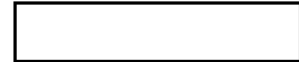


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Special Report

Yugoslavia: Twenty Years of Self-Management

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YUGOSLAVIA: TWENTY YEARS OF SELF-MANAGEMENT

Twenty years ago Yugoslavia stirred the socialist world by giving councils elected by all the workers in economic enterprises the power to manage their own affairs. The principles of self-management, although never sharply defined beyond the worker council setting, have nevertheless been adopted and fused with the ideal of local self-determination. As a theory, self-management has become holy writ; only its application is open to discussion.

Through the years Yugoslavia's leadership has introduced economic and social reforms with at least one eye on self-management principles, but the system has received additional impetus from the deliberate decentralization of the federal government power structure during the past decade. The idea of self-management now affects virtually every component of Yugoslav society, and has contributed to the gradual liberalization of the country. Even the military and the party have been affected by this spirit of self-determination, although both of these power structures have retained their centralized machinery.

Self-management has proved successful in small factories. Larger enterprises, however, have been forced by the complexities of organization for modern technological life and the built-in pressure of the market to pick the better educated workers to play the decision-making role. The average Yugoslav, more interested in improving his standard of living than in becoming a manager, is not visibly upset by a trend, which, in the end, will lead to institutionalizing multiple power centers and creating yet another elite class. The Second Congress of Self-Managers, scheduled for 1970, is supposed to promote the further development of the self-management concept. Preparations for the meeting probably will be a focal point in the continuing contest between conservative and liberal forces in the Yugoslav party. Many party members are concerned about the diminishing authority of the party, but others argue that the party does not need to monopolize power because its foundations are strongly established.

The regime appears convinced that self-determination is the stimulus necessary to spur the working force to build the competence required to enter world markets on a significant scale and to avoid fragmenting the federation after Tito disappears from the scene. The leadership will continue to proceed cautiously, however, and for the foreseeable future, complete freedom of action and expression will remain circumscribed by political expediency.

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DEFINITION

Yugoslavia's self-management system is based on the theory that political, social, and economic decisions should be made by those who are directly concerned, with no need for specific approval from above as long as such decisions conform to national guidelines. In its embryonic stage, self-management, or the workers' council system, was limited to economic enterprises,* but it has since been extended to social, scientific, and political activities. It has not yet developed equally or fully in all these areas and is still feeling its way region by region.

form of Communism that included social and economic reforms and de-emphasis of the federal system. Many of the federal government's powers to tax, spend, and legislate were passed down to the six constituent republics. This was a major factor in checking rivalries within Yugoslavia's multinational populace that could easily have erupted into bitter political, economic, and cultural feuds.

In June 1950 the "Basic Law on Management of Enterprises by the Workers' Collectives" was passed. Its purpose was to establish the principle that state-owned enterprises should be managed by the producers in order to further the concept of self-government. The law gave official recognition to a series of experiments that had been under way in over 200 enterprises for about a year, and marked the beginning of a new period in Yugoslavia's economic, political, and social development.

In 1963, Yugoslavia adopted a new constitution that was popularly hailed as the "Workers' Self-Government Constitution." This document established the ground rules for the election of enterprise management boards; the appointment and basic functions of enterprise directors; the rights of enterprises with regard to bank credit; the rights and duties of workers connected with the organization of production; the sale of products and services; the hiring and firing of employees; the regulation of working conditions; the distribution of the enterprises' net income; and a variety of other administrative matters.

The constitution gave a firm legal basis to the self-management system, but Yugoslavia's central authorities surrendered their powers only

WORKER COUNCIL MEMBERS 1968

Bosnia	57,848
Montenegro	8,966
Croatia	136,312
Macedonia	25,444
Slovenia	84,764
Serbia	181,698
Yugoslavia	495,032

BACKGROUND

Yugoslavia's self-management system was born of necessity. It was essentially a reaction to events and not a carefully planned program. After World War II, popular morale was low because of the regime's attempts to apply Stalin's methods to Yugoslavia. The fear of Soviet military intervention after Tito's break with Stalin in 1949 made it necessary to rally the people to defend the country. To this end, Tito devised a softened

*In Yugoslavia an enterprise includes all economic organizations in the socialist sector, whether engaged in production, trade, services, or finance.

