. While Banac castigates Serb ideology, he also locates the source of the conflict in the region's history of migrations. As civilizations were not "territorially constituted" (p. 69), and the relation between peoples and territory was never congruent, the fact that these ideologies claimed territory and human loyalties on grounds that are mutually incompatible meant that there could be no inclusive solution. Rivalry was inevitable. The confusion was compounded in 1917, when Serb and Croat parties unified on the basis of Yugoslavism. This ideology of the Croat integralists did not mean the same to both nations, either in their definition of a political community or in the institutions appropriate for a multinational state. It became a tragedy in the central ridge of migration (large parts of Bosnia, Slavonia, Vojvodina, and the former military border where Serbs had fled Ottoman rule into Croat lands) when the electoral contests of nationally defined political parties metamorphosed into genocidal massacres between competing armies and faiths in the civil war of 1941-1944.[18]

The national ideologies of Banac's study echo in the portrayals of postwar politics of the other works. Both Burg and Ramet characterize the second Yugoslav state from 1945 until 1966 as one of "Serb hegemony" because, in their assessment, the state was highly centralized; the coercive apparatus of police, army, and the central party control and cadre commissions "suppressed" cultural expression and the national question; individual Serbs headed the state apparatus; and the regime fostered an ideology of Yugoslavism. They explain the federalization, liberalization, shift to parliamentary activism, and purge of the coercive state apparatus

[18] In the elections just prior to the declaration of the dictatorship in 1929, Cohen and Warwick (p. 35) find a ridge of increasing entropy (measure of average social uncertainty for event-sets, in this case choice of party and turnout in parliamentary elections), or fragmentation into political subsystems, running through the region of mixed population and administrative systems of the former imperial borderlands that parallels Coleman's findings for North-South division in the United States in 1860. See Stephen Coleman, *Measurement and Analysis of Political Systems: A Science of Social Behavior* (New York: Wiley-Interscience, 1975).

in the 1960s as the success of an anti-Serb coalition forged to diminish Serb dominance and restore the legitimacy of state institutions. Cohen and Warwick measure political identity solely by ethnicity and incorporation—in terms of support for or against the king and a nonfederal constitution in the interwar period, and of turnout and ballot invalidation in the communist period.[19] In April Carter's portrayal of party factions, Croats are often synonymous with liberals and a preference for parliamentary institutions; she equates Serbs with conservatives and a penchant for executive, coercive institutions. It is therefore no wonder that she finds that nationalist antagonisms overwhelmed the conflict between liberals and conservatives, and that the radicals dropped out of the picture. Moreover, all the authors juxtapose unitarist, centralist, and assimilationist ideologies and institutions to pluralist, autonomist demands. Their analyses of institutional change suggest the persistence and power of ideology as much as the content of the institutions or the reason for their change.[20]

The arguments themselves and their factual basis provide reasons to question this relation, however. For example, if the conflict between Serbs and Croats concerns state institutions and claims to territorial self-governance, why did the same antagonism not split the states'-rights and integralist Croats? On what basis are we to understand the enduring conflicts between Habsburg Serbs and the rulers of independent Serbia (including disputes over language and secularization), or between Vojvodina and Serbia proper, if the Serb national ideology contains no internal tensions? If the cause of the national question after 1919-1921 lies in the rejection of a federal constitution, why did its adoption in 1943-1945 not

[19] That is not to deny the extraordinary methodological problems of such analysis (which Cohen and Warwick elaborate), or their persuasive argument that electoral data are an underutilized source of information about Yugoslav politics; it is only to raise questions about the inferences they draw because of their assumptions about the data themselves and their choice of a contentless measure to make intertemporal comparisons. (Their hypothesis is that entropy measures for different regions will become more continuous and "harmonious" over time if the political system is becoming more stable and internally cohesive.)

[20] Because data are often gathered for political purposes, empirical analysis is not always a sure way around ideologies unless the content of those ideologies is taken into account; that is one of the many values of Banac's study. For example, the census of 1921 on which Cohen and Warwick rely for ethnic composition "reveals a good deal about the official ideology, [but] is not particularly helpful as a statistical guide to the size of each national community" (Banac, 49ff.). Banac's discussion of the elections of the 1920s also casts doubt on a major assumption of their analysis: that, because the elections were held under a "liberal democratic regime" and were thus "free," they "provide the most accurate measurement of the natural propensities of the political system" (Cohen and Warwick, 5). Banac, too, can succumb, however; see his use of data on taxation from the political pamphlet by Rudolf Bičanić for the Croatian Peasant Party, which initiated a famous debate on national discrimination in economic policy under the Kingdom in 1938-40; see *Ekonomska Podloga Hrvatskog Pitanja* [The economic basis of the Croatian question] (Zagreb: Vladko Maček, 1938).

remove the issue from the historical agenda? If the failure of a legitimate constitution was the cause of the state's weakness and vulnerability to foreign interference during the Kingdom, what explains that weakness and vulnerability under the communists?

If the army, the secret police, and the central party were Serb institutions, and Ranković's departure was essential to removing Serb dominance, why was the damning evidence against him (the veracity of which is highly doubtful) provided by a party unit within the army?[21] The top political leaders and state builders—Croats Tito and Bakarić, Slovenes Kardelj and Kidrič, Montenegrins Djilas and Vukmanović, and the many Croats who staffed the federal government until the decentralization to the republics in 1950-1952 might be surprised to learn that the state was dominated by Serbs during its first two decades. If the monarchic and military institutions were personified by anyone, it was Tito, a Croat. The Kingdom had discriminated against former Habsburg officers (primarily Croats), treating them more as erstwhile enemies than as new compatriots, but the campaign to monopolize the domestic use of coercion after 1945 was perhaps bloodiest in Serbia. (Both states, however, had unfortunate and prolonged difficulty disarming the untrusting population of Kosovo). In 1948-1949, the purge of alleged Cominform sympathizers removed Serbs and Montenegrins from the party and officialdom to a disproportionate extent.[22] The cultural program of Yugoslavism vacillated: it was revived with reform in 1958, withdrawn with it in 1964. Since economic particularism by the national leaderships (as it was called in the early years) and federal-republic conflicts plagued the state from its very beginning, it is not clear what is meant by the "suppression of national conflicts."

The military origin of these national states and of competitive elections also persists in the authors' binary, adversarial analyses of postwar political struggles. Burg tends to condense political cleavages to a duel between a group of more developed and less developed republics and provinces, or between center and region. Cohen and Warwick, hampered by

[21] Burg cites the report of the party commission set up to investigate Ranković's crimes (i.e., to legitimize the purge). There is substantial circumstantial evidence to be skeptical toward its claims, however, including the striking parallels with the party commissions to investigate leaders purged earlier (e.g., Hebrang and Žujović in 1948), and later statements from political leaders, including Djilas, in *Tito: The Story from Inside* (New York: Harcourt Brace Jovanovich, 1980), and *Rise and Fall* (New York: Harcourt Brace Jovanovich, 1985). Burg's extensive use of party documents is a great strength; but, because these documents are also political acts, they need interpretation.

[22] See Ivo Banac, "Yugoslav Cominformist Organizations and Insurgent Activity: 1948-1954," in Wayne S. Vucinich, ed., *At the Brink of War and Peace: The Tito-Stalin Split in a Historic Perspective* (New York: Brooklyn College Press, 1982), 239-52; see also Banac's forthcoming monograph on the Cominformists.

the limits of their electoral data, rest with oppositional categories, as do Carter's factional fights. Analytically, Ramet has an alternative in the shifting coalitions among eight self-interested units; but he, too, collapses these into a binary line-up on issues without identifying why each republic or province took a particular position, what it was, how it is best explained by his argument on motivations, and whether actual policies might be complex compromises among positions on several issues.

