

FALSE START: THE ECONOMIC ENTERPRISE AT TOPČIDER

by Gale Stokes

Economic development did not begin in earnest in Serbia until the 1890's. Forty years before that, however, the Serbian government made its first hesitant and small scale efforts to start this development by founding Serbia's first agricultural school and building her first woolen mill. These projects, together with a model farm, were known as The Economic Enterprise at Topčider.¹ It would be an understatement to say that the Enterprise was a forward looking undertaking. In the 1840's there was no industry in Serbia and none of the essential prerequisites of a modern economic system existed. Communications were poor, markets were undeveloped, the educational level was abysmally low, and credit was available only through usurers. Agriculture was in an equally primitive state. Inadequate plows scratched surfaces often cleared simply by burning down the forest. Production was so low that the population of almost one million could support only one town of over 10,000 population.

Very few Serbs perceived this economic backwardness. Most officials could not believe that Serbian agriculture was primitive, because every Serbian peasant owned his own land and was a free man. In 1852 a governmental report suggested that all European nations would do well to observe this "fine agricultural condition" of Serbia.² Even when problems did come to light, the Serbian bureaucrat, probably born a peasant himself, did not believe they were the faults of lack of credit, poor communications, low skill level, or any of the other things that mark a subsistence agriculture, but thought that they were due to the peasant's laziness. Whether this was true or not, it was a fact that the peasant himself had little desire to change his methods. The idea of agricultural education was particularly foreign to him. If a peasant family made the sacrifice necessary to send an able-bodied boy to school, it insisted that he better himself by becoming a priest or a government official.

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These attitudes were reinforced by the political philosophy of Serbia's ruling oligarchy. Since 1830 Serbia had been an autonomous province in the Ottoman Empire, free to regulate many of her internal affairs, including education, tax collection, and justice. In the early days of Serbia's autonomy, Prince Miloš Obrenović, a patriarchal peasant leader, had run the country according to his own notions of national and personal profit, but in 1838 a group known as the Constitutionalists overthrew Miloš. Many of the Constitutionalists came not from Serbia itself, but from the more developed Serbian lands north of the Sava River in Hungary. They were contemptuous of the peasant ways of Prince Miloš and determined to make Serbia into a Central European *rechtsstaat*. They hoped to regulate public activity by the legal, almost automatic, operation of a state bureaucracy which they controlled. Their economic policy was to discover not what should be encouraged to bring on prosperity, but what must be prohibited to prevent disaster. For this reason the Constitutionalists were not inclined to take positive steps to promote economic growth, but were more interested in organizing the Serbian legal and educational systems.³

One Constitutionalist, however, believed that Serbia needed more positive encouragements to economic development. He was Atanasije Nikolić, head of the Economic Policy Section of the Ministry of Internal Affairs.⁴ Nikolić had been trained as an artillery engineer in Vienna, but when he came to Serbia in 1839 he plunged into a variety of activities. Besides teaching mathematics, instructing in drawing, and publishing mathematics textbooks, he became a playwright, director, and actor. He organized Belgrade's first theater, made the proposal which led to the creation of Serbia's first learned society, surveyed and laid out what is now part of central Belgrade, taught agronomy, and launched a short-lived agricultural newspaper for peasants. When Nikolić thought of economic activity, he thought first not of industry, but of agriculture. This practical position, given Serbia's completely agricultural economy, was also theoretically sound in the 1840's. At that time the most influential theorist of economic development in Central Europe remained Albrecht Thaer, who had taught that rational agriculture was the essential ingredient of prosperity. Thaer and his many students believed that the state could assist the individual agriculturist, who was in the final analysis the only person who could create rational agriculture, by encouraging scientific research, by establishing agricultural schools and societies, and by creating agricultural journals. Although during the first half of the nineteenth century all these encouragements to agriculture proliferated in Central Europe, none of them had spread to Serbia.⁵ Nikolić hoped to change this by lecturing and by publishing an agricultural newspaper, but at first he met with little success. Few heard his lectures and the illiterate peasants thought that his newspaper made better window glass than it did reading material.⁶