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MILESTONES IN YUGOSLAVIA'S ATTEMPTS TO ACHIEVE SELF-MANAGEMENT

1949	Experimental workers' councils set up by directive of Yugoslav Government and Central Trade Union Council.
June 1950	Basic Law on Management of Enterprises by Workers' Collectives enacted.
January 1953	Constitutional Law adopted giving constitutional recognition to working collectives and conferring upon them "the rights of self-government on the basis of this Constitution and the laws and within the framework of the economic plans."
December 1957	A series of laws enacted closely tying each worker's income to his individual and to his enterprise's economic performance.
1963	New Constitution adopted making workers' self-government a state system.
1965	Economic reform implemented.
1970	Second Congress on Self-Management scheduled.

very reluctantly. This and the fact that there were not enough workers qualified to manage their own enterprises kept self-management in various stages of experimentation until recent years.

The economic reform launched in 1965 with the aim of converting Yugoslavia's centrally planned system into an economy increasingly responsive to the laws of the market has helped release the self-management system from bondage. The reform put teeth into the program by allowing enterprises to dispose of substantial

funds previously taken by the government in taxes and redistributed to enterprises with strings attached. Self-managers finally had something to manage.

POPULAR ATTITUDES TOWARD SELF-MANAGEMENT

Contrary to what one might expect, self-management and the economic reform have not always been received with great joy by the average citizen. Early in the program worker

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prerogatives to manage their own enterprise, especially with regard to the apportioning of net income, were severely circumscribed by government regulations. These restrictions dampened incentive and interest for most employees.

Later, when the effects of the economic reform were felt, market forces beyond the control of workers' councils created disparities in rewards and opportunities and increased unemployment. As a result, there was widespread discontent with the system. This situation has ameliorated somewhat with the improvement in the economy. Nevertheless, the workers often seem to value traditional labor solidarity more highly than their own role as managers, even though they are the "stockholders." As a result they tend to oppose firing fellow workers even when it is evident that the dismissals would ultimately improve their own income.

Despite the obstacles to effective functioning encountered by workers' councils, self-management has become a way of life in Yugoslavia. Many enterprises provide their own schools, gymnasiums, apartments, and shopping centers. The generation now entering the labor force has "grown up in self-management" and regards making decisions and free expression as a natural right and not a privilege. The younger generation takes self-management more seriously than its elders and is very interested in a successful fusion of self-management principles into all aspects of Yugoslav society.

It is also clear by now to many of Yugoslavia's youth that self-management gives talented people outside the party a rare opportunity to influence vital decisions and to challenge the bureaucracy. Indeed, workers' councils provide an excellent avenue to political power for a nonparty man.



Workers' Council Meetings at a Machinist Shop and Garment Factory

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TRADE UNIONS AND STRIKES IN A SELF-MANAGED SOCIETY

As the self-management concept has become more firmly established in practice and theory, trade unions have become less essential. Trade unions cannot represent the workers' interests against management because, in theory at least, workers and management are identical—there is no one for a militant union to oppose. As a result, the trade-union domain has become limited to such activities as the management and distribution of housing, vacations, and other fringe benefits, and the unions are now in danger of becoming irrelevant.

The membership demands that the unions become more influential and independent by vigorously representing workers' interests, both in the enterprise and with the government. Many trade union officials would like to carry out this mandate and have in theory rejected their role as errand boys for the party. The vice president of the Central Council of Trade Unions resigned last July because of frustration born of such an attempt. When trade unions try to become more independent, however, party organizations exercise their authority directly through party members of the workers' council, or within the administrative staff of the enterprise, leaving the trade unions with even less influence than before.