The disjuncture between ideology and institutions during the period of anti-imperial struggle for national self-determination (when the state-building rivals of 1917-1921 were organized) allows us to identify an additional difficulty—that of keeping levels of analysis separate. Because national ideologies are concerned with territorially defined power, they combine three hierarchies of social relations: the defense of borders and internal integrity against external threat; the property rights that define and legitimate the particular form of extraction necessary to the state's political class; and the principles on which those subject to this extraction are included—the closure of a national community with categories of regulated status and with rights, duties, and loyalties.

For example, the deliberative and executive bodies of the Croat nation were those of a state reduced to the feudal privileges and military obligations of the landowning nobility in the Habsburg estate system; its ideology of sovereign rule through primary acquisition was aimed at the Habsburg dynasty in competition over fiscal rights to the same territory. When shifts in the configuration of international power gave rise to fiscal crises for the imperial government, it responded with internal reforms, moving from the resources of warfare and feudal dues on agrarian economies to state-led commercial and industrial development and administrative rationalization. The fiscal privileges of nations and the rights of their national institutions came under attack. This process, and the radical change in status groups it brought, varies in its timing and form among administrative divisions of the empire, adding to the differences among regionally defined communities. New groups (merchants, lawyers, teachers, journalists, priests)[23] appropriated the ideology that had served an estate system to defend home rule against centralizing public finance, against unilingual and individually based criteria for political rights and the new civil employments (German under Joseph II, Hungarian in its territories after the 1830s), and against internationally mobile

[23] Banac (p. 29n) calculates that the 1838-1843 membership of Matica Ilirska, the Croat patriotic and cultural organization, consisted of administrators and public servants (27%), clergy (22%), free professionals (primarily lawyers) (18%), craftsmen and merchants (14%), teachers (7%), and noblemen (11%).

goods and labor markets. The distance between that ideology and the new state institutions became so great that the ideology could no longer perform its task; it splintered among numerous, competing Croat political parties.

The primary conflict of these parties occurred at the international level: whether to regain rights and defend territory through Slavic integration or military liberation, and within or outside the empire. As political parties using legitimist claims, they were dependent on armed powers to guarantee these claims. Each party remained remarkably steadfast in its choice of foreign patrons: dynastic supporters against Hungary versus antagonists of Austrian expansion, and willing allies with independent Serbia or not.

At the level of domestic legitimation, they divided the patrimony and then fought over who was the legitimate heir. The Party of (state) Right maintained that the right to govern Croat land belonged to those who defended it; because their ancient right of the nobility was now shared with the "popularly based standing armies . . . the lower classes became the political people" (Banac, 86), the constituency to which the party appealed in the demobilized border. The National Party cited the "Croat rights of ancient municipal autonomy," but since these rights did not suit its members' interests in commercial and cultural expansion, it turned to Slavic reciprocity and a federation of regionally autonomous (no longer noble) parliaments.

Only at the third level, the definition of national membership, did Croat nationalists strive for unity through linguistic standardization and come into direct "ideological" conflict with Serb assimilationism. The debates over language read like electoral campaigns, however, as politicians hoping to wear the mantle of national legitimacy wrote and rewrote programs to gain a popular following and implant permanent loyalties against competitors. This game, too, was played within rules set by external powers: at first, these rules were the criterion for civil employment and obligations within the empire (against which both Serbs and Croats reacted with the idea of national communities); later, they were those of Great Power negotiators at Versailles aiming to break up the empire by means of national self-determination.[24] The fierce competition for national loyalties in some regions was due less to the migration of peoples than to the multiplicity of status groups that left political identity unsettled once the regulations dissolved. In the military border area governed

[24] Ethnographers, members of a still young profession, were included in national delegations to the negotiating tables to provide "scientific" evidence about the ethnic composition of territories; the most famous was Jovan Cvijić, who worked on behalf of the Serbs.

by the war office until its dissolution in the 1870s, for example, the household *zadruga*[25] received land-use rights in exchange for guard duty and imperial military service; but these rights were withdrawn if it could not provide soldiers, and governing rights were reserved for officers and landowners. Marriage prohibitions across status lines reinforced this political hierarchy with social separation. The Ottoman millet system produced similar complexities in Bosnia, and communal competition for members erupted among Muslim landlords, Catholic priests, and Serb merchants when Habsburg control ended status prescriptions in 1878.[26]

If Banac is correct that legitimacy depends on historical authenticity—"how faithfully each national ideology reflects the great issues of a nation's history" (p. 29)[27]—then ideologies that carry memories of former rights can help to empower groups that have such an inheritance.[28] Groups that can successfully claim nationhood in contemporary Yugoslavia have a fundamental advantage over those that cannot. The continuing struggle by the Muslims of Bosnia and the Albanians of Kosovo to achieve national status and the right to a republic in the federation rather than the secondary (but recognized) status of "nationality" are obvious examples. The fact that the Croats, Serbs, and Slovenes formed national movements and then political parties (including separate communist parties) gave them a preponderant influence over other groups in shaping the second Yugoslav state. But the content of that ideological in-

[25] A legally defined unit, not kin-based like the extended household in Serbia of the same name and ethnographic fame. See Robert F. Byrnes, ed., *Communal Families in the Balkans: Essays by Philip E. Moseley and Essays in His Honor* (Notre Dame, IN: University of Notre Dame Press, 1976).

[26] See Robert J. Donia, *Islam under the Double Eagle: The Muslims of Bosnia and Hercegovina, 1878-1914* (Boulder, CO: East European Monographs, 1981). The situation in Dalmatia (which ended up under Habsburg control) shows yet another set of complexities, primarily because of earlier Venetian policies. Verdery's argument on Romania is analytically very helpful: she identifies the "social-structural foundations" of group difference, where ethnic "cultures" are associated with different status groups, often territorially defined, and how shifts in status led to shifts in ethnic identity. See Katherine Verdery, *Transylvanian Villagers: Three Centuries of Political, Economic, and Ethnic Change* (Berkeley and Los Angeles: University of California Press, 1983).

[27] This is why, according to Banac, intellectuals create nationalist movements. Moreover, they remain a political force in this part of the world—and are perceived as a threat by ruling groups—because of their ability to keep the memory of previous political rights alive and to interpret that tradition under changing conditions. There is a similarity with the "literature of memory" tradition in Central and Eastern Europe, which should prove the usefulness of Banac's discussion of the South Slav case to other national movements in the area, such as the Poles and the Czechs, especially those originating within the Habsburg Empire. A contrasting approach is in Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London: Verso, 1983).

[28] Because the farming class in Sweden, for example, had its own estate separate from the nobility, it could organize independently; this influenced the alliances and policies possible in Sweden's 20th-century state. For an elaboration, see Gøsta Esping-Andersen, *Politics Against Markets: The Social Democratic Road to Power* (Princeton: Princeton University Press, 1985).

heritance matters also: tensions between Croat ideology and changed conditions, for example, produced as great a source of difficulty as did Serb ideology.

