

THE ECONOMIC BACKGROUND OF THE CROATIAN ISSUE,  
Rudolf Bićanić, 2004, Dom i svijet & Economics Faculty, Zagreb  
University, Zagreb, 252 pp.

Review\*

A vast, inert, torpid, indifferent, desperately formal, sluggish, impractical, irrational and ignorant, and terribly expensive bureaucratic machine with oriental traditions, methods and morality, that needs liberal greasing to set it in motion, that is maintained only by personal patronage or will otherwise fall victim to personal and party vengeance, and in addition to all this holds in its hands the whole power and authority in the state, from the biggest government affairs, works and procurements, to the tiniest matters of appointing and posting civil servants or licenses to carry out small business, is the best setting for corruption, which hence spread like the plague over the whole of the country. When, in addition, this bureaucracy is let loose with antiquated, unclear, ambiguous, rigid, impractical and so-called strict laws and a whole labyrinth of ordinances, regulations, orders and rulings, which can be interpreted and enforced in the most diverse manners and according to varying formulae, then it is clear that it can all be turned – when someone has the need for it – into a most successful device for extortion and exploitation.

If for a moment you thought that this longish quote relates to the transitional problems of Croatian society and the current civil service, you were wrong. This diagnosis was made in the 1930s by distinguished Croatian economist and man of many talents Rudolf Bićanić (1905-1968) in the book *The Economic Background to the Croatian Issue*.

Bićanić was born and brought up in Bjelovar, and educated in Paris and Zagreb; his contribution to Croatian social science was particularly great in the fields of demography, agrarian economy, economic history, foreign trade, market theory, planning and sociology, and he is one of the pioneers in the study of information technology. This all-round scholar and scientist was also a vigorous and impassioned politician and himself tasted the bitter fate that would sometimes overcome the opposition politicians in the time between the wars – long years of imprisonment and political exile. He was one of the leaders of HSS – the Croatian Peasant Party – and as such worked in the government in exile

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in London, while after the end of hostilities in Yugoslavia he returned to his homeland, where he made accommodations with the newly established regime and openly and publicly put a distance between himself and the politics of Dr Vladko Maček. In the post-war period, Bićanić became a teacher at Zagreb's Law Faculty, and here, with his patient teaching, he brought up generations of students. Even today his former students have fond remembrances of the way he would take them out of a Saturday morning to the produce market of Dolac, where they would write down and compare the prices of given products in the range of a few hours, and in this way he gave them a vivid explanation of the laws of supply and demand.

As against the common stereotypes of the ideological and party dividedness of the Croats, in the inter-war period (particularly in the 1930s) the Croatian people underwent a remarkable degree of political homogenisation, shown in the plebiscitary election support for the HSS. This mass political movement was founded and led by Stjepan Radić, and after his violent death, the leadership was taken over by Vladko Maček. The creation of the Yugoslav political union was the fulfilment of the wishes of the Croatian political elites, which saw in the link-up with other South Slav peoples, a guarantee of the final resolution of the national issue. The disappointment was immense, and one of the prime issues in the new state was the so-called Croatian issue. Radić was to attempt to internationalise this issue on his trips around Western Europe and the then Soviet Union, and right until his death he stayed true to the peaceful methods of Ghandi, which were exhausted in civil disobedience and parliamentary permutations. His successor, Maček, remained true to these methods, and managed to keep the party viable during the time of the Karadjordjević dictatorship, all the way to the restoration of the constitution. The fact that for a year he shared a cell with Maček in Srijemska Mitrovica jail was crucial for the young Bićanić. Impressed by his political understanding, after his release he joined the HSS, in which he became secretary of the party committee for assistance to backward regions, and inside the section *Gospodarska sloga* he founded the Institute for the Study of Peasant and Popular Economy, in which he brought together a team of young sociologists, economists and agronomists that is considered the forerunner of today's Economic Institute in Zagreb. Bićanić walked the length of the underdeveloped regions and wrote his observations down in two books called *How the People Live*, published in 1936 and 1939. These books are very moving testimonies to the material conditions of life of the majority of the Croatian people of the time. Bićanić illustrated the grimness of this reality with the fact that three quarters of all Croats did not have a bed of their own, and in the most backward and poverty stricken areas people mainly slept on the floor, with a stone as their pillow. The experience that he obtained in these poverty-stricken areas (the Bićanićs were from Lika, the Croatian Sparta, so-called) developed in him a lasting and particular social sensitivity and care for the human being, as the greatest value. Still, the best-known of his books of this time is the *Economic Background of the Croatian Issue*, which came out in 1938 and was at once banned; the second edition, however, with a foreword by Maček, came out the following year.