In 1849, however, Nikolić conceived a larger scheme. Three years earlier the

Ministry of Internal Affairs had authorized its bookkeeper and the jailer of one of its prisons to begin using convicts to cultivate silkworms in the yard of the State Council building in Belgrade. The following year these prisoners were put to work growing greens for sale in the Belgrade marketplace. It occurred to Nikolić that if prisoners could grow salad greens successfully, they might be able to grow other crops as well. In fact, if they could learn the methods of rational agriculture while doing so, they might become an asset to the nation when they were released, rather than a liability. Nikolić proposed, therefore, that the Ministry of Internal Affairs use prisoners to construct a model farm near Belgrade. In the fall of 1849 Prince Alexander Karadjordjević approved and granted the Ministry almost 2,000 acres of wooded land on the Topčider River a few miles outside of Belgrade, on which a large prison was conveniently located.⁷ Nikolić immediately set about clearing the land and laying out the rudiments of a model farm.

At first the project at Topčider had no specific organizational structure and no special personnel. The bookkeeping entry which accounted for the profits from the sale of salad greens simply was expanded to cover any new profits which might accrue. By 1851, however, Prince Alexander agreed to undertake a more intensive effort to develop the Topčider lands. On December 10, 1851, he decreed the creation of the Economic Enterprise at Topčider (*Ekonomičesko zavedenje u Topčideru*), dividing it into two sections, the jail and a productive portion called the *Ekonomija*.⁸ This *Ekonomija*, which was to be responsible "for studying all areas of agriculture and teaching them to the entire nation," had a director who was responsible to Nikolić, but it did not have a budget. Instead, Alexander formally reaffirmed Nikolić's authority to use the labor of the 300 to 400 prisoners of the Topčider prison, who would continue to be supported by state funds. Working from sunup to sundown, and encouraged by an occasional glass of brandy, the prisoners were expected to turn the *Ekonomija* into a profitable as well as an educational operation.

It goes without saying that this was not the best way to begin a model farm. Prisoners have never been the most diligent laborers, the best students, or the most effective protagonists of new methods. One reason the Economic Enterprise used convict labor was that most Constitutionalists thought it a waste of money to hire specialists when the apparently free labor of the prisoners was available.⁹ Nikolić himself was perfectly happy with the prisoners. He shared the common belief that compulsion was an essential ingredient of all education. Furthermore, he looked on the Economic Enterprise as a framework for a more conventional effort to educate the Serbian agriculturist. A few months after the Enterprise was formally established, he received permission to travel at government expense to Germany and Switzerland to observe how convict labor was used there, to learn about agri-

cultural academies, and to canvass the possibilities for introducing an industrial element to the *Ekonomija*. He returned convinced that it would be possible to establish both a true agricultural school and a woolen mill at Topčider.¹⁰

An abandoned water wheel once used for grinding grain already existed at the site of the Topčider prison. In July 1852, Nikolić requested a loan of 19,000 silver florins (c. £950) from the government to convert it into a woolen mill.¹¹ The Czech technician whom Nikolić consulted advised that it was feasible to build a mill with convict labor that could produce 25,000 yards of rough woolens per year. Prince Alexander readily approved the plan, but the State Council refused to finance the hiring of four technicians since, in the opinion of the councillors, young men from good homes should be willing to pay money to learn this valuable skill. From whom these unskilled young men might learn woolen technology the Council did not say.¹² Despite this heel dragging, and despite unexpected difficulties in renovating the water wheel,¹³ by the turn of the year the Ministry of Internal Affairs announced that the factory had begun work. In order not to give the prisoners an exaggerated sense of their own importance—this was, after all, Serbia's first woolen mill, indeed, her first industrial enterprise of any kind—visitors to the mill were limited to three at a time. It is not certain how many prisoners actually worked in the mill when it opened, but since male prisoners could be used for heavy outdoor tasks elsewhere in the *Ekonomija*, the prisoners who worked in the spinning and weaving sections of the mill apparently were, in the best tradition of the early industrial revolution, women.¹⁴