Reliance on an ideology that granted fiscal, property, and governing privileges over land to a single class/status in a liberal democratic age created lasting contradictions for Croat political action. The separation of political and economic rights, their frequent conflict, the importance of mobile as well as land-based assets, and the increasingly universal criterion for politically defined rights that made them open to all laid the basis for competing political parties. No matter how many internal tensions it contains, a national identity bound to a corporate definition of economic and political rights cannot sustain that plurality. Only one movement can be the legitimate heir to rights that are indivisible. The contrast between Croat history, on the one hand, and the Slovene and Serb histories, on the other, is instructive.[29]

Both of the latter lost "noble" status and its institutions (army, parliament) under imperial rule, but retained local self-governance. The national ideologies, like the fates of the Slovenes and Serbs, reflected their individual, unpropertied status. Mobility into the political or propertied classes was not incompatible with national identity (through military valor or economic success in Slovenia, or the *devshirme* whereby Serb children were taken into the Ottoman elite army corps or imperial administration as slaves and converted to Islam). The Theresian reforms encountered the nobles' reaction in Croatia-Slavonia, but gave financial autonomy to Slovene localities, who used it to build schools and roads. Local control and occupational and geographical mobility of educated citizens and migratory artisans remained compatible. Serbian independence was accompanied by policies to rebind peasants to the land, with homesteading rights and restraints on urban-rural trade. Until constitutional liberals gained the majority in parliament, significant resources were devoted to the creation of an army and engineering corps, but the ideology permitted independent political organizations along class, policy, and other nonterritorial lines within the nation.

Not burdened by an historicist ideology, both nations could adopt "natural right" ideas from the Enlightenment—such as the Slovene "natural right of national liberty based on linguistic individuality" (Banac, 112). The Slovenes used their linguistic separateness as a defense; the Serbs used their army and statecraft. Although Banac calls the first liberal

[29] Further illustration of such difficulties is found in Banac's fascinating discussion (pp. 359-78) of the quandaries of the Muslim political organizations (above all the JMO) during the interwar period.

and the second expansionist, the fact is that both could be liberal without being nationalist. Serbs and Slovenes were able to ally in both the first and the second Yugoslav state without losing national identity. Croat liberals, however, seemed bound to their national demands, thus apparently making it impossible for liberals from all three nations to find common ground. As nations, moreover, Slovenes and Serbs could legitimately pursue coalition strategies that were either national and protective or cross-national and expansionist.

The circumstances of south Slav unification highlight these separate levels of power as well as the political contradictions of Croat ideology under modern conditions. Years of ideological debate ended abruptly in 1915 when the Serbian army and the Yugoslav Committee of Dalmatia signed the Corfu Declaration to prevent further loss of territory.[30] After Austria fell and the national guard was unable to protect landed and industrial property at home, the agreement was joined by the remaining national councils of Habsburg Slavs. Fearing popular radicalization along the Bolshevik example, these national representatives perceived the Serb army as their institution of "salvation" under the circumstances.[31] But the financial policies necessary to repay the war debts levied on Serbia by the Great Powers, on top of those necessary to impose order militarily and ensure the army's monopoly over armed might, turned this temporary convergence of national and propertied interests into mutual antagonism. Nationally defined political parties used national ideologies to voice perceptions of discrimination.

The fact that other ideologies did not supplant national ones was due in large part to the single voice of Croat objections. The Croat People's Peasant Party (CPPP) under its radical helmsman, Stjepan Radić, "synthesize[d] the previous Croat national ideologies in a new mass-based movement that completed the shaping of modern Croat nationhood during the interwar period" after Radić abandoned unitarist Yugoslavism in 1918 (Banac, 105). Banac does not pursue the irony of a peasant party defending landed, commercial, and industrial property, or of continuing to identify the army as a Serb national institution and the Serb king as the personification of a hated regime because of the corvée, conscription, and the branding of draft animals—even though the state used the military

[30] The Allies offered much of Dalmatia to Italy if it would shift sides in the war; the Habsburg threat of a separate peace included an independent Croatia.

[31] Banac (p. 131) quotes a report by a National Council official in Slavonia (Croatia):

> The people are in revolt. Total disorganization prevails. Only the army, moreover only the Serbian army, can restore order. The people are burning and destroying. . . . The mob is now pillaging the merchants, since all the landed estates have already been destroyed. Private fortunes are destroyed. The Serbian army is the only salvation.

and gendarmerie (disproportionately staffed with Serbs) to "safeguard landlord properties" and crush what it called, in a single breath, "republican, socialist, and anti-Serb" dissent (p. 147). That Radić could lead both the opposition and the Croat public, despite his program of republicanism, pacifism, populism, and radical redistribution, can only be explained by the packaging of state policies and party programs in national covers, and by Radić's federal demands for autonomy to "historical provinces" and their parliaments. The compromise of 1939 between national foes, which did give Croatia autonomy, was negotiated by a Croat Peasant Party (CPP—the "People's" no longer) whose leading elements were now thoroughly urban and propertied, and a central government desperate to relieve the fiscal strains of war mobilization.

Until the 1930s, the nationalized quarrel prevented the integration of all those legal, administrative, and economic institutions that make a state. Reality was different from the unitarist, centralist ideology. The corruption attributed to Serbs, armies, kings, and bureaucracies had its source in the state's inability to secure sufficient revenues through legitimate channels. Bureaucrats and soldiers had to supplement their salaries privately. The government paid with land for military service. The overweening influence of foreign states on domestic politics and institutions came by way of the foreign loans and investments that the state sought to supplement the royal budget.[32] The fact that state expenditures favored defense, foreign affairs, education, and public order, and therefore individuals in those occupations, was more a measure of the government's insufficient capacity and the lack of agreement on any other basis of common interests than of the dominance of Serb ideology.

The electoral system added to the contradiction between national perceptions and daily reality. Pressured by the Versailles powers into a liberal democratic constitution, party leaders had to win country-wide numerical victories. This raised the ante of the unitary versus federal choice: the Serbs, though not a majority, were most numerous if they voted by national identification rather than by residence or property status; in the face of the CPPP's strength, they were motivated to play the national game. The rules also reinvited ideological conflict over national identity, giving an edge to assimilationist definitions, fostering anti-Serbism as the basis for opposition coalitions, and prolonging the packaging of multiple

[32] Only when pressure by the British and French for liberal democratic institutions yielded in 1929 was the king relieved of any restraint on outright dictatorship. Four years later, to appease German militarism, Britain and France handed Yugoslavia, along with the rest of Eastern Europe, over to a German sphere of interest; the king was assassinated by Croat and Macedonian fascists paid by Mussolini; and the domestic political order under Premier Stojadinović took on ever more coercive tendencies and imitation of fascist institutions.

interests with national labels. When Cohen and Warwick rely on the official census for the ethnic composition of electoral districts and on votes among nationally identified political parties, therefore, they cannot measure an independent relation between regime strategies of political incorporation and varying political salience of ethnic identity any more than their evidence of increasing competition and ethnic fragmentation in the central ridge of the country can tell us what these votes represent. Partisan conflicts over economic policy, the collapse of world agricultural prices, depression, and protectionist barriers to immigrants in the West, all contributed to reducing economic growth, employment opportunities, and labor mobility—especially in this region of poverty and outmigration. Thus, there were few pressures to shake up territorially fixed, pre-1917 livelihoods or the influence of local political organizations on political identities.