Although the role of trade unions in a self-managed society may be a popular topic for theoretical discussion in Belgrade, the workers are disenchanted with them and increasingly unwilling to accept tutelage from them. Trade-union discipline is on the decline even though strikes are not illegal. Workers are becoming more articulate, and strikes, or work stoppages as they are euphemistically called, have become a highly effective means of gaining demands. The increase in work stoppages is the best indication that self-manage-

ment really has not taken hold the way the party planned. As long as strikes remain a relatively minor problem, however, the regime will tolerate them and continue to rationalize work stoppages as a relatively normal part of the self-management system and not as a form of protest against it. Since 1966, the official view is that strikes represent an extreme form of struggle by workers to obtain self-management rights. They therefore are generally regarded as a legitimate means of bringing bureaucrats to heel.



Tito Speaks on Strikes
27 August 1969

"Sometimes I cannot understand people who strike, for the enterprise belongs to them. The producers there create a better standard of living for themselves, and yet they go on strike. Thinking about this I have reached the conclusion that sometimes there really exist such shortcomings that a worker believes he can draw attention to them only with a strike so as to force us in a way to liquidate the shortcomings...to a great extent their demands are justified. If we can solve them under the pressure of strikes, I think we should perceive them and solve them before."

EFFECTS OF SELF-MANAGEMENT ON OTHER ELEMENTS OF YUGOSLAV SOCIETY

The self-management system has by this time been introduced into virtually every element of Yugoslav society. Even prisoners are encouraged to form councils in order to increase their production and to prepare themselves better to fit into a self-managed society when they are released. Party theoreticians claim that self-management has improved the position of the church in Yugoslavia. By proclaiming religion as the private business of every citizen, the party claims it has, in theory at least, freed the church from the state.

Legal Developments

The Yugoslavs are also developing the basis for a novel juridical system. The draft of a new civil code abolishes state ownership as the basis of civil law relationships and provides that an enterprise can no longer be founded by the state but only by the workers themselves. This does not mean, however, that the workers own the enterprise in the Western sense, but only that they have the right to use "social means of production." The proposed code is unlike any other in the East or West and probably will be subjected to sharp challenge and amendment from those who feel that the time is not ripe for the state to abandon the right of ownership.

Education

The decentralization of Yugoslav education, which began in the mid-1950s as part of the shift in the country's over-all policy of "social self-management," is also moving forward. A major step in this direction occurred in 1967 when the Federal Secretariat became the Federal Council for Education and Culture. The council is restricted to coordinating and drafting federal laws; the direct administration of education was left to the republics.

The concept of self-management has also taken hold in the universities, resulting in an unbalanced division of power between the administrative staffs and faculty/students. The republic assembly amended Serbia's public university law last July to allow faculty and students a free hand in the election of their deans and rectors. Belgrade University opened this fall without determining exactly how this was to be done, and the resulting confusion has led to the establishment of a special commission to draft a new law to be submitted to the assembly.

The students themselves are divided on how they should participate in the self-management of universities. Many display very little interest in administrative, financial, and personnel problems, presumably because they are preoccupied with their studies. Other students, often supported by professors, are deeply concerned that they are being deprived of their self-management rights by default. This latter group claims it is tired of being treated as "obedient schoolboys" and advocates a major reform that would allow for direct participation by students in the management of the university.

Culture

The spirit of self-management also is reflected in the general lack of restriction in the cultural field. Party control over this area amounts to a form of self-censorship and is sometimes referred to as "social self-management control." The system operates by placing key personnel in positions of influence and, although informal, has been fairly effective.