The day after the Ministry announced the opening of the woolen mill, Prince Alexander approved Nikolić's second proposal, the creation of an agricultural school.¹⁵ The two-year curriculum of the school was not imaginative. One professor and one assistant, as well as a priest, would teach Christianity, prayer, the three R's, and, almost as an afterthought, agriculture. The course of study did not include the theoretical aspects of scientific agriculture or political economy but depended on learning by example in actual field work. The best Central European schools stressed theory as well as practice, but Nikolić probably felt that the limited background of the Serbian students necessitated limiting the curriculum to basics. He still believed that students were not much of a cut above prisoners and should be treated accordingly. They were to rise at four, go to bed at nine, and be available for instruction twelve hours a day. Playing cards was forbidden, and serious infractions of the rules could result in imprisonment on bread and water for up to eight days. The State Council firmly established the school's financial base by levying a tax of one groš per tax head in each county, a decision which the peasantry ostensibly greeted with "satisfaction"

and "enthusiasm," according to the reports of local officials to their superiors in Belgrade.¹⁶ The *Ekonomija* provided housing for the students and supervised the expenditure of its funds.¹⁷ And, of course, the students did their field work (without pay) on the *Ekonomija*'s lands. On May 1, 1853, the school officially began operation.

As of mid-1853, therefore, Atanasije Nikolić had created a group of institutions which might have had great importance for Serbian economic development. An agricultural academy, a budding model farm, and Serbia's first primitive industrial enterprise had been endowed with some two thousand acres of land and the labor of approximately 350 prisoners and 100 students. Furthermore, Nikolić was an important member of the ruling oligarchy of Constitutionalists and able to obtain favorable decisions from the State Council when necessary. But serious and, in the end, insurmountable problems remained. The use of prison labor, and even student labor, which was as compulsory as that of the prisoners, not only hindered the rational development of an industrial establishment or model farm, it indicated an underlying state of mind among Serbian bureaucrats which was inimical to economic development. Trained in the spirit of cameralism and convinced of their own indispensability as tutors of the nation, most Constitutionalists did not believe that the peasant needed education. They believed he needed to be forced to do what he already knew. As for industry, very few realized the extent, duration, and complexity of the commitments necessary to generate an industrial branch of the economy, and even fewer cared, since in Serbia status derived from one's position in the state bureaucracy more than it did from business success.

Even Nikolić himself did not live up to the promise of his vision. Many of the details remain obscure, but by 1856 the *Ekonomija* was proving to be a very inefficient operation. A report of its administrator claimed that despite the fact that 396 prisoners were on hand, all that could be planned for the coming year was to build one house, a small bridge, and a tool shed.¹⁸ An audit by the central accounting branch could not find the accounts for the period 1847 to 1850 and could not unravel those which had been kept since then. "In the future," the report said, "the *Ekonomija* should make as accurate an accounting as possible to know how much, in relation to its allowance for prisoner's wages, the *Ekonomija* makes from growing crops, herding cattle, and producing woollens." This, the report added laconically, "would be very interesting for the Ministry to know."¹⁹ The following year the *Ekonomija* submitted a report, presumably on the basis of more accurate accounting, showing an overall surplus of 9,370 groš, which on the surface seemed quite satisfactory. The report did not take into account, however, 30,000 groš which the *Ekonomija* had received for "beautifying" Topčider and which had been used to cover other expenses, and, most obviously, the

cost of most of its labor. To maintain the prisoners the state had spent about 375,000 groš. This meant that instead of operating at a profit, the *Ekonomija* was operating at a loss which amounted to approximately 1-1/2 times its budget!²⁰

The agricultural school got off to a very slow start also. At first it had no teacher. A temporary professor served for six months, but when he left, the only instruction the students received was religious and military, except for what they might learn from working in the fields. Finally in June 1854 a temporary teacher was assigned to teach reading and writing.²¹ Only in 1856 was a trained professor appointed in the person of Josif Pecić, a political economist who had studied agronomy at Hohenheim, the renowned agricultural academy near Stuttgart.