The continuity of national discourse in the second Yugoslav state must also be understood from the perspective of mnemonic power and historical analogy rather than of the content of political institutions or the policies they aim to implement. This second state began, as did the first, with a wartime political pact among representatives of historical regions, its solonic will again emanating from those who controlled the army. It is difficult to imagine any aspirant to political power succeeding against the Kingdom or the Axis onslaught without the resources of the Communist Party: a centralized command, internal discipline, and preparation for armed struggle. (During the interwar period, this meant conspiratorial activities, survival of prison and torture without betraying comrades as a test of membership, as well as participation in the Spanish Civil War, and in 1941, the organization of the Partisan army.) Contrary to the argument that the Communist Party and its ideology was an alien force in Yugoslavia, the usefulness of Leninist doctrine and the number of Trotskyite militants in the interwar and wartime party attest more to the similarity in political conditions faced by Bolsheviks and Yugoslav communists than to the influence of the Comintern. The leaders of the Yugoslav Communist Party (CPY) were also conscious of the mistakes of the Serbian rulers, however, and took great pains to form a new, all-Yugoslav army. They timed their declaration of unification and of the principles for the postwar constitution to preempt foreign schemes being hatched by the Allied powers at Teheran, in order not to be caught in disagreement by international events (as the signatories at Corfu had been).[33] The party set up the base of the new government during the war—people's libera-

[33] See Vojmir Kljaković, "The International Significance of the Second Session of AVNOJ," *Socialist Thought and Practice* 23 (December 1983), 63-76.

tion committees to provision the army and govern localities, regional political-military organizations based on party coalitions in which the communists strove for political preeminence, and a central war command composed of regional delegates originally sent into the field by the party leadership. The constitutive period was also preoccupied with the conditions necessary to all new states—negotiating international borders and alliances, subduing domestic opposition, and affirming the coercive monopoly of the party-state's army and police; but in contrast to the first state, the second defined enemies by class and collaboration.

Nonetheless, the repeated territorial threat to the lands of the South Slavs, and the construction of states on the basis of organizations built for defense, do perpetuate by analogy the association between institutions and national discourse. Mnemosyne's role is enhanced, moreover, by the ideology of the Yugoslav Communist Party. The analogy to Croat ideology is strong: the party claims its authority to rule as the sole representative of the political rights of a nation (working people) to self-governance[34] and as the army that liberated it from foreign occupation and the rule of the Serbian monarchy. Territorial rights may indeed have been secured by "Serb" institutions, as armies are treated in the language of national ideology, but the founding constitution of 1943 was republican and federalist.[35] The real link to the national question in the communist period is the very institution that, according to Banac, Cohen and Warwick, Burg, Ramet, and the Croat (and Slovene) program, was meant to solve it. The federal system gave national communities both property and voice after 1946, in some cases reuniting spheres that had been growing apart. As a result, the analogy with Croat ideology extends also to the current political system, for it internalizes conflicts similar to the tensions of corporate identities that are discussed above.

Territorial Defense, Budgetary Crises, and the Attack on State Power

The reforms of the 1960s and 1970s did not aim at national autonomy and Serbian power or at democratization of the party and freedom from

[34] *Samouprava*, more often rendered as self-management.

[35] Although much is made of this as the Croatian program, its full details are in fact closer to the Slovene constitutional proposal of 1921—suggesting, as does the entire path of political construction in the postwar period, the dominant influence of Edvard Kardelj, who was a member of the wartime leadership, head of the Slovene Party, and holder of many governmental positions, from Minister of Foreign Affairs to Vice-President. See Charles Beard and George Radin, *The Balkan Pivot: Yugoslavia* (New York: Macmillan, 1929). The Slovene role also serves as reminder that there is more to the Yugoslav national question than a Croat-Serb conflict.

central dictate, although political debate frequently referred to both. They were not an exercise in legitimating communist power in the light of broken promises, nor were they the first change in the Yugoslav state; instead, they were part of an evolution that had begun in 1947. If we move from the ideological representation of those institutional changes to their content, then the far more mundane concerns of all states surface—the defense of territory and policies for economic development. Change in defense and economic policy implies change in public finance and employments. Because of the attempt to unite state, capital, and labor in Yugoslav institutions, these changes require adjustments in the jurisdictions and decision-making rights over economic allocations that institutions authorize; changes in the use of human labor—in the offices of state power and the economy—must also be made. At the same time, the choice of institutions is guided by the leaders' longer-term project (as national autonomists and Marxists) to dismantle the imperial state. This, too, is expressed in rules about public finance.

This alternative view of institutional reform in Yugoslavia will be illustrated in the context of the arguments made by the authors under review. The purpose of this contrast is to suggest the need for a new paradigm to study socialist states and the politics of reform that takes the content of their institutions more directly into account.

The economic and political reforms of the 1960s were a response to changes in the international configuration of power between 1953 and 1955; however, in order to understand the domestic process, some background on the country's complex property system is necessary. The federal system institutionalizes the historicist claims of "national communities" (the republics) to corporate ownership of the economic assets of their territory and to the allegiance of all who reside there, regardless of national identification. Federal rules and local governments guarantee the social and economic rights of individuals. The first set of institutions echoes Croat history, the second echoes Serb and Slovene. People employed in the socialized sector hold property rights collectively within their self-managed workplaces, but share them with territorial communities that legally own enterprises—which gives them the right to a rent (off profits or personal incomes) and an obligation to maintain and develop these assets.

Jurisdictional conflicts are somewhat relieved by a functional division of labor enacted in 1946.[36] Federal authority covers overall stability and

[36] See the speech before parliament on July 20, 1946, by the chair of the Economic Council, Boris Kidrič, "Obrazloženje Osnovnog Zakona o Državnim Privrednim Preduzećima" [Exposition of the basic law on state economic enterprises], reprinted in Boris Kidrič, *Privredni Problemi FNRJ* [Economic problems of the FPRY] (Belgrade: Kultura, 1948), 7-21.

growth: external defense, foreign relations, the monetary system, and economic development. Republics develop their own economies—primarily light industries and agriculture, internal transportation networks, energy resources, regional development, as well as cultural affairs and secondary and university education. Communes are responsible for living standards—consumption goods, housing, local roads; they also guarantee constitutional rights for individuals—education, health care, pensions, and security for those with a permanent contract in a social-sector workplace, and ownership of capital assets within regulated limits for those in the private sector. Both forms of individual property are in fact defined by income: a guaranteed minimum in the social sector or market earnings in the private.

The state integrates these property holders into units of social decision making on the financing of social functions. According to the principle of social ownership, all assets are on loan from the community to those who work them, and these shared property rights are of equal authority and cannot be abrogated even temporarily without voluntary consent. The state (in Kardelj's reformulation of Lenin) thus becomes a set of councils for collective deliberation by representatives of the propertied: enterprises, communes, and republics. Representation is based on the right of those who create surplus value to decide jointly on what that surplus is and how it will be allocated among competing social purposes, and on stimulating their "interest" in its use. The management of funds either retained by producers or created for social functions, however, is an internal matter of property communities, whether national, working, or individual.

Both socialist and nationalist principles also prescribe an end to the state as an instrument of class rule or of national hegemony. Party leaders are committed to dismantle the state and progressively transfer its functions to governance by voluntary agreements between politically equal, self-managing communities, in accord with the improvement in material conditions. As early as 1946, the federal government was therefore denied the independent power base that comes from ownership of productive resources; any central extraction or coercion can only be temporary, and must be granted voluntarily by those who have such rights. This attack on state power occurs, in fact, through the transfer of its functions from budgetary financing to funds set up by assemblies of propertied representatives; they are then managed by those who perform the function. Social agreements are based on general policy lines set by the party; their implementation is to be ensured by the oversight and persuasion of party members who, as committed social activists, safeguard the principles of

the system. To reduce the nonproductive drain of surplus value on administration, prevent the rise of a new ruling class, and protect the rights of internal management, these activists should be volunteers within their workplace, which defines their identity and income. As this process of what Yugoslavs call "de-statization" creates new self-managed communities, party units form within. To use April Carter's language for the opposite conclusion: as liberalization increases, so too will the role of the party in society.