The extent of the party's permissiveness in cultural matters can be illustrated by the country's playbills. The city of Belgrade, for example, launched its annual theater festival last September with the American production "Dionysius 69," in which the cast danced in the nude. This is to be

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followed by "Saved," an English play that was banned in London several years ago. The American musical "Hair" opened in Belgrade earlier this year in a Serbo-Croatian translation.

In spite of the very liberal controls exercised over the distribution of films—no Yugoslav motion picture has been prohibited since 1962—there is strong sentiment to eliminate film censorship completely. Last June a meeting of artists and cultural workers met to discuss film censorship and concluded that even self-censorship of domestic films is outdated and should be abolished.

The subject came to a head last June when the Belgrade public prosecutor issued a temporary ban on the distribution of the film "Rani Radovi" on the grounds that it contained unacceptable political and ideological material. The president of the Belgrade District Court overruled the decision, however, stating that the Yugoslav "socialist society based on self-management has been sufficiently affirmed so that a film cannot endanger" Yugoslavia's policies and achievements.

Communications Media

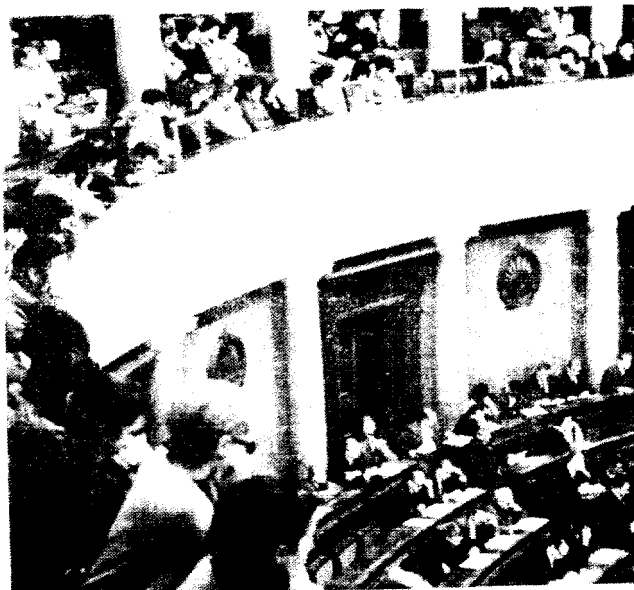
Generally speaking, there is very little legal restriction on the freedom of the press except on sensitive political and social issues. Criticism of Tito or other leading officials is still off limits, but even in this area there has been a small breakthrough in the humorous treatment in cartoons of other political figures. Occasionally the self-censorship system breaks down. This usually occurs in the intellectual press and more and more frequently in the student press. In these cases the party intervenes and takes whatever action is necessary to restore responsiveness to party guidelines.

It is evident that the criteria of what is permissible in the communications media are

broadening, but it is also clear that party leaders are not advocates of complete freedom of expression. This applies especially when the subject matter complicates foreign policy or stirs up Yugoslavia's youth or nationality tensions. Having dismantled the formal censorship apparatus, however, the party, which is committed to a general liberalization in society, is not likely to reimpose direct controls over artistic expression or press media. It is more likely that freedom of expression will continue to grow, although slowly and with temporary setbacks, under the self-censorship system.

SELF-MANAGEMENT AND THE PARLIAMENT

As self-management became an intrinsic part of Yugoslav life, its vital principles and independent spirit were introduced into the Federal Assembly (parliament). Proposed legislation is no longer automatically greeted with cheers and fanfare. Parliament has changed from a propaganda forum to a body where free debate is the rule and



Students Following Proceedings in Parliament

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opposition to the government often is strongly enunciated. Premier Ribicic, after his appointment last May, said that his government would be responsible to the parliament and implied that it would resign if parliament did not sanction the government's programs. This actually happened on the republic level in Slovenia. Although Yugoslavia still does not have a genuine parliamentary democracy, its leadership thinks twice before attempting to impose unpopular measures.