These difficulties would not necessarily have been fatal to Nikolić's enterprises, had he been able to correct them. For example, early in 1858 the most powerful leader of the Constitutionalists, Ilija Garašanin, persuaded Prince Alexander not to yield to the demands of more narrow-minded bureaucrats that a 24,000 florin loan to the woolen mill be called in. Accordingly, Alexander postponed the loan, which was without interest, for five years and suggested repayment at the rate of 2,000 florins (c. 12,000 groš) a year.²² Reasonable decisions such as this might have given the mill a chance to become more efficient, even to free itself from the use of convict labor, although this is far from certain. One problem the mill faced over which it had no control was competition from Austria. Since Serbia was not independent, she was unable to erect the tariff barriers which were necessary to protect the inefficient mill at Topčider. The Turkish rate of 3 per cent ad valorem was utterly inadequate for this purpose. The mill's expensive and low quality cloth could not compete with products of the more efficient mills in Austria and Hungary.

Whatever slender chance the enterprises at Topčider may have had for survival disappeared in 1857 and 1858. In order to train competent teachers and administrators for Topčider, Nikolić had sent students to good German agricultural academies at state expense. In 1857, one of these, Vladimir Jovanović, returned the favor by attacking Nikolić's practices as unscientific. Jovanović had trained at Hohenheim and travelled widely in Central Europe.²³ Returning to Serbia late in 1856 to become director of the *Ekonomija*, he quickly grasped that the Enterprise could not succeed without reform. Jovanović believed that a scientific understanding of agriculture was essential for its rational improvement and he had only contempt for Nikolić's hit-or-miss methods of field work and example. He realized too that development of agriculture, and industry for that matter, was not just a question of establishing a single model enterprise, but implied an entire system of saving, capital investment, marketing aids, and agrarian reform.²⁴

Jovanović became so vociferous in his criticisms and suggestions for change that Nikolić transferred him to the Police Section and fined him one month's pay for insubordination early in 1858.²⁵

Josif Pecić and Vladimir Jovanović were only two of many young Serbs who studied in France, Germany, and Switzerland during the fifties. Most of them came back to Serbia from these periods abroad with a strong desire to bring Serbia into the modern world. In working toward this end, these young men became Serbia's first political group whose opposition to the government was based on principle rather than on dynastic or other personal considerations. They looked upon the Constitutionalists as old-fashioned conservatives whom they hoped to replace so that they could introduce limited government, freedom of speech, and other liberal institutions. However much these enthusiasts differed from the Constitutionalists, on one issue both the young intellectuals and the older bureaucrats agreed. They both wanted to depose Prince Alexander Karadjordjević. For a decade after Alexander had come to the throne at the invitation of the Constitutionalists in 1842, he had been a suitably docile leader. In the mid-fifties, however, he lost the confidence of the Constitutionalists when he attempted to assert his authority. In 1858 they maneuvered him into calling a national legislature into session. The Saint Andrew's Legislature, as it was called, fulfilled the Constitutionalists' hopes by asking for and getting Alexander's abdication. At the crucial moment, however, the young intellectuals outmaneuvered the Constitutionalists. Instead of creating a regency headed by Constitutionalists, the legislature called back to the throne their bitter enemy, old Prince Miloš. The hostility of the young and Miloš's long memory triggered off a thoroughgoing purge of Constitutionalists. A few were even exiled, for sucking the blood of the people, it was said.²⁶ One of these was Atanasije Nikolić.²⁷

With Nikolić in disgrace and his Enterprise at Topčider under attack,²⁸ the Saint Andrew's Legislature appointed a commission to decide whether the project was worth continuing. The students of the agricultural school helped decide the issue by successfully petitioning the Legislature for permission to go home.²⁹ Their life at the school was worse than that of the prisoners, they complained. Food and clothing were inadequate and in any event their training was useless. "Everyone learns at home how to plow and hoe," they said.³⁰ In March the investigating commission reported that the woolen mill was running not only at a loss, but at an ever increasing loss.³¹ They recommended it be turned back into a flour mill. On the basis of this report Prince Miloš decided to disband the *Ekonomija* and sell what assets it had to pay off its debt, which had reached 26,000 florins. The jail was placed under the Ministry of Justice,

and the woolen mill closed. A decision on the school was postponed and in the end forgotten completely. The students who went home in January 1859 never came back.