Contrary to popular opinion, Yugoslav foreign relations were not determined by the break with the Cominform in 1948. During the period between the two reform movements that Carter identifies, there was a second struggle over foreign allegiances and their economic base. Activated by the end of the Korean War and the stabilization of Europe between 1953 and 1955,[37] a domestic dispute arose over defense strategy and the role of defense in federal expenditures: how to reduce its burden in favor of other needs that had been deferred in 1947-1952; whether to join the global move to nuclear-based weapons systems; whether to continue the partisan form of conventional defense; how to replace United States military aid that would end in 1957; and how to adjust to the abrupt reversal of Soviet military aid promised in the reconciliation of 1955-1956. In 1955, a major change in investment policy in favor of exportable light manufactures was aimed at increasing the role of both foreign commodity trade and imported advanced technology in domestic economic growth. Foreign exchange allocations were directed away from the military and toward export producers and foreign trade firms; civilian processing industries were freed to buy raw materials and machinery abroad on credit; and another agricultural reform socialized remaining uncultivated lands and consolidated holdings in order to increase production. The size of the standing army was cut, territorial defense was handed over to republics and localities, and a smaller central command structure was formed.

By 1958, responsibility for development policy had been transferred to the republics' economic jurisdictions. The decision to join GATT set in motion the two-stage reforms of 1961 and 1965 to liberalize foreign trade as required for membership. These policy changes were supported at home by economists and politicians opposed to the heavy defense burden and the economic interests it favored, by enterprises ready to benefit from greater autonomy over exports and imports, and by a variety of economic liberals. The creation, in 1958, of a European monetary system that ex-

[37] Including the creation of NATO, the final division of Germany, the neutralization of Austria, and the negotiations over Eastern security that led to the Warsaw Pact in May 1955.

panded suppliers' credits for intrafirm trade with Western Europe had given economic impetus to the reforms; a second propaganda attack from the East—the Moscow Declaration of December 1960 and the Chinese critique—strengthened the political hand of the policies' domestic supporters.[38]

The policy debate did not end here, however. The GATT liberalization and the conditions attached to a standby credit from the International Monetary Fund to ease into reform and replenish foreign reserves led to rapid inflation and a serious recession. Angered by the Belgrade nonalignment conference of 1961, the U.S. Congress put an abrupt halt to further aid. Leaders divided by the policy shifts and their accompanying changes continued to quarrel while vacillating relations with the Soviet Union, the United States, and the nonaligned reflected the unsettled nature of the international system and Yugoslavia's difficulty in securing financing to cover continuing balance-of-payments deficits and to moderate the domestic recession. By 1966, however, the foreign debt had been reprogrammed, and Yugoslavia was a permanent member of GATT; it was conspicuously absent when the Warsaw Pact's political consultative committee met in July (the month Ranković was purged).[39]

To implement the new policies after 1958, firms were allowed to retain a greater portion of their earnings as an incentive to commercial profitability and a compensation for the cut in real personal income from higher prices and devaluation. Development funds and credit policy were transferred to republic-level banks, and multiple criteria for the flow of foreign exchange and investment credits were replaced by uniform rates. Carter calls this a marketizing economic reform. The reduction of federal economic jurisdictions and of federal revenues from foreign loans and tariff revenues also required a reform of the federal budget. Entire categories of federal expenditures—education, development, and defense—were shifted to self-financing (self-management) or to republic or local budgetary responsibility. Burg and Ramet characterize this process as federalization designed to reduce Serb dominance and to increase national equality. As the balance-of-payments deficit and inflation rose, policy makers responded with deflationary restrictions and a society-wide campaign of rationalization—incomes policies plus intensification of labor. The effect of enterprise mergers, further budget cuts, greater em-

[38] See Veljko Vlahović's speech to the Executive Committee (enlarged session) of the League of Communists on February 10, 1961, in *A Step Backward* (Belgrade: Jugoslavija, 1961), and Edvard Kardelj, *Socialism and War: A Survey of the Chinese Criticism of the Policy of Coexistence* (New York: McGraw-Hill, 1960).

[39] For details, see the chapter on Yugoslavia in Henry J. Bitterman, *The Refunding of International Debt* (Durham, NC: Duke University Press, 1973).

phasis on technological modernization, and employment reductions was then counterbalanced by giving localities greater responsibility and "initiative" to protect peoples' jobs and incomes. All of the authors under review call this democratization.

Changes in economic organization in turn required changes in the organization of the government and the party. A constitutional commission began work in November 1960—at the time the Moscow conference attacked the party program that had been adopted at the Seventh Congress in 1958. The serious regional conflict of 1961 (though not the first, as Burg asserts) erupted over the meaning of these new policies for each of the republics. The divisive party executive committee meeting of March 1962 accepted the second stage of the foreign trade reform only after bitter quarrels (including a Slovene threat to secede from the federation, a major set-to between Serbia and foreign-trade liberals from Macedonia, and disputes with Ranković over who was responsible for maintaining the level of official salaries). Nonetheless, the new constitution, enacted in April 1963, affirmed the self-management of education and social welfare, with new chambers of the republic and federal parliaments; a reform of secondary education and university administration was to come in the mid-1960s, followed by the devolution to republic or local budgets of other federal tasks, such as road construction, territorial defense, and internal security.

Because more activities became self-managed and others devolved onto lower authorities, the party had to change itself. Republic and local party organizations would begin to finance their own staffs and therefore to appoint them; the federal cadre and control commissions thus became superfluous. This led to a debate, between 1962 and 1966, over the role of the party—not over democratization (as Carter argues), but over how to implement the changes: how to strengthen the party's role in enforcing societal principles if its base of operation lay within self-managed organizations; to whom party members would be responsible; and what influence the party should have on issues such as local investment decisions or technological rationalization that made employed labor redundant. Even more difficult was an old question from 1950-1952: in view of the simultaneous emphasis on development policy by the republics and increased mobility of economic resources in search of profitable investment, where should basic party organizations be located? To whom would the relevant party organization be responsible if an enterprise operated in more than one republic, and which should have greater authority locally—the enterprise committee or the commune committee?

The fact that party leaders called this a debate on inner party democ-

racy reveals the extent of policy disagreement that remained in the highest circles. For the policies' proponents, party democracy meant that personnel changes were necessary to secure implementation: they wanted to remove potential opposition by placing people loyal either to the new ideas or to the reformers themselves (e.g., newcomers) in positions of authority, such as the federal secretariats for foreign trade and defense, the executive committee of the party, and major urban party committees. For the opponents, it was equally important to retain influence over the path of change, especially if their objections proved correct or conditions changed; party democracy meant freedom to remain in official positions and the right to dissent. This disagreement intensified the debate on organizational principles—how to secure the unity necessary for implementation if the instruments of party discipline were dispersed.

Top-level personnel changes occurred at the March 1962 meeting. But only when the diplomatic negotiations of the fall of 1963 sealed the commitment to the further liberalization of foreign trade and "territorialization" of defense in 1965[40] (with their consequences for international alliances and domestic policies), could a party congress be called to enact the new party statute and mobilize the troops. Delayed until December 1964, the congress set the stage for what was now labeled "the Reform," and for the constitutional amendments that followed.

Because all the works under review consider both the reform and these amendments to be decentralizing (increasing the republics' power vis-à-vis the center in order to restore legitimacy), it is worth noting the actual situation for republic and provincial governments. The shift to the republics' economic jurisdictions was a mixed budgetary blessing, particularly for those whose comparative regional advantage did not lie in activities earning foreign exchange, or those that produced raw and intermediate materials or had previously depended on supplements from federal development funds. By 1965, the republics' budgets and funds for development were fully independent of the federal budget and funds, and the general investment fund had been replaced (after great delay) by a fund for regional development, managed by regional representatives.