In its earlier stage, the influence of the workers' council system was limited to communal assemblies. Each national election, however, has increased the percentage of deputies in parliament who have been active in workers' councils in the communes and republics. These men are not content to be part of a rubber-stamp institution. Completely different philosophies have nurtured conflicts in parliament between self-managers who acquired their political maturity in the system and members who have never had direct contact with workers' councils.

The highest levels of leadership continually stress that it is the party's intention to make the parliament more a part of the self-management system. As early as 1964 in a speech before the Federal Assembly, the party's theoretician, Edward Kardelj, said that the party as well as other organizations should not hold "any monopolistic position as an intermediary between the people and the authorities, between the people and the self-management agencies, between the people and the Federal Assembly."

During the national elections last April a campaign to get more workers elected to the parliament was unsuccessful. There was considerable popular doubt about the average worker's ability to perform adequately in parliament, and the Federal Assembly continues to reflect the interests and views of the economic manager and



Belgrade Citizens Nominating Candidates for Municipal, Republican, and Federal Parliaments, 1969.

enterprise directors. The blame for failure to break from this pattern is shared by the electorate. Each district wants to be represented by the strongest candidate possible. When, as is usually the case, the choice is between an uneducated and politically inexperienced worker and an educated enterprise director of proven success and with good Belgrade contacts, the voters will normally select the latter.

The average Yugoslav citizen does not want to risk having his interests poorly represented for the sake of a vague ideal of better representation for the "working class." Local economic interests defeat class interests, and probably the only effective way for the party to increase the percentage of workers in parliament would be to pass a law requiring that a certain minimum of direct producers be elected to parliament. No one seems interested in pushing the issue that far.

This does not mean, however, that the leadership has given up trying to orient the parliament to the special needs of a self-management society.

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Yugoslav Parliamentary Elections, April 1969. Posters Read, "For the Reform, Self-Management, and Socialism"

Last July deputies to the parliament's Economic Chamber considered a draft program proposing that the Chamber itself develop into a kind of workers' council. The proposal called for affirmation of the entire parliament as a self-management body and asked for intensive and systematic operative links and cooperation with the self-management base. The draft program will be brought up again at future sessions of parliament.

SELF-MANAGEMENT, THE PARTY, AND FOREIGN PARTIES

Self-management and decentralization, if carried to their logical extremes, would displace the party and could even lead to complete anarchy. There has been no disposition on the part of the authorities to allow this to happen. Nevertheless, the thrust of the reforms continues in the direction of more local autonomy, a situation orthodox Yugoslav Communists and some of their Eastern European neighbors view as heresy.

The self-management programs were indirectly criticized last June at the International Communist Conference in Moscow. The confer-

ence resolved that ruling Communist parties must act as a controlling and motivating influence in all state actions, a position contrary to the theory and practice of self-management in Yugoslavia.

The leadership is very sensitive to any derogation of its Communist credentials, but it does not make any ideological apologies for self-management. Instead, self-management is characterized as a higher form of socialism—closer to pure Communism than anything practiced in other socialist states. Yugoslav theoreticians justify the system by referring to what Engels and Marx wrote about the "withering away of the state" as the transition is made from capitalism to Communism. Further ideological cover is provided by invoking the principle, "to each according to his work."

For many Yugoslav Communists, however, the society they have created is profoundly distasteful and disquieting. The party itself is deeply divided. At one extreme are those who have never wholeheartedly endorsed self-management, regard it as blasphemy against Marxist-Leninist principles and seize upon its excesses to justify attempts to revive central administrative control. At the other extreme are those who see nothing wrong with the party's adopting a neutral position, loosely overseeing a system in which pressure groups would compete for economic advantage, and in which ideology and policy would fragment into competing platforms. Such a system would increasingly resemble the multiparty institutions of the West.