The government received only two offers for the woolen mill, one by a Belgrade merchant who wanted to rent it for ten years at the absurdly low price of 1500 groš a year. A worker at the mill offered the same rent, but wanted convict labor thrown in.³² Later in the year a furniture maker received a concession to build furniture in the abandoned mill, but wood products were much cheaper to import from Austria and Hungary than to make in Serbia, just as woolens had been, and he too went out of business.³³ With this final failure, the Ministry of Internal Affairs wrote off the outstanding debt of the *Ekonomija* and officially closed the books on the Economic Enterprise at Topčider.³⁴ Almost twenty years passed before the first profitable industrial undertaking was established in Serbia, and sixty years went by before a successful agricultural school was founded.

NOTES

1. The basic secondary description of this project can be found in Slobodan Jovanović, *Ustavobranitelji i njihova vlada (The Constitutionalists and Their Rule)* (Belgrade, 1933), pp. 134-136. For an English summary see Jozo Tomasevich, *Peasants, Politics, and Economic Change in Yugoslavia* (Stanford, 1955), pp. 461-462.

2. Jovanović, *Ustavobranitelji*, p. 155.

3. Jovanović, *Ustavobranitelji*, is the standard source for this period. On cameralism see Herbert C. Johnson, "The Concept of Bureaucracy in Cameralism," *Political Science Quarterly*, 79 (1964), 378-402; Albion Small, *The Cameralists: The Pioneers of German Social Polity* (New York, 1962, reprint of the original edition of 1909); and Joseph A. Schumpeter, *A History of Economic Analysis* (New York, 1954), pp. 159 ff.

4. There are no biographies of Nikolić. The information below comes in large part from Jovanović, *Ustavobranitelji*; *Enciklopedija Jugoslavije*; and *Narodna Enciklopedija Srpsko-Hrvatsko-Slovenačka*.

5. For the rationalization of agriculture in Central Europe on the basis of the ideas of Thier and others see Edward Laurie Hawes, "Publicists, Professors, Policymakers and the Transformation of Central European Agriculture, 1750-1880: Liberal Images and Social Change," unpublished Ph.D. dissertation, University of Wisconsin, 1971. Hawes's exhaustive study is a mine of information on this subject.

6. *Enciklopedija Jugoslavije*, under "Čiča srećkov list."

7. Atanasije Nikolić to Glavna kontrola (General Accounting), April 5/17, 1856 (old style/new style, dates abbreviated hereafter as follows: 5/17 Apr 56), *Arhiv Srbije, Državni savet*, 1857, fascicle 2 (The Archive of Serbia, State Council, abbreviated hereafter according to the following model: AS:DS-1857-2). The figure for the amount of land is an estimate based on the size of the state lands used for economic purposes in Topčider in the 1870's, which was 780 hectares (*Enciklopedija Srpsko-Hrvatsko-Slovenačka*, under "Topčider").

8. Prince's order of 29 Nov/10 Dec 51 (AS:DS-1851-434).

9. For example, they turned down Nikolić's request to hire two gardeners on 26 Jul/7 Aug 51 and told him to use prisoners instead (AS:DS-1851-298).

10. His report, dated 22 Mar/3 Apr 52, is in AS:DS-1852-637.

11. The request, dated 30 Jul/11 Aug 52, was approved by the Prince's order of 14/26 Aug 52 (AS:DS-1852-338). The Austrian florin equalled approximately one English shilling and slightly less than 24 *groš poreski*, an accounting unit used in Serbia and mentioned below.

12. Late in 1852 they relented and the mill hired one skilled apprentice (AS:DS-1852-562). In 1861 the Ministry of Finance, discussing the demise of the Economic Enterprise, pointed out that more than machines and a director it had needed skilled laborers instead of "unskilled children and prisoners" (AS:DS-1861-107).

13. Soon after starting operation the mill had to ask for a further loan to buy wool, since instead of spending 1,000 florins rebuilding the water wheel, it had been forced to rebuild the entire mill at a cost of almost 7,000 florins (AS:MFE-1853-II-107 [Ministarstvo Financije, Ekonomno odeljenje (Ministry of Finance, Economic Section), collection for 1853, box II, fascicle 107]). Note: the Economic Section was transferred to Finance in 1859 and its records are now filed under that ministry, although during the period under discussion the Economic Section was under the Ministry of Interior. The request for the loan was granted (AS:DS-1853-297).