[40] See Anton Bebler,"Development of Sociology of *Militaria* in Yugoslavia," *Armed Forces and Society* 3 (November 1976), 59-68, for the dating of this policy. It was discussed again by the executive committee of the League of Communists of Yugoslavia in 1968, enacted in the Law on National Defense in February 1969, and publicly proclaimed at the Ninth Party Congress in April 1969. The doctrine of "general peoples' defense" was a return to the partisan war concept of total popular mobilization, on the one hand, and, on the other, a territorialization akin to the 1881 reform of the Habsburg army, which placed operations under the republics' military staffs, emphasized local postings, and aimed to integrate the army more fully into social and political life. See also Robert W. Dean, "Civil-Military Relations in Yugoslavia, 1971-75," *Armed Forces and Society* 3 (November 1976), 17-58.

Federal subsidies to assist the republics in their legal obligation to subsidize communes whose per capita income was below the country average had declined significantly.[41] At the same time, deflationary policies since 1961 (including a moratorium on new investment and tighter credit) and greater enterprise autonomy over earnings (up to 70 percent by 1965) had cut republic and local revenues.

Representatives of the republics had been making federal policy since 1950. Each devolution of authority was accompanied by new central executive councils in which policies were defined and where central leaders could exert political discipline over the policies adopted. What changed after 1958 was not the influence of the republics on central policy or a greater activism bred of autonomy, but the nature of federal decisions and the stake that each republic had in their outcome. With federal investment resources gone, the principles of development assistance succumbed to the relative bargaining strengths among republics. Where once investment policy had been implemented by budgetary allotments or differential rates to accommodate multiple goals (as in tariff policy), the fate of the republics' economies and revenue bases now depended on uniform rules ("objective" in the debates) for allocating money. Within somewhat flexible budget constraints, multiple objectives that could earlier be made complementary became increasingly incompatible.

Thus, substantive outcomes depended ever more on what decision rules were chosen, and no one set of rules would benefit the republics equally, given the differences in their economies. Contrary to Burg's assertion that economic issues are "among the easier interbloc conflicts to resolve" and that the post-Tito leaders can succeed if they approach economic bargaining "pragmatically," following principles of "incrementalism," "reciprocity," and outside "ideological prescriptions" (p. 339), there is no optimal or nonpolitical resolution. Estrin shows that the institutional reforms of 1961-1965 *exacerbated* economic differences among republics, enterprises, and individuals—which is the reverse of Burg's argument. Nor is there a paradox, as Burg argues, in a more active parliament (especially the Chamber of Republics and Provinces) alongside a more assertive executive and proliferating extraparliamentary bodies for interregional and crossregional consultation. Because the republics with greater economic resources tended to win the battles on rules in ex-

[41] Slobodan Turčinović, "Financing Socio-Political Units, 1961-1967," *Yugoslav Survey* 9 (May 1968), 59-74. The proportion of national income expended by governmental budgets fell from 31.4% in 1961 to 25.7% in 1964 and to 18.9% in 1966; the federal proportion of spent budgetary revenues decreased from 54.4% in 1964 to 50.3% in 1966, or, when subsidies to republics are deducted, from 50.6% in 1964 to 45.5% in 1966. The share of communes rose from 27.6% in 1964 to 31.9% in 1966 (Turčinović, 73-74).

ecutive bodies, those with fewer assets took their case to forums where monies could still be negotiated, such as budget debates in parliament and in organs managing special federal funds. The most public political battles among republics during 1965-1967 were over federal distribution of World Bank loans for road construction and over the criteria for development aid from the federal fund.[42] Because a republic's success or failure determined the salaries it paid to officials (of party, police, army, and government), its own power depended increasingly on federal decisions. The consequence of the new policies was to make real consensus impossible and compromise increasingly difficult. This, rather than some logic of balance between regional autonomy and central authority, was also the reason for the frequent changes in rules and organization.

Because the public side of policy consisted of bargaining between republics while the decisions by top leaders and influence of nongovernmental groups such as the Economic Chambers[43] or the I.M.F. were made behind closed doors, the republics' conflicts also provided a field day for the politics of historical analogy. The mnemonic power of national ideologies was particularly strong in 1967-1971 because the reform of secondary and university education had generated intense debates within the republics over educational policy—its national content, language policy, and the rights of minorities. What was in fact a complex of separate struggles over the altered property rights and privileges in these institutional changes came to be perceived by many, therefore, as a resurgence of Croat-Serb antagonism and nationalism.

The leaders of the republics were not averse to using this political resource in their struggles, as illustrated by the 1967 rule change from proportional representation of nationalities to equal representation of republics (and "corresponding" for provinces) in federal bodies. This was a campaign by the liberal leaders of Croatia to secure the economic reform against opposition within Croatia and control by republic governments over interrepublican financial flows—reminiscent of the contradictory liberal nationalism of the Yugoslavists. Since Serbs tended to predominate in the offices that were avenues to voting lists in poorer, less com-

[42] Slovenia created a political crisis because it did not receive the portion of IBRD funds it wanted; Bosnia took its dissatisfaction with the criteria set for development aid by the federal fund to the parliament, with constitutional consequences. These examples contradict Burg's division of the republics into two groups on levels of development and attitudes toward redistribution, as does the assignment of Serbia to the less developed camp (which is true in some ways but not in others, and does not take account of the strength of Serb liberals).

[43] Economic Chambers are sectorally organized associations of enterprises (previously the directorates between ministry and enterprise in the planning hierarchy) that also participate in making and enforcing policy; they deserve far more study than the preoccupation with the federal system accords them.

mercially oriented Croat regions being marginalized by the reform, corporate representation of republics could silence Serbian voices in Croatia and cut their jobs without ever having to discuss policies. The rule also encouraged bloc voting in federal bodies. To gain greater control over the ministries of foreign trade and foreign affairs, the Croat leaders presented the issue as a contest between Croat autonomy and Serb expansion and alleged Serbian bias. (The ministries were held by associates of Ranković at the time.) In this way, they could gain allies among Slovene and Macedonian liberals and justify as democratic what was actually a move to cement their interests both at home and at the center. The rule change was a loss for Bosnia and Serbia, the most populous republics; for Muslims, who had been granted national status in the 1963 Constitution but no separate republic; and for the liberal leadership of Serbia, which was weakened by separate representation for Kosovo and Vojvodina. It also divided the liberal camp and encouraged Croat nationalists by playing on historical analogies.[44]

The change in individual rights and employments brought about by the policy shifts of 1958-1965 posed particular problems for a socialist state. Because recruitment to official and semi-official positions was through party membership, reformers had to effect a turnover in favor of policy supporters (and even non-party members whose skills were now prized) without losing the loyalty of those being shunted aside. The procedure had to be considered legitimate by all members of the political class. Since budgetary cuts, devolution, and rationalization inevitably threatened the income guarantee and employment tenure of those in social-sector jobs, a way also had to be found to maintain the living standard of those being dismissed without undermining the new budgetary and incentive policies.

As early as 1955, the army had attempted to maintain salaries, despite budget cuts, by encouraging officers to retire early and reducing citizens' military duties.[45] Rather than pay pensions out of local budgets, pension boards placed retired soldiers in civilian jobs, often in positions of high

[44] The same military border and marginal regional towns and a similar constituency—lawyers, schoolteachers, university students (but not the veterans)—gave early and strong support to the Croat cultural and patriotic organization Matica Hrvatska, which came to symbolize the nationalist "threat" in 1967-1971 while the official position of the Croat leadership echoed with early Yugoslavism; see fns. 18 and 23.