Standing between these two extremes, the party leadership has made a conscientious, if not in all respects successful, attempt to design a new role for the party. The party is to retain its "leading role," but the nature of its leadership must be adapted to a new environment. The vast majority, led by Tito, is dedicated to keeping the

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party's primacy intact, but it is trying to change the system of operation from a direct to an indirect method of control—a more difficult task.

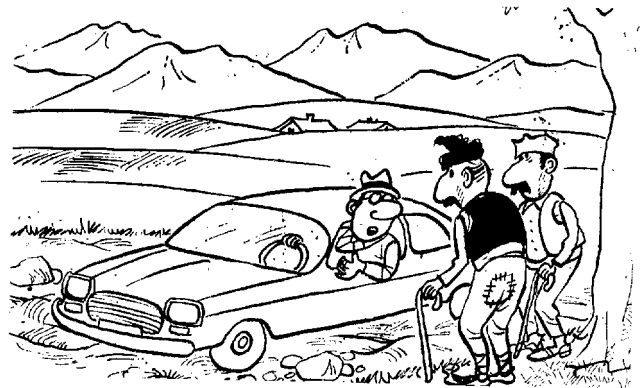
If this stratagem is to be successful, party activists must now be deployed in places where decisions are being made. Essentially, power resides in the elective bodies that control government, industry, trade, social welfare, health, and education. Tito wants a leaner and harder working party organization to exercise its influence in the self-management process everywhere. He set the example during August and September by touring the country calling for the "full engagement" of all party members with the self-management units.

PROSPECTS

The real test of self-management is still to come. In large part, the system will stand or fall on the qualifications of the employee-managers. It can work in small enterprises, but whether it can function economically and efficiently in a highly developed industry with complicated problems is yet to be proved. The trend so far indicates that the authority now vested in the workers' councils will gradually be taken over by more sophisticated management boards.

Administration by workers also tends to complicate the solution of Yugoslavia's chief economic problem, inflation. In the past, many enterprises, in the absence of competitors, have raised prices in order to increase wages, and workers' councils as presently constituted show no sign of abandoning this practice. Proponents of the system say that inflation is not the fault of self-management and argue that it can be corrected by introducing more free-market practices. But this will require a decision by the central authorities to divest themselves of more of their power, a step that will be taken only gradually and grudgingly.

The increasing role of the market means that technical knowledge and expertise must become an integral part of enterprise policy-making. At the same time, management committees made up of people who are qualified in the technical aspects of the business will be criticized even more than now for playing down the role of the untutored worker. In any case, this dilemma appears insoluble in the near future.



Make up your mind. Do you want an oil refinery or a steel mill?

Borba, 14 August 1969

The role of workers in management will decline even though the self-management system itself may be a necessity. By helping talented workers develop themselves, the system is providing a source of personnel for the managerial staff but at the same time it is robbing the workers' councils of competent people. An evolution toward less actual participation by workers in enterprise decisions seems inevitable. Under this system workers would remain in control, at least in principle, by voting for the general operational principles of the enterprise and by electing professionals to make the day-to-day decisions.

Those who support this view quote Karl Marx's Das Kapital to justify their claim:

All combined labor on a large scale requires, more or less, a directing

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authority, in order to secure the harmonious working of the individual activities, and to perform the general functions that have their origin in the action of the combined organism, as distinguished from the action of its separate organs. A single violin player directs himself; an orchestra requires a conductor.

The party has no intention of giving up its predominant position in Yugoslavia, but it will work harmoniously with a governmental apparatus manned by men of ability who may or may not be Communist. The party will continue cautiously to support the reallocation of decision-

making authority to lower level political and economic administrators.

Self-management's revolutionary prescription for the party's conduct—persuasion, not command—will continue to befuddle the older, more conservative members of the party. Time is on the side of the progressives, however, because they have had their way so far, with Tito's blessing. In the event of Tito's death or retirement from office, it is likely that the conservatives will make a last-ditch stand for a strong central government, but the principle of self-management is now so deeply ingrained in Yugoslav society that they will have no chance of success.

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