In independent Croatia, the work has been republished twice, in 1996, as a joint publishing venture between the Law Faculty and the publisher Organizator, and in 2004, in another joint venture, between the Economic Faculty and the publisher Dom i svijet. The

last edition contains an extensive foreword by Dr Uroš Dujšin; the Bičanić book itself, along with foreword and introduction, is divided into three parts.

In the foreword, the author acquaints us with the basic objective of the book, which is “the need to put forward the collected material about the economic background of the Croatian issue, i.e., those economic facts and procedures of governmental economic and financial policies that are the reason for the dissatisfaction of the Croats with today’s state organisation”. In the introduction the author specifies the numerical relations of Croats and Serbs and other peoples and ethnic minorities in the Yugoslavia of the day, and acquaints us with the economic importance of the areas of the Croats and of the Serbs outside Serbia (from the point of view of Serbia proper, across the Sava, Danube and Drina) as against the rest of the country. These areas were, economically, the most important parts of the state. The first part of the book, entitled “Exploitation of Croatian regions or commerce with the victims of Serbia”, shows the liquidation of the old economic system inherited from the Austro-Hungarian Empire and the beginning of the establishment of a system for exploiting the trans-Sava areas in the new state. Particular interest attaches to the exchange of Austro-Hungarian for Yugoslav banknotes, and the analysis of the financial operations via which the robbery of the population was carried out. As for the tax system in the new state, its complexity, along with the incompetence of the administration, led to total disorder and insecurity and uncertainty from the point of view of the rights and liabilities of taxpayers. According to the data from the final accounts, Croatia paid twice, Slovenia thrice and Vojvodina five times the per capita tax of Serbia. In the second part of the book, entitled “The story of state or national unity or Serbian hegemony as the system” the author gives a picture of the system of exploitation on the foundation of an analysis of the personal and material expenditures of the government budget. This system can be seen particularly in investment policy. Thus in the period between 1925 and 1934 the government spent three times as much money on Serbia as on Croatia, the ports on the Adriatic being neglected as a result, while ambitious construction projects were pulled off in Belgrade. Then shown is the structure of government revenue, on the basis of the revenue that the government obtained from direct and indirect taxation and from its monopolies. Not only was there an unevenly distributed tax burden, but taxpayers never knew how much tax they owed and whether they were safe from further harassment from the taxman, which was one of the chief causes of the great dissatisfaction of the citizens in the new state. The third part of the book is entitled “Consequences and outlooks or attempts at Serbian imperialism” and gives a view of the deplorable economic balance sheet for Croatia in the shared country. The book ends with a series of points in which, ultimately and irrevocably, the ruling ideology of national and state unity, proclaimed by the ruling crew, is shown to us as a total sleight of hand behind which was hidden a brutal system for the exploitation of the Croatian and trans-Sava areas.

The book is a multi-layered economic, political and sociological study written up from many years of careful assemblage and analysis of statistical material. It was furnished with numerous tables, graphs and drawings, which show the results of the analyses in a telling manner. It is also one of the most important works of the Croatian economics heritage.

Bičanić’s book *The Economic Background to the Croatian Issue* is an important source for the understanding of the political history of monarchical Yugoslavia. It would be inter-

esting to read, alongside the book, the work of Milan Stojadinović *Neither War nor Pact*, a work of memoirs of the Yugoslav premier castigated so many times in the Bićanić book, and to compare his arguments about certain political moves with those of Bićanić. It is worthwhile putting in the effort to obtain a balanced and unbiased view of the past.

Does the book also have today anything fresh and current to offer? A special value of the book lies in the author, in the interpretation of the economic system of a multinational state, having avoided the trap of looking at the relations via the prism of interethnic conflicts and the exclusive domination of one national group by another, correctly noting instead that the heart of the problems was the relation between the political centre of power and the periphery of the state. From the governmental centre, the Serbian political and financial oligarchy carried out a colonial policy that affected not only Croatian but also the trans-Sava (trans-Drina...) areas including the ethnic Serb population of the areas. Today, when Croatia is poised on the cusp of decisions about life in a shared state (the EU), in which it will also have the position of geographical and economic periphery, it is certainly worth taking heed of Bićanić's analysis.

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