[45] Robert W. Dean reports that by 1972, of 437,709 veterans in Serbia only 32% were employed, while 66% were retired (about half of these were under the age of 55); in a 1971 national survey of the partisan elite "first fighters" (joining the partisans in 1941), more than half had been retired before pension age and 27% had incomes below the legal minimum and "complained most of social isolation, inactivity, and lack of prestige." Dean, "Civil-Military Relations in Yugoslavia, 1971-45," *Armed Forces and Society* 3 (November 1976), 17-58, at 54n.

responsibility. Retirees also entered elections for local posts, such as the school boards created in 1955 by the first stage of self-management in education. By 1964, recalcitrant generals were being publicly pressured to retire, and three of the republics (Serbia, Bosnia-Herzegovina, and Macedonia) resolved local budget deficits by abolishing district governments entirely and consolidating many communes. By 1966, the removal of security police from budgetary rolls had to be legitimized by espionage charges against Ranković.

Although these middle-level functionaries, veterans, army officers, and security police had good reason to resent the policy that cost them their status and jobs, the political problem was not their programmatic opposition to the reform, but how to employ their time, pay their pensions, and provide the housing that had gone with their positions. Many of them turned to the economy for second careers. This increased competition with younger people at a time when new investment stagnated, unemployment rose substantially, and the traditional path of upward mobility through military, party, and government positions was closed.[46] Others turned to the new opportunities provided by competitive elections because success brought income, housing, and a restoration of social status to those who saw this as a continuation of their service to the country since 1941.[47]

Contrary to the authors' assumptions, the shift from central party appointment to regional jurisdiction, multicandidacy elections, and nationality quotas was not made to gain freedom from the party line, independence from central dictate, or real democracy; in fact, the reformers aimed at securing loyalty to the new central party policy with personnel changes made legitimately. When veterans and generals sent into early retirement from administration, and their campaign promises, proved popular in the 1967 and 1969 legislative elections (as unexpected and complicating as Ranković's popularity in the party elections in 1964), the re-

[46] Party finances are based primarily on members' dues, which are assessed on a progressive, proportionate scale of individual incomes. Thus, a bias is built in against those at the lower end of the income scale—young people starting out, rural youth, and blue-collar workers—both in the selection process and in the retention of members. (The first cause for expulsion, which affects many workers, is nonpayment of dues.) The more party finances were decentralized and put on an economic accounting basis, the greater would be this bias in poorer localities.

[47] Some victories, as one of Carter's election stories shows (p. 147), represented genuine disagreement on policies: in one Serbian constituency, a Partisan general unseated the official candidate, the federal secretary for trade, by disparaging his opponent's war record and his policy of permitting the import of cheap apples to the detriment of local fruit growers, by appealing to disgruntled peasants who had lost land in the agricultural reforms of 1958-1966, and by promising locals he would win their struggle for a railway line.

formers shifted to single-candidacy elections and then to rotation of cadres to prevent alternative proposals from being aired within parliaments. Although Carter may be right in arguing that the radicals' proposals ultimately led to a multiparty system, it was their insistence on the right to speak freely, to debate party policy, and to criticize superiors without fear of dismissal, demotion, or involuntary transfer, as well as their growing opposition to the "unsocialist" outcomes of the reform and their influence among university students, that was the cause of their exclusion from the reform coalition.

Contrary also to the authors' argument, the explosion of political activity during the 1960s was not caused by institutional changes that reduced central power, Serbian hegemony, and political repression of national sentiments; the reasons for individual behavior are more easily traced to the effects of the economic policies on employment opportunities, wages, and social status. Estrin shows that the "robust and significant [statistical] relationship" (p. 4) between average earnings and relative market power, technical efficiency and scale, and input cost of firms meant an increase in income differentials, allocative inefficiencies, and the capital intensity of production.[48] Although Burg cites survey data to demonstrate the rise in nationalist feelings during the mid-1960s, the survey's respondents said growing economic inequalities were most important (pp. 46-47). Because wage rates are set within self-managed firms, however, workers' strikes occur there. Carter cites several cases in which Serb and Croat workers joined forces across republic lines against the policies of their republics' leaders, but we do not know the outcome because they fall outside normal channels.

Political activity was limited to those with acceptable organizational means. University expansion, for example, provided a public platform as well as a temporary alternative to unemployment. Cultural groups that demanded employment preferences on national grounds thrived in areas of mixed nationality, which tend to be poorer and more tied to domestic market production and administrative employment. Hence the irony that Kosovar demands for a republic separate from Serbia in 1967-1969 had to be formulated in terms of Albanian nationalism and anti-Serbism. Although no doubt fueled by a legacy of discrimination by Serbs, they make more sense as a reaction to the consequences of the very policies Ranković

[48] For the empirical evidence, see Estrin, chaps. 5 and 6. Estrin's interest is in testing some of the theoretical literature on labor-managed firms—"how firms will behave when the labour force plays the role of entrepreneur" (p. 1). He also argues—by indirection—that self-management explains allocative "imperfections" in Yugoslavia better than do the capital market theorists (the property rights school of Furubotn and Pejovich and the institutional school of Vanek and Jovičić).

reportedly opposed than to his fall and a retreat of "his" security forces.[49]

According to these authors, the institutional changes of the 1960s were followed by another round in the 1970s to restore conservative party rule or to effect a better balance between central and regional power. Forced by the failure of liberal leaders in Croatia and Serbia to contain popular dissent, the new round began with the leaders' purge in 1972, but remained haunted by Tito's advancing age. But the explanation and timing more likely lie in the changes occurring in the international arena, their effect on the federal budget and its responsibilities, and the consequences that the policies taken in response had for collective and individual property rights . The policy of all-people's defense started to be implemented in 1968, with the Soviet invasion of Czechoslovakia providing yet another external rationale for the leadership. Many organizational changes "socialized" the army further—territorialization, devolution of control to localities and republics checked by a position in central policy-making councils, and closer integration of civilian and military lives. Kardelj's parliamentary speech at the end of 1967 made clear that "de-statization" was also entering a new phase; it was to culminate in the 1974 Constitution and the 1976 Law on Associated Labor, handing greater control over expenditure of surplus value to producers.[50] Although repayment of the country's foreign debt had been successfully postponed, at intervals, until 1969, it now concentrated attention on federal accounts. But this time, the international expansion of U.S. and European commercial banks offered the federal government a substitute for the export revenues of commodity trade, and new I.M.F. stand-by credits ushered in an era of foreign lending, stabilization programs, and rising world prices for raw materials and energy.

In the 1970s, leaders focused on federal-local jurisdictions, such as federal borrowing and incomes policies; political activity moved to the federal chamber of the parliament and to commune-workplace bargaining. Greater attention to domestic production of raw materials shifted the

[49] One reason the Albanian-Serb conflict in Kosovo is so intractable may be that Kosovar autonomists base their claims for territorially defined political rights (as they did in the interwar period against Serbia) on "historicist" grounds; but these are lands that Serbs also claim on historicist grounds—the rights of "primary acquisition" (the locus of the medieval Serb empire)—rather than on assimilationist principles. The Albanians' tactics to become the numerical majority in the region—first through their birth rate and later by harassing non-Albanians to move—may be seen as a predictable outcome of this ideological stalemate.