14. Economic Enterprise announcement of 9/21 Jan 53 (AS:MFE-1853-III-137).

15. Prince's order of 10/22 Jan 53 (Istorijski arhiv Beograda [The Historical Archive of Belgrade], Zbirka poklona i otkupa [Collection of Gifts and Accessions], Box XII, fascicle 1). See also AS:DS-1853-9.

16. The reports can be found in AS:MFE-1853-III-104. In 1856 the State School Fund took over financial responsibility for the school. It received its income from a special tax levied on those who did not pay the normal head tax (Istorijski Arhiv Beograda, Zbirka poklona i otkupa, Box III, document 154).

17. Economic Section memo of 22 Jan/3 Feb 53 (AS:MFE-1853-III-104).

18. Radoica Jovanović, director of the *Ekonomija*, report of 29 May/10 Jun 56 (AS:MFE-1856-II-2).

19. Glavna kontrola, report of 29 May/10 Jun 56 (AS:DS-1857-2).

20. AS:MFE-1859-V-53.

21. AS:DS-1854-227. There was no professor during the initial period because the first man trained for the position, Krsta Petrović, was in very poor health. His fate is not known, but presumably he died and a replacement could not be trained until 1856.

22. AS:DS-1858-320.

23. On Jovanović see Slobodan Jovanović, *Moji savremenici: Vladimir Jovanović (My Contemporaries: Vladimir Jovanović)* (Windsor, Ontario, 1962); Vladimir Ćorović, "Vladimir Jovanović," *Srpski književni glasnik (Serbian Literary Journal)*, V (1922), 454-460; and Herman Wendel, "Vladimir Jovanović," *Südslawische Silhouetten* (Frankfurt-am-Main, 1924), pp. 107-110. For more details on Jovanović's early years see Gale Stokes, "Vladimir Jovanović and the Serbian Omladina," unpublished Ph.D. dissertation, Indiana University, 1970, pp. 4-11.

24. Jovanović's most thorough statement is "Uzroci nazadka i uslovi napredka poljske privrede u Srbiji" ("The Sources of Backwardness and the Conditions of Progress of Agriculture in Serbia"), *Srpske novine (Serbian News)*, 12/24 Dec 57 through 31 Dec 57/12 Jan 58.

25. Report of the mayor of Belgrade, 5/17 Feb 61 (AS:DS-1862-X-105); Dimitrije Kirilović, "Autobiografske beleške Vladimira Jovanovića" ("The Autobiographical Notes of Vladimir Jovanović"), *Glasnik istoriskog društva u Novom Sadu (Journal of the Historical Society of Novi Sad)*, IX (1936), 193.

26. Skupština (Legislature) to Savet (State Council), 13/25 Jan 59 (AS:DS-1859-7). See also Garašanin to Marinović, 16/28 Jan 59 (*Pisma Ilije Garašanina Jovanu Marinoviću [The Letters of Ilija Garašanin to Jovan Marinović]* [Belgrade, 1933], p. 11).

27. For details of Nikolić's service, see his file, AS:DS-1861-92.

28. See, e.g., Jovanović's article "O stanju 'Topčiderske ekonomije'" ("The State of the Topčider *Ekonomija*"), *Srpske novine*, 19 Feb/3 Mar 59.

29. *Srpske novine*, 17/29 Jan 59. On 16/28 Jan 59 the Ministry of Interior reported to the State Council that the students had been sent home because they "did not want to attend classes nor listen to their teacher, wanting to go home. Despite its best effort, the Ministry was not able to maintain order. . ." (AS:DS-1859-66).

30. Andrija Radenić, ed., *Svetoandrejska skupština (The Saint Andrew's Legislature)* (Belgrade, 1964), document 37, p. 96.

31. The main file of documents on this question is AS:DS-1859-138.

32. AS:DS-1859-138.

33. AS:DS-1861-107.

34. Miloš gave his final approval on 15/27 Feb 60 (AS:SA-1860-151).