[50] The delegate system, by which parliamentary representatives at all three levels of government represent a "base" within a self-managed unit, was introduced in 1967 and has been a constitutional principle since 1974. Persons elected are already employed and in no need of supplementary (out-of-budget) income and perquisites. Self-managed interest communities (SICs) administer funds to provide social services that were transferred, with its bureaucracy, from a government budget to self-management; further financing is voted directly by enterprise representatives to a SIC assembly. The SICs' numbers grew exponentially after 1969.

economic balance somewhat among firms and republics. The latter's bargaining over federal decisions grew more conflictual and prolonged because global stagflation sent contradictory signals to policy makers. The liberal leaders of Croatia and Serbia and their loyalists—now the obstacles to policy unity at the top—were forced to resign. The result, however, was not conservative recentralization, but further "de-statization."

The reforms continued in education and banking. More social services became self-managing. The party's presence grew in the military and in education. The republics gained veto power over federal budgetary expenditures, and their tax base moved back from personal to enterprise incomes. With the world recession of 1975, even the federal government's primary revenue source—customs duties—was transferred to self-managed funds of the republics, and firms were allowed to borrow in foreign markets. By 1979, however, changes in foreign financial markets and the country's still mounting debt renewed focus on commodity exports, and leaders returned to economic and constitutional reform. By 1986-1987, the severity of the economic crisis for individuals, the contests among leaders to implement new policies, as well as the losing battle for federal financing of an army no longer protected by Marshal Tito, all found expression in the bitter common language of national conflict.[51]

Conclusion

In attempting to analyze what lies behind institutional reform in this socialist state and to separate the ideological language of that reform from its substance, we have discovered a world of parallel and overlapping conflicts and of historical echoes that make interpretation extremely difficult. Institutional change in Yugoslavia follows a dual track: a Marxist project to create institutions whereby surplus value will be allocated by those who produce it, and a nationalist project to protect the rights of territorial power and a state-defined but open economy within a global system. The first, longer-term dynamic aims not only to eliminate the autonomous power of capital, but also to dismantle state power, and thus to end fiscal exploitation and bureaucratic rule. Government budgets and capital

[51] By the fall of 1988, the parallel with the disturbances of 1969-1971 was particularly striking, even though the alignment of republic leaderships and the issues for students and workers had changed. Now Serbian leaders (headed by Slobodan Milošević) were mobilizing popular nationalism in their bargaining for political reform, Slovenia was leading the fight over the foreign exchange regime, and Serb and Croat leaders were both neoconservatives. But the conflicts between proposals for economic and for political reform—those of liberal nationalism—have continued to divide the bargaining parties over the locus and criteria of fiscal and political (courts, police) regimes, even though they now agree on economic market reform. That a compromise has been negotiated without the presence of Tito illustrates the systemic character of these politics, and the role of international finance is far more visible.

funds, and therefore the financing of both public goods and investment, have been progressively transferred to self-management—to government by the party and by producers (collective labor) in assemblies at the workplace and in territories. Simultaneously liberalizing and socializing, this process understandably echoes with the democratic language of early liberals and the proposals of autonomists under the Habsburgs and the triune Kingdom for national (rather than central) control over government budgets and the army, police, education, and even foreign affairs.

The consequence has been to confine the jurisdiction of federal institutions ever more to the nationalist project—territorial defense, liquidity in the balance of foreign payments, and regulation of the value of the currency and of the rules of monetary exchange that integrate territorial and workplace communities. The federal government, deprived of a base in production (unlike the communes and republics), must rely on foreign resources and alter rules on finance to influence the economy. Thus, the second, shorter-term dynamic of policy change and its institutionalization is (as in 1955-1967 and 1967-1979) not driven by domestic conflicts, but by changes in the military, trade, and financial policies of globally dominant powers to which Yugoslavia, as a small and nonaligned country, is essentially subject. Contrary to the presumption of self-management, however—that, by internalizing decisions on production and distribution and on policy and finance within property communities, conflicts can be resolved by discussion, compromise, and local initiative—some conflicts remain intractable. Leaders then jockey to change the rules and organization of financing substantive policies in favor of their constituencies, but still within the confines of the longer-term Marxist project.

Political cleavages are defined not by nationality or liberal/conservative party factions, but by the package of policies on credit, domestic and foreign currency, investment, and individual employment that coalesce around territorial defense and commodity trade. This line of conflict was formed before the changes of 1958-1967. It revives old ideologies about political organization: the conflicts echo old struggles, such as those between organizations for territorial control (armies, parliaments, police and courts), those for economic expansion (trade and processing firms, commercial banks), or the contradiction between liberal and national goals (schools and churches, markets versus governments). The system of self-management, ironically, perpetuates the mnemonic power of these institutional ideologies because it ties people to their working and residential communities; communal identities are not supplanted where labor and residential mobility is low.[52]

[52] Estrin argues (p. 2) that "labour market forces are weak in a self-managed system" ac-

It is not surprising that pluralist, Weberian, and Marxian analyses of the socialist states continue to find material for their competing theses. The Yugoslav process of reform demonstrates, however, that the country's institutions are meant to combine the separate states they model into a new type. As this process continues, the logic of capital accumulation at the global level has had ever more influence on domestic policy, and the party has ever fewer autonomous resources with which to perform its governing role. What difference the remaining state institutions make in this task has yet to be studied directly.

cording to both theory and his empirical data; the entry of new firms "effectively ceased" after 1964 (p. 90); mergers "generally occurred in a commune or neighbourhood" (p. 95); and overall concentration ratios began high and rose throughout the 1960s. As in the interwar period, declining labor mobility should be considered a significant factor in the popular responsiveness to national appeals, independent of whether their political expression is permitted or not. Similarly, when urbanization, social and economic mobility, and/or war undercut the residential bonding of communal (religious, occupational, racial) identities and their political expression in votes, loyalties, and collective action in three of Lijphart's main cases—the Netherlands, Lebanon, and South Africa—his predictions of stable rule through elite concert failed. See Lijphart (fn. 13).

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION (Act of October 23, 1962; Section 4369, Title 39, United States Code). 1. Date of filing: September 23, 1988. 2. Title of publication: *World Politics*. 3. Frequency of issue: Quarterly. 4. Location of known office of publication: 3175 Princeton Pike, Trenton, Mercer, New Jersey 08648. 5. Location of the headquarters or general business office of the publishers: 41 William Street, Princeton, Mercer, New Jersey 08540. 6. Names and addresses of publisher, editor, and managing editor: Publisher, Princeton University Press, 41 William Street, Princeton, New Jersey 08540. Editors, Henry S. Bienen, Richard D. Challener, Robert G. Gilpin, Kenneth A. Oye, and Lynn T. White III, Princeton University, Princeton, New Jersey 08544. Executive editor, Elsbeth G. Lewin, Center of International Studies, Princeton University, Princeton, New Jersey 08544. 7. Owner: Princeton University Press (a nonprofit corporation without stockholders). 8. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities: None. 9. The purpose, function, and nonprofit status of this organization and the exempt status for Federal income tax purposes has not changed during the preceding 12 months. 10. A. Total number of copies printed (net press run): Average number of copies each issue during preceding 12 months, 4,400; single issue nearest to filing date, 4,400. B. Paid circulation: (1) Sales through dealers and carriers, street vendors, and counter sales: None. (2) Mail subscriptions: Average number of copies each issue during preceding 12 months, 3,597; single issue nearest to filing date, 3,574. C. Total paid circulation: Average number of copies each issue during preceding 12 months, 3,597; single issue nearest to filing date, 3,574. D. Free distribution by mail, carriers or other means: Average number of copies each issue during preceding 12 months, 156; single issue nearest to filing date, 156. E. Total distribution: Average number of copies each issue during preceding 12 months, 3,753; single issue nearest to filing date, 3,730. I certify that the statements made by me above are correct and complete. William C. Becker, Business Manager, Princeton University